

# WAYNE COUNTY, MISSISSIPPI

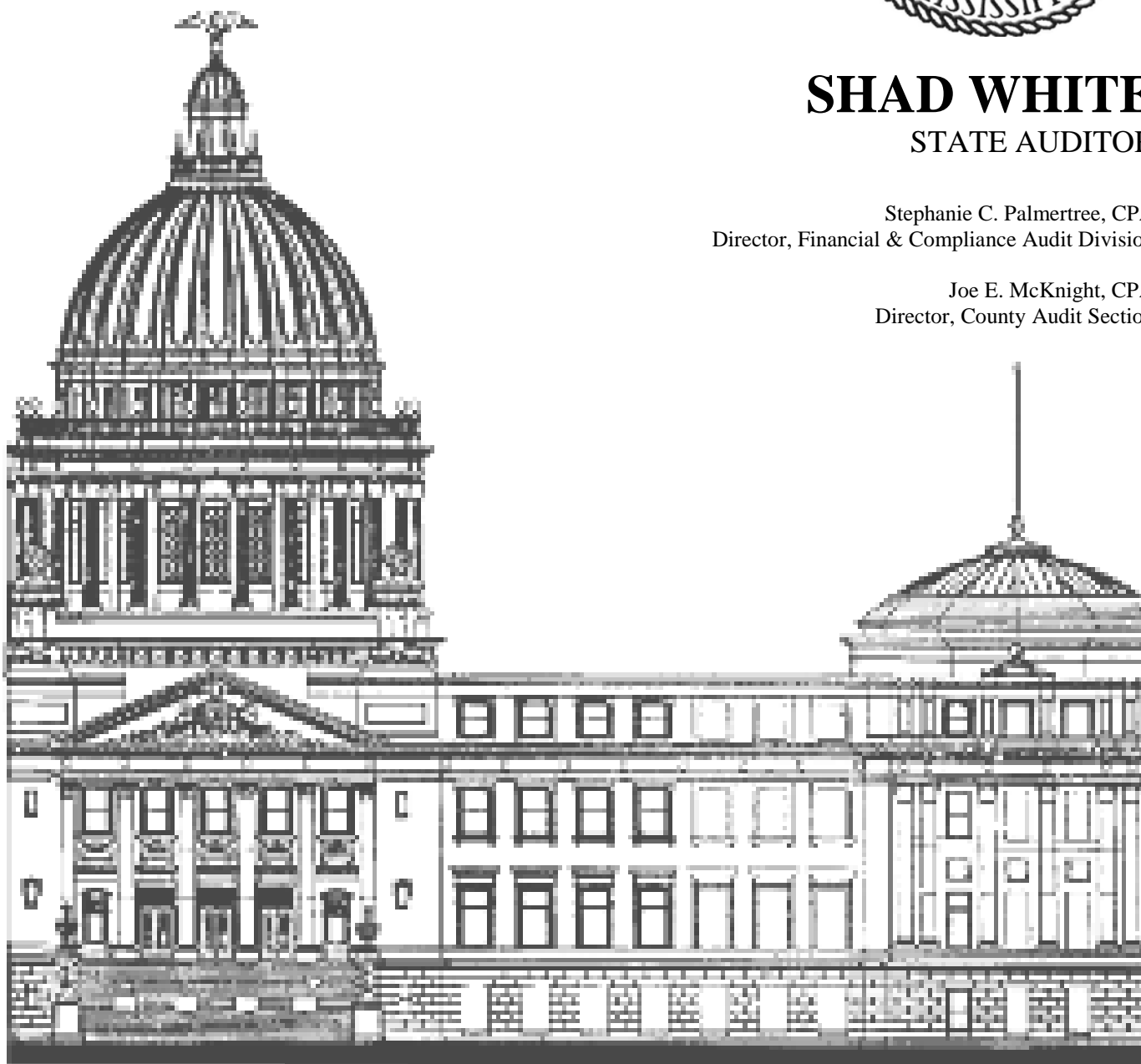
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2016



**SHAD WHITE**  
STATE AUDITOR

Stephanie C. Palmertree, CPA  
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR**

**Shad White**  
AUDITOR

November 2, 2018

Members of the Board of Supervisors  
Wayne County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Wayne County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Wayne County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Wayne County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White  
State Auditor



WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL SECTION

WAYNE COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Wayne County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Wayne County, Mississippi, (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units***

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Wayne County, Mississippi, as of September 30, 2016, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major funds, and the aggregate remaining fund information of Wayne County, Mississippi, as of September 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements which describes that Wayne County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Report on Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying the Schedule of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Budgetary Comparison Schedule, Schedule of Investments, Schedule of Interfund Loans and Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of Wayne County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayne County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 2, 2018

WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL STATEMENTS

WAYNE COUNTY

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WAYNE COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2016

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 9,546,483
Total Assets	<u>9,546,483</u>
NET POSITION	
Restricted:	
Expendable:	
General government	183,121
Public safety	411,661
Public works	2,905,438
Culture and recreation	31,883
Economic development and assistance	2,592,199
Unrestricted	<u>3,422,181</u>
Total Net Position	<u>\$ 9,546,483</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,087,089	572,423	3,973		(2,510,693)
Public safety	3,775,954	464,895	295,688	236,966	(2,778,405)
Public works	5,060,613		1,091,856	57,611	(3,911,146)
Health and welfare	321,909		67,405		(254,504)
Culture and recreation	10,000				(10,000)
Education	152,540		152,540		0
Conservation of natural resources	77,880				(77,880)
Economic development and assistance	2,639,919				(2,639,919)
Debt service:					
Principal	1,271,501				(1,271,501)
Interest	299,896				(299,896)
Total Governmental Activities	<u>16,697,301</u>	<u>1,037,318</u>	<u>1,611,462</u>	<u>294,577</u>	<u>(13,753,944)</u>
General receipts:					
Property taxes				\$ 4,941,317	
Road & bridge privilege taxes				268,507	
Grants and contributions not restricted to specific programs				1,382,869	
Unrestricted interest income				44,467	
Miscellaneous				369,794	
Proceeds from debt issuance				2,464,614	
Sale of county property				468,190	
Compensation for loss of county property				129,074	
Total General Receipts and Other Cash Sources				<u>10,068,832</u>	
Changes in Net Position					(3,685,112)
Net Position - Beginning					<u>13,231,595</u>
Net Position - Ending				\$	<u><u>9,546,483</u></u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2016

Exhibit 3

	<u>Major Funds</u>			
	<u>General</u>	<u>Meadowland Park</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Construction</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 3,422,181	2,555,741	3,568,561	9,546,483
Total Assets	<u>\$ 3,422,181</u>	<u>2,555,741</u>	<u>3,568,561</u>	<u>9,546,483</u>
FUND BALANCES				
Restricted for:				
General government			183,121	183,121
Public safety			411,661	411,661
Public works			2,905,438	2,905,438
Culture and recreation			31,883	31,883
Economic development and assistance		2,555,741	36,458	2,592,199
Unassigned	3,422,181			3,422,181
Total Fund Balances	<u>\$ 3,422,181</u>	<u>2,555,741</u>	<u>3,568,561</u>	<u>9,546,483</u>

The notes to the financial statements are an integral part of this statement.

## WAYNE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
 Governmental Funds  
 For the Year Ended September 30, 2016

	Major Funds		Other	Total
	General	Meadowland Park	Governmental	Governmental
	Fund	Construction	Funds	Funds
	Fund	Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 1,950,699	480,390	2,510,228	4,941,317
Road and bridge privilege taxes			268,507	268,507
Licenses, commissions and other receipts	269,002		18,713	287,715
Fines and forfeitures	334,171		15,153	349,324
Intergovernmental receipts	867,997	515	2,420,396	3,288,908
Charges for services	181,965		218,314	400,279
Interest income	24,706	11,042	8,719	44,467
Miscellaneous receipts	268,193		101,601	369,794
Total Receipts	<u>3,896,733</u>	<u>491,947</u>	<u>5,561,631</u>	<u>9,950,311</u>
DISBURSEMENTS				
General government	2,978,386		108,703	3,087,089
Public safety	2,014,367		1,761,587	3,775,954
Public works			5,060,613	5,060,613
Health and welfare	321,909			321,909
Culture and recreation	10,000			10,000
Education	152,540			152,540
Conservation of natural resources	77,880			77,880
Economic development and assistance	65,398	1,780,323	794,198	2,639,919
Debt service:				
Principal		165,000	1,106,501	1,271,501
Interest		248,332	51,564	299,896
Total Disbursements	<u>5,620,480</u>	<u>2,193,655</u>	<u>8,883,166</u>	<u>16,697,301</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(1,723,747)</u>	<u>(1,701,708)</u>	<u>(3,321,535)</u>	<u>(6,746,990)</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance			2,464,614	2,464,614
Sale of county property			468,190	468,190
Compensation for loss of county property			129,074	129,074
Transfers in			91,642	91,642
Transfers out	(1,066)		(90,576)	(91,642)
Total Other Cash Sources and Uses	<u>(1,066)</u>	<u>0</u>	<u>3,062,944</u>	<u>3,061,878</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(1,724,813)</u>	<u>(1,701,708)</u>	<u>(258,591)</u>	<u>(3,685,112)</u>
Cash Basis Fund Balances - Beginning	<u>5,146,994</u>	<u>4,257,449</u>	<u>3,827,152</u>	<u>13,231,595</u>
Cash Basis Fund Balances - Ending	<u>\$ 3,422,181</u>	<u>2,555,741</u>	<u>3,568,561</u>	<u>9,546,483</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2016

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>107,203</u>
Total Assets	\$ <u><u>107,203</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>107,203</u>
Total Liabilities	\$ <u><u>107,203</u></u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY

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## WAYNE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2016

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Wayne County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Wayne County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Wayne County Economic Development District
- Wayne General Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Individual Component Unit Disclosures.

###### Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Wayne County Volunteer Fire Department, Inc. was organized under Section 19-5-151, Miss. Code Ann. (1972), and is a legally separate entity. The fire department provides fire protection and other emergency services to all areas of the county outside the cities of Waynesboro and State Line. A majority of the Department's funding is supplied by the County. The fire department is included as a special revenue fund in the County's financial statements.

The Emergency Management District of Wayne County was created by Wayne County and the City of Waynesboro under the authority of Section 33-15-17, Miss. Code Ann. (1972), to provide emergency management and communications services and facilities (E-911), including emergency radio and telephone dispatching service, in a manner which best fills the needs of all local communities.

## WAYNE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2016

The President of the Board of Supervisors and the Wayne County Sheriff serve as two of the five members of the governing council of the District. The County is legally entitled to and can access the District's resources; and the County is obligated for the debt of the District. The Emergency Management District of Wayne County is included in the County's financial statements as a special revenue fund.

#### C. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

##### Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other non-exchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

##### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

#### D. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.



## WAYNE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2016

The County reports the following major Governmental Fund(s):

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Meadowland Park Construction Fund- This fund is used to account for resources accumulated and used for infrastructure construction in the Meadowland Industrial Park.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

#### FIDUCIARY FUND TYPE(S)

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### E. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

#### F. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

#### G. Equity Classifications.

##### Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

## WAYNE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2016

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

#### Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the County:

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

#### Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

#### H. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

# WAYNE COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2016

### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$9,653,686 and the bank balance was \$9,710,652. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

### (3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2016:

#### Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 1,066
Other Governmental Funds	Other Governmental Funds	90,576
Total		\$ 91,642

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

### (4) Claims and Judgments.

#### Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (5) Contingencies.

**Federal Grants** - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

## WAYNE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2016

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Joint Venture.

The County participates in the following joint venture:

Wayne County is a participant with the City of Waynesboro in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Waynesboro-Wayne County Library System. The Library was created to provide free public library service to citizens of the respective county and city. The Library is governed by a ten-member board, one from each county and city district. The County and City are obligated by contract to levy not more than a four mill and three mill tax, respectively, as provided by Sections 9-3-5(1) and 39-3-7(1), Miss. Code Ann. (1972), respectively, for the ongoing financial support of the Library. By contractual agreement, the County's contribution to the joint venture this year amounted to \$130,547. Complete financial statements for the Library can be obtained from the Waynesboro-Wayne County Library, 1103A Mississippi Drive, Waynesboro, Mississippi 39367.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne Counties. The Wayne County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributed \$33,187 for support of the district in fiscal year 2016, a small percentage of the district's total revenue.

Pine Belt Mental Health Care Resources operates in a district composed of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne Counties. The Wayne County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$47,500 for support of the entity in fiscal year 2016.

Jones County Junior College operates in a district composed of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne Counties. The college is governed by a 20-member board of trustees. Each county appoints two of the college's trustees, except Jones County, which appoints six. The County contributed \$566,469 for maintenance and support of the college in fiscal year 2016.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

Multi-County Community Service Agency is a human resources agency created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal laws. Its six members are as follows: Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne Counties. Each member appoints three of the 18 board members. The County contributed \$30,000 for support of the entity in fiscal year 2016.

Regional Railroad Authority of East Mississippi was created in September 2009 by Clarke, George, Greene and Wayne Counties; Lauderdale County's membership was effective a month later. The Authority was created to preserve, develop, and maintain rail service in the member counties. Each member county appoints five commissioners to the Board of Commissioners of the Authority, while any municipality in each of these counties through which such railroad(s) run appoints one commissioner. The County contributed \$16,559 for support of the Authority in fiscal year 2016.

## WAYNE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2016

#### (8) Defined Benefit Pension Plan.

Plan Description. **Wayne** County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$629,503, \$612,980 and \$588,367, respectively, equal to the required contributions for each year.

WAYNE COUNTY

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WAYNE COUNTY

SUPPLEMENTAL INFORMATION

WAYNE COUNTY

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WAYNE COUNTY  
Schedule of Operating Costs of Solid Waste  
For the Year Ended September 30, 2016

Operating Disbursements, Cash Basis:

Salaries	\$	523,400
Expendable Commodities:		
Gasoline and petroleum products		38,986
Repair parts		27,383
Clothing		483
Hauling and landfill fees		64,882
Maintenance		10,752
Contractual services		22,569
Supplies		<u>1,984</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>690,439</u></u>

WAYNE COUNTY

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## WAYNE COUNTY

## OTHER INFORMATION

WAYNE COUNTY

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WAYNE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 2,088,133	1,950,699	1,950,699	
Licenses, commissions and other receipts	233,600	240,730	269,002	28,272
Fines and forfeitures	364,000	347,670	334,171	(13,499)
Intergovernmental receipts	2,176,705	707,988	867,997	160,009
Charges for services	115,000	160,080	181,965	21,885
Interest income	27,000	24,706	24,706	
Miscellaneous receipts	235,302	312,320	268,193	(44,127)
Total Receipts	<u>5,239,740</u>	<u>3,744,193</u>	<u>3,896,733</u>	<u>152,540</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	3,470,208	2,978,386	2,978,386	
Public safety	2,243,240	2,014,367	2,014,367	
Health and welfare	330,276	321,909	321,909	
Culture and recreation	10,000	10,000	10,000	
Education			152,540	(152,540)
Conservation of natural resources	86,245	77,880	77,880	
Economic development and assistance	1,305,187	65,398	65,398	
Total Disbursements	<u>7,445,156</u>	<u>5,467,940</u>	<u>5,620,480</u>	<u>(152,540)</u>
Excess of Receipts over (under) Disbursements	<u>(2,205,416)</u>	<u>(1,723,747)</u>	<u>(1,723,747)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Transfers out		(1,066)	(1,066)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(1,066)</u>	<u>(1,066)</u>	<u>0</u>
Net Change in Fund Balance	(2,205,416)	(1,724,813)	(1,724,813)	
Fund Balances - Beginning	<u>4,766,855</u>	<u>5,146,994</u>	<u>5,146,994</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,561,439</u>	<u>3,422,181</u>	<u>3,422,181</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

WAYNE COUNTY  
Schedule of Interfund Loans and Advances  
For the Year Ended September 30, 2016  
UNAUDITED

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2016
General Fund	Other Governmental Funds	\$ 103,825
Meadowland Park Construction Fund	Other Governmental Funds	23,093
Other Governmental Funds	Other Governmental Funds	105,082
Agency Funds	Other Governmental Funds	<u>18,121</u>
Total		\$ <u><u>250,121</u></u>

The amounts due represent various receipts posted to the incorrect funds. Interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2016
General Fund	Other Governmental Funds	\$ 87,634
Meadowland Park Construction Fund	Other Governmental Funds	21,245
Other Governmental Funds	General Fund	106,404
Other Governmental Funds	Other Governmental Funds	88,696
Agency Funds	Other Governmental Funds	<u>15,296</u>
Total		\$ <u><u>319,275</u></u>

The amounts due represent various receipts posted to the incorrect funds that have not been repaid within one year.

WAYNE COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2016  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments *	Balance Sept. 30, 2016
Land	\$ 1,960,530				1,960,530
Construction in progress	1,202,221	1,780,243		(567,478)	2,414,986
Infrastructure	133,111,139			567,478	133,678,617
Buildings	9,379,925				9,379,925
Improvements other than buildings	1,094,481				1,094,481
Mobile equipment	7,813,765	288,327	899,546	110,103	7,312,649
Furniture and equipment	1,250,243	718,800	91,773		1,877,270
Leased property under capital leases	2,997,342	1,724,899	368,321	(105,344)	4,248,576
Total capital assets	\$ 158,809,646	4,512,269	1,359,640	4,759	161,967,034

\* Adjustments are to reclassify paid off leased purchased capital assets, completed construction in progress and corrections to asset cost.

WAYNE COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2016  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2015	Issued	Principal Payments	Balance Sept. 30, 2016
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
General obligation industrial development bonds 2013							
Development Bonds 2013	12/19/2013	12/2033	4.00-5.25%	\$ 5,345,000		165,000	5,180,000
B. Capital Leases:							
Emergency Oper Center/E-911 - Communication equipment	06/29/12	06/2019	2.02%	193,084		46,826	146,258
District 1 - Caterpillar	03/10/16	03/2020	2.09%		88,000	10,602	77,398
District 1 - 2017 Western Star truck	05/10/16	05/2018	1.67%		24,251	3,986	20,265
District 2 - Caterpillar Backhoe	11/01/12	11/2017	1.75%	60,697		741	59,956
District 2 - 2014 Mack dump truck	12/09/13	01/2018	2.29%	82,901		10,083	72,818
District 2 - 2014 Mack dump truck	12/09/13	01/2018	2.29%	84,048		10,585	73,463
District 2 - Kubota tractor w/ boom mower	10/01/14	10/2018	1.93%	65,171		20,714	44,457
District 2 - 2014 Caterpillar 930K loader	10/30/14	11/2019	2.12%	155,554		14,086	141,468
District 2 - 2016 Freightliner truck	04/07/15	04/2019	1.91%	70,092		19,081	51,011
District 2 - 2016 Ford F 250 truck	11/03/15	11/2017	1.87%		23,547	9,704	13,843
District 3 - 2011 John Deere motor grader	05/01/13	06/2016	1.83%	121,197		121,197	-
District 3 - 2011 Freightliner dump truck	05/24/13	05/2017	2.24%	22,427		12,708	9,719
District 3 - Used John Deere Tractor	05/24/13	05/2016	2.24%	9,869		9,869	-
District 3 - John Deere backhoe	12/01/14	01/2018	1.98%	63,204		7,863	55,341
District 3 - Refinance 12M Caterpillar motor grader	08/20/15	09/2017	1.91%	157,933		14,553	143,380
District 3 - 2016 Western Star truck	10/29/15	10/2020	2.14%		118,993	18,959	100,034
District 3 - Used New Holland tractor w/ mower	09/13/16	09/2020	2.15%		77,500		77,500
District 3 - Kubota tractor	09/30/16	08/2019	1.78%		48,300		48,300



WAYNE COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2016  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2015	Issued	Principal Payments	Balance Sept. 30, 2016
<b>Governmental Activities:</b>							
B. Capital Leases:							
District 4 - 420E Caterpillar backhoe	09/27/11	10/2015	2.87%	37,379		37,379	-
District 4 - 2012 Mack GU713 dump truck	04/25/12	06/2017	2.17%	77,661		14,152	63,509
District 4 - Kubota tractor	11/25/12	11/2016	3.14%	5,141		4,395	746
District 4 - 2006 Western Star dump truck	09/09/13	09/2018	2.45%	20,282		6,596	13,686
District 4 - 2013 Mack dump truck	12/09/13	01/2018	2.29%	81,935		9,769	72,166
District 4 - 420E Caterpillar backhoe	10/14/15	10/2017	1.94%		37,000	16,780	20,220
District 5 - 2012 Caterpillar 924HZ wheel loader	02/10/12	03/2016	2.17%	89,843		89,843	-
District 5 - Kubota tractor w/ Tiger boom mower	10/25/12	09/2016	1.96%	19,950		19,950	-
District 5 - 2015 Caterpillar 12M3 motor grader	01/21/15	02/2020	2.03%	210,347		16,855	193,492
District 5 - Caterpillar backhoe loader	01/27/16	02/2020	1.94%		114,447	7,130	107,317
District 5 - John Deere 544K loader	04/22/16	05/2020	1.84%		164,125	6,631	157,494
District 5 - Kubota tractor w/ bushhog	05/23/16	05/2020	1.84%		51,800	4,173	47,627
Countywide - Caterpillar 320 DL excavator	06/20/12	06/2017	2.00%	123,613		15,093	108,520
Countywide - Used Caterpillar dozer	08/25/14	08/2017	1.95%	54,394		13,791	40,603
Countywide - Komatsu wheel loader	11/17/14	12/2017	2.03%	197,577		17,699	179,878
Sanitation - 2013 Freightliner	11/19/12	11/2016	1.84%	31,969		27,360	4,609
Sanitation - 2016 Western Star truck	07/02/15	07/2018	1.86%	99,092		34,379	64,713
Sanitation - 2017 Western Star truck	06/02/16	05/2020	1.82%		135,975	13,707	122,268
Fire Dept - 3 Freightliner pumper fire trucks	01/29/16	12/2019	1.86%		668,063	397,799	270,264
Fire Dept - Freightliner pumper fire truck	09/12/16	09/2020	1.95%		112,613		112,613
C. Other Loans:							
Industrial development loan	06/10/16	06/2017	2.40%		800,000		800,000
Fire trucks - CAP loan	12/01/05	11/2015	2.00%	21,463		21,463	-
Total				\$ 7,501,823	2,464,614	1,271,501	8,694,936

The accompanying notes to the Other Information are an integral part of this statement.

WAYNE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2016  
UNAUDITED

Name	Position	Company	Bond
Clyde Revette (through 12/31/15)	Supervisor District 1	RLI Insurance Company	\$100,000
David Mills	Supervisor District 1	RLI Insurance Company	\$100,000
Joe Dyess	Supervisor District 2	RLI Insurance Company	\$100,000
Jerry Hutto	Supervisor District 3	RLI Insurance Company	\$100,000
Ed Pitts (through 12/31/15)	Supervisor District 4	RLI Insurance Company	\$100,000
Tommy Roberts, Sr.	Supervisor District 4	RLI Insurance Company	\$100,000
Gaston Hutcherson	Supervisor District 5	RLI Insurance Company	\$100,000
Geary Jackson	Chancery Clerk	RLI Insurance Company	\$100,000
Tina Cochran (retired 8/1/16)	Purchase Clerk	Western Surety Company	\$75,000
Lucindako Davis (effective 6/1/16)	Purchase Clerk	RLI Insurance Company	\$75,000
Tina Cochran (rehired 12/31/16)	Assistant Purchase Clerk	Western Surety Company	\$50,000
Lucindako Davis (through 5/31/16)	Assistant Purchase Clerk	RLI Insurance Company	\$50,000
Melissa Davis	Receiving Clerk	Western Surety Company	\$75,000
Brenda B. Mills	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Ralph Gardner (through 12/31/15)	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Christopher S. McIlwain	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Keith McLaughlin	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
John P. Donald	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Gary L. Malone (through 5/2/16)	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Johnny W Lee (effective 11/2/15)	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
J. W. Freeman, Jr.	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Rakesia Gray (through 12/31/15)	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Janet Bishop (effective 1/1/16)	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Lisa Ferguson Tate (through 11/5/15)	Inventory Control Clerk	RLI Insurance Company	\$75,000
Kevin Stevens (effective 11/2/15)	Inventory Control Clerk	RLI Insurance Company	\$75,000
Alan Scott Frost	Constable	RLI Insurance Company	\$50,000
Mark West (through 1/1/16)	Constable	RLI Insurance Company	\$50,000
James Beard (effective 1/1/16)	Constable	RLI Insurance Company	\$50,000
Rose Bingham	Circuit Clerk	RLI Insurance Company	\$100,000
Darryl Woodson (through 12/31/15)	Sheriff	RLI Insurance Company	\$100,000
Jody Ashley (effective 1/1/16)	Sheriff	RLI Insurance Company	\$100,000
	Sheriff's Deputies (hired under Section 45-5-9 Miss. Code Ann. (1972))	RLI Insurance Company	\$50,000
Charles Chapman	Justice Court Judge	Western Surety Company	\$50,000
Jane Hutto (through 12/31/15)	Justice Court Judge	RLI Insurance Company	\$50,000
Leslie S. Walker (effective 1/1/16)	Justice Court Judge	RLI Insurance Company	\$50,000
Christy James	Justice Court Clerk	Western Surety Company	\$50,000
Larita M. McCann	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Jimmie Ashley Pitts	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Georgia M. Vaughn	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Wanda Worsham	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Debbie Richards	Tax Assessor-Collector	RLI Insurance Company	\$100,000
Rose M. Trisler	Deputy Tax Assessor	RLI Insurance Company	\$10,000
Abby S. Holifield	Deputy Tax Collector	RLI Insurance Company	\$50,000
Latonia M. McIlwain	Deputy Tax Collector	RLI Insurance Company	\$50,000
Priscilla A. Pittman	Deputy Tax Collector	RLI Insurance Company	\$50,000
Melinda P. Taylor	Deputy Tax Collector	RLI Insurance Company	\$50,000
Rose M. Trisler	Deputy Tax Collector	RLI Insurance Company	\$50,000

# WAYNE COUNTY

## Notes to the Other Information For the Year Ended September 30, 2016

### UNAUDITED

#### (1) Budgetary Comparison Information.

##### A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

##### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

#### (2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2016, the amount of outstanding debt was equal to .02% of the latest property assessments.

##### C. Subsequent Events.

Subsequent to September 30, 2016, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
02/16/2017	6.72%	\$ 37,216	Capital Lease	Ad Valorem Taxes
04/13/2017	2.49%	54,000	Capital Lease	Ad Valorem Taxes
05/01/2017	2.31%	225,225	Capital Lease	Ad Valorem Taxes
05/22/2017	2.85%	28,622	Capital Lease	Ad Valorem Taxes
06/22/2017	3.90%	171,769	Capital Lease	Ad Valorem Taxes
08/07/2017	2.95%	25,218	Capital Lease	Ad Valorem Taxes
09/14/2017	3.19%	112,680	Capital Lease	Ad Valorem Taxes
11/16/2017	2.15%	218,000	Capital Lease	Ad Valorem Taxes
12/14/2017	2.78%	45,365	Capital Lease	Ad Valorem Taxes
01/02/2018	3.39%	59,750	Capital Lease	Ad Valorem Taxes
01/02/2018	3.39%	60,000	Capital Lease	Ad Valorem Taxes
05/17/2018	4.56%	51,103	Capital Lease	Ad Valorem Taxes
06/14/2018	5.05%	53,866	Capital Lease	Ad Valorem Taxes
09/04/2018	5.05%	82,760	Capital Lease	Ad Valorem Taxes

WAYNE COUNTY

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WAYNE COUNTY

SPECIAL REPORTS

WAYNE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors  
Wayne County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County, Mississippi (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 2, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wayne County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wayne County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2016-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wayne County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2016-001.

We noted certain matters that we reported to the management of Wayne County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated November 2, 2018, included within this document.

## **Wayne County's Responses to Findings**

Wayne County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Wayne County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 2, 2018





**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL  
SYSTEM AND PURCHASE CLERK SCHEDULES  
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Wayne County, Mississippi

We have examined Wayne County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Wayne County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Wayne County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Wayne County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Wayne County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 2, 2018

WAYNE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2016

Our tests did not identify any purchases from other than the lowest bidder.

WAYNE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2016

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
11/19/2015	NRCS Project Erosion/Walley Project	\$ 159,719.00	Tanner Construction	Erosion that started on county road right-of-way was threatening private property.

## WAYNE COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2016

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
08/01/2016	Used New Holland Tractor with 22" Boom mower	\$	77,500	Deviney Equipment

WAYNE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Wayne County, Mississippi

In planning and performing our audit of the financial statements of Wayne County, Mississippi (the County) for the year ended September 30, 2016, we considered Wayne County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Wayne County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 2, 2018, on the financial statements of Wayne County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

**Board of Supervisors.**

1. The County should strengthen controls over citations of code sections in the adopted tax levy and ensure that the tax levied for bond payments is sufficient.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over the tax levy should ensure that the correct code section is cited in the board order adopting the levy.

**Condition** Our audit procedures revealed that the proceeds of the levy for principal and interest payments on the general obligation bonds were insufficient to make those payments as required. Additionally, the code sections cited for the Meadowland Park general obligation bonds, 19-9-5 and 19-5-99, Miss. Code Ann. (1972), address the county's limitation of indebtedness and the establishment of economic development districts, respectively.

**Cause** The Board of Supervisors did not establish adequate controls to determine the tax levy was sufficient to pay principal and interest payments as required by the general obligation bonds. Also,

they did not detect incorrect code sections being used in the board order establishing the tax levy.

<b>Effect</b>	Failure to levy taxes at a sufficient rate could result in the misuse of funds restricted for other purposes. Failure to ensure that the correct code sections are cited for taxes levied could result in an unauthorized tax levy.
<b>Recommendation</b>	The Board of Supervisors should: (1) establish adequate control procedures to ensure the proper code sections are used in the board order establishing the tax levy and that all levies are in compliance with the applicable code section; and (2) establish a debt service fund to account for receipts restricted for bond payments and the disbursements of those receipts.
<b>Views of Responsible Officials</b>	The Comptroller will take more care in transferring codes properly. All corrections have been made 17-18 FY.

#### **Circuit Clerk.**

2. Deputy Circuit Clerks should be bonded individually.

<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 9-7-123(2), Miss. Code Ann. (1972), requires each deputy clerk of the circuit court to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law in an amount not less than fifty thousand dollars (\$50,000).
<b>Condition</b>	As noted in the prior year's audit, the Deputy Circuit Clerks are bonded under a position schedule bond rather than individual bonds. We noted that the bonds were corrected as of September 22, 2016, however, the county remained in violation of this statute for the majority of the fiscal year.
<b>Cause</b>	The Board of Supervisors failed to individually bond the Deputy Circuit Clerks.
<b>Effect</b>	In the event of a loss of public funds involving Deputy Circuit Clerks, the County would be responsible for recovery of funds and would have incurred an unnecessary liability.
<b>Recommendation</b>	The Circuit Clerk should ensure that all deputies are bonded individually.
<b>Views of Responsible Officials</b>	On September 22, 2016 the bonds were corrected. All deputy Clerks have separate bonds as of the date mentioned.

#### **Tax Assessor/Collector.**

3. Deputy Tax Collectors should be bonded individually.

<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 27-1-9(a), Miss. Code Ann. (1972), requires each deputy tax collector to give bond, payable, conditioned and approved as provided by law in an amount not less than fifty thousand dollars (\$50,000.00) for the faithful discharge of his duties.
<b>Condition</b>	The Deputy Tax Collectors are bonded under a position schedule bond rather than individual bonds. We noted that the bonds were corrected as of September 22, 2016, however, the county remained in violation of this statute for the majority of the fiscal year.
<b>Cause</b>	The tax collector failed to individually bond the Deputy Tax Collectors.
<b>Effect</b>	In the event of a loss of public funds involving Deputy Tax Collectors, the County would be responsible for recovery of funds and would have incurred an unnecessary liability.





**Recommendation**        The Tax Collector should ensure that all deputies are bonded individually.

**Views of Responsible Official(s)**        Problem was resolved as of September 22, 2016.

**Wayne** County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 2, 2018

## WAYNE COUNTY

### SCHEDULE OF FINDINGS AND RESPONSES

WAYNE COUNTY

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# WAYNE COUNTY

## Schedule of Findings and Responses For the Year Ended September 30, 2016

### Section 1: Summary of Auditor's Result

#### **Financial Statements:**

1. Type of auditor's report issued on the financial statements:
 

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General fund	Unmodified
Meadowland Park Construction Fraud	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes
  - b. Significant deficiency identified? No
3. Noncompliance material to the financial statements noted? Yes

### Section 2: Financial Statement Findings

#### **Board of Supervisors.**

#### **Material Weakness**

#### **Material Noncompliance**

**2016-001.** The County should record ad valorem taxes in the proper funds and expend these taxes for authorized purposes only.

**Repeat Finding** Yes

**Criteria** In accordance with authority granted through state statutes, the Board of Supervisors approved an order to levy taxes for fiscal year 2016 at its September 8, 2015 meeting. Included in this order were levies authorized by the Code Sections listed below for those specific purposes.

Code Section	Purpose of Levy
19-9-9	General Obligation bond, Meadowland Park
19-9-111	Wayne County Economic Development District
27-39-303	General County Purposes
27-39-305	Countywide Bridge and Culvert - Maintenance and/or construction
27-39-325	Reappraisal – To defray the costs of reappraisal
27-39-329(2)(b)	Mandatory County Ad Valorem Tax
39-3-5	Wayne County/Waynesboro Library
51-15-129	Pat Harrison Waterway District

**Condition** As reported in the prior year audit report, the assessment of the levies listed above on public utility property owned by Destin Pipeline, LLC, resulted in proceeds in the amount of \$212,871 in fiscal year 2015 and \$250,354 in fiscal year 2016. These proceeds were recorded in the County's Sanitation and Solid Waste Fund and therefore were expended for a purpose other than the purposes for which they were levied as described above.

WAYNE COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

<b>Cause</b>	The Board of Supervisors does not have effective internal controls to detect incorrect recording of tax levy proceeds in the general ledger.
<b>Effect</b>	The failure to record the levy proceeds in the appropriate funds according to the purpose for which they were levied is a violation of state statutes and resulted in the expenditure of the funds for purposes not authorized by law.
<b>Recommendation</b>	The Board of Supervisors should implement internal controls to ensure all ad valorem taxes are recorded in the correct funds upon receipt. Additionally interfund transfers and settlements to outside entities should be made to correct the error in recording these receipts.
<b>Views of Responsible Officials</b>	This has been corrected for the 17-18 FY. The proceeds of \$250,354 were noted in the board minutes to be placed in the Garbage and Sanitation Fund. This has been corrected and now being receipted into each levied fund.