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**WARREN COUNTY, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2017**

# WARREN COUNTY

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# **WARREN COUNTY**

## **FINANCIAL SECTION**



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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Warren County, Mississippi

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Warren County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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 accounting principles generally accepted in the United States of America; this includes 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 of 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Warren County, Mississippi, as of September 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of Funding Progress – Other Postemployment Benefits, the Schedule of the County's and Component Unit's Proportionate Share of the Net Pension Liability, and the Schedule of the County's and Component Unit's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Omission of Required Supplementary Information**

Warren County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

The Schedule of Surety Bonds for County Officials has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018, on our consideration of Warren 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 the 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 Warren County, Mississippi's internal control over financial reporting and compliance.

*Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC*

Bridgers, Goodman, Aldridge, Baird & Clarke PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

September 19, 2018



## **WARREN COUNTY**

## **FINANCIAL STATEMENTS**

**WARREN COUNTY**  
**Statement of Net Position**  
**September 30, 2017**

**Exhibit 1**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Parks and Recreation
<b>ASSETS</b>				
Cash and equivalents	\$ 21,729,805	993,820	22,723,625	1,100
Property taxes receivable, net	16,577,125	-	16,577,125	-
Accounts receivable, net	-	122,049	122,049	-
Fines receivable, net	1,025,578	-	1,025,578	-
Intergovernmental receivables	280,863	-	280,863	-
Other receivables	307,610	-	307,610	-
Capital assets:				
Land and construction in progress	5,217,666	4,081,027	9,298,693	-
Other capital assets, net	81,037,756	2,818,821	83,856,577	246,998
Total Assets	126,176,403	8,015,717	134,192,120	248,098
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	3,614,936	73,774	3,688,710	109,835
Total Deferred Outflows of Resources	3,614,936	73,774	3,688,710	109,835
<b>LIABILITIES</b>				
Claims payable	893,330	103,655	996,985	44,905
Intergovernmental payables	511,115	-	511,115	-
Accrued interest payable	20,562	2,615	23,177	168
Amounts held in custody for others	838,933	-	838,933	-
Other payables	350	-	350	11,089
Claims and judgements payable	471,893	-	471,893	-
Long-term liabilities			-	-
Other postemployment benefits payable	5,571,300	110,170	5,681,470	-
Net pension liability	24,436,394	498,702	24,935,096	698,182
Due within one year:			-	-
Capital related debt	968,985	90,122	1,059,107	54,327
Due in more than one year:			-	-
Capital related debt	7,054,760	1,223,833	8,278,593	71,502
Non-capital related debt	543,521	10,293	553,814	-
Total Liabilities	41,311,143	2,039,390	43,350,533	880,173
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension	2,121,654	43,299	2,164,953	63,265
Property tax for future reporting period	16,577,125	-	16,577,125	-
Total Deferred Inflows of Resources	18,698,779	43,299	18,742,078	63,265
<b>NET POSITION</b>				
Net investment in capital assets	78,231,677	5,585,893	83,817,570	121,169
Restricted:				
Expendable:		-	-	-
General government	96,237	-	96,237	-
Public safety	1,607,177	-	1,607,177	-
Public works	4,506,474	420,909	4,927,383	-
Culture and recreation	694,428	-	694,428	-
Conservation of natural resources	3,560	-	3,560	-
Economic development and assistance	334,095	-	334,095	-
Unemployment compensation	89,639	-	89,639	-
Debt service	2,009,647	-	2,009,647	-
Capital projects	208,126	-	208,126	-
Unrestricted	(17,999,643)	-	(17,999,643)	(706,674)
Total Net Position	\$ 69,781,417	6,006,802	75,788,219	(585,505)

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

**WARREN COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2017**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Parks and Recreation
<b>Primary government</b>								
Governmental activities:								
General government	\$ 8,559,362	1,138,557	177,043	9,971	(7,233,791)		(7,233,791)	
Public safety	6,391,704	1,420,699	222,707	172,598	(4,575,700)		(4,575,700)	
Public works	8,239,604	127,397	426,610	2,752,592	(4,933,005)		(4,933,005)	
Health and welfare	1,078,996	-	-	-	(1,078,996)		(1,078,996)	
Culture and recreation	1,158,892	-	96,240	-	(1,062,652)		(1,062,652)	
Conservation of natural resources	515,561	3,902	-	-	(511,659)		(511,659)	
Economic development and assistance	2,951,779	-	-	-	(2,951,779)		(2,951,779)	
Interest on long-term debt	201,213	-	-	-	(201,213)		(201,213)	
Pension expense	3,628,041	-	-	-	(3,628,041)		(3,628,041)	
Total governmental activities	32,725,152	2,690,555	922,600	2,935,161	(26,176,836)		(26,176,836)	
Business-type activities								
Warren County Port	1,149,690	1,319,914	-	-		170,224	170,224	
Total business-type activities	1,149,690	1,319,914	-	-		170,224	170,224	
Total primary government	33,874,842	4,010,469	922,600	2,935,161	(26,176,836)	170,224	(26,006,612)	
<b>Component Unit - Parks and Recreation</b>								
Culture and recreation	919,061	420,225	406,000	-				(92,836)
Total Component Unit	\$ 919,061	420,225	406,000	-				(92,836)
<b>General revenues:</b>								
Property taxes					\$ 21,093,267	-	21,093,267	-
Road and bridge privilege taxes					578,543	-	578,543	-
Grants and contributions not restricted to specific programs					3,886,689	-	3,886,689	-
Unrestricted investment income					66,999	-	66,999	-
Miscellaneous					326,678	-	326,678	7,644
Gain (Loss) on disposal and sale of assets					127,369	(2,838)	124,531	(11,000)
Total General Revenues					26,079,545	(2,838)	26,076,707	(3,356)
Changes in Net Position					(97,291)	167,386	70,095	(96,192)
Net position - beginning, as previously reported					69,524,003	5,882,436	75,406,439	(489,313)
Prior period adjustments					354,705	(43,020)	311,685	-
Net position - beginning, as restated					69,878,708	5,839,416	75,718,124	(489,313)
Net position - ending					\$ 69,781,417	6,006,802	75,788,219	(585,505)

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

**WARREN COUNTY**  
**Balance Sheet – Governmental Funds**  
**September 30, 2017**

**Exhibit 3**

	<b>Major Funds</b>		<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Road Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>ASSETS</b>				
Cash	\$ 12,197,740	2,960,301	6,571,764	21,729,805
Property taxes receivable, net	12,304,345	2,299,139	1,973,641	16,577,125
Fines receivable, net	1,025,578	-	-	1,025,578
Intergovernmental receivables	280,863	-	-	280,863
Other receivables	9,298	-	298,312	307,610
Due from other funds	8,693	80,065	24,226	112,984
Total Assets	<u>25,826,517</u>	<u>5,339,505</u>	<u>8,867,943</u>	<u>40,033,965</u>
<b>LIABILITIES</b>				
Claims payable	537,300	202,486	153,544	893,330
Claims and judgements payable	471,893	-	-	471,893
Intergovernmental payables	482,380	-	-	482,380
Due to other funds	133,026	-	8,693	141,719
Other payables	350	-	-	350
Amounts held in custody	838,933	-	-	838,933
Total Liabilities	<u>2,463,882</u>	<u>202,486</u>	<u>162,237</u>	<u>2,828,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	12,304,345	2,299,139	1,973,641	16,577,125
Unavailable revenue - fines	1,025,578	-	-	1,025,578
Total Deferred Inflows of Resources	<u>13,329,923</u>	<u>2,299,139</u>	<u>1,973,641</u>	<u>17,602,703</u>
<b>FUND BALANCES</b>				
Restricted for:				
General government	-	-	96,237	96,237
Public safety	-	-	1,607,177	1,607,177
Public works	-	2,837,880	1,668,594	4,506,474
Culture and recreation	-	-	694,428	694,428
Conservation of natural resources	-	-	3,560	3,560
Economic development and assistance	-	-	334,095	334,095
Unemployment compensation	-	-	89,639	89,639
Debt service	-	-	2,030,209	2,030,209
Capital projects	-	-	208,126	208,126
Unassigned	10,032,712	-	-	10,032,712
Total Fund Balances	<u>10,032,712</u>	<u>2,837,880</u>	<u>6,732,065</u>	<u>19,602,657</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,826,517</u>	<u>5,339,505</u>	<u>8,867,943</u>	<u>40,033,965</u>

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

**WARREN COUNTY****Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2017**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 19,602,657
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$105,170,038.	86,255,422
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,025,578
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,567,266)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(5,571,300)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(24,436,394)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(20,562)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,614,936
Deferred inflows of resources related to pensions	(2,121,654)
Total Net Position - Governmental Activities	\$ <u><u>69,781,417</u></u>

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

**WARREN COUNTY****Exhibit 4****Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds  
For the Year Ended September 30, 2017**

	<b>Major Funds</b>		<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Road Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 15,694,732	3,003,878	2,394,657	21,093,267
Road and bridge privilege taxes	-	578,543	-	578,543
Licenses, commissions and other revenue	455,770	-	22,514	478,284
Fines and forfeitures	462,482	-	5,810	468,292
Intergovernmental revenues	3,669,635	3,803,201	271,614	7,744,450
Charges for services	156,001	-	1,459,499	1,615,500
Interest income	66,091	-	908	66,999
Miscellaneous revenues	210,184	21,272	95,223	326,679
Total Revenues	20,714,895	7,406,894	4,250,225	32,372,014
<b>EXPENDITURES</b>				
Current:				
General government	8,538,644	-	131,482	8,670,126
Public safety	8,310,136	-	1,731,356	10,041,492
Public works	1,240,535	7,593,510	726,895	9,560,940
Health and welfare	1,060,443	-	-	1,060,443
Culture and recreation	406,000	-	749,717	1,155,717
Conservation of natural resources	510,048	-	5,234	515,282
Economic development and assistance	58,904	-	2,892,875	2,951,779
Debt Service:				
Principal	17,030	223,407	471,372	711,809
Interest	32	18,826	205,823	224,681
Total Expenditures	20,141,772	7,835,743	6,914,754	34,892,269
Excess (deficiency) of revenues over expenditures	573,123	(428,849)	(2,664,529)	(2,520,255)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued	94,000	392,105	1,429,000	1,915,105
Proceeds from sale of capital assets	166,800	57,155	-	223,955
Transfers in	-	-	117,755	117,755
Transfers out	(117,755)	-	-	(117,755)
Total other financing sources and uses	143,045	449,260	1,546,755	2,139,060
Net change in fund balances	716,168	20,411	(1,117,774)	(381,195)
Fund balances - beginning	9,316,544	2,817,469	7,849,839	19,983,852
Fund balances - ending	\$ 10,032,712	2,837,880	6,732,065	19,602,657

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

**WARREN COUNTY****Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2017**

	<u>Amount</u>
Net change in fund balances - Governmental Funds	\$ (381,195)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$7,264,921 exceeded depreciation of \$2,704,889 in the current period.	4,560,032
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$127,369 and the proceeds from the sale of \$223,955 in the current period.	(96,586)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	128,478
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,915,105 exceeded debt proceeds of \$711,809.	(1,203,296)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus the change in net position differs from the change in fund balances by a combination of the following items:	
Change in other postemployment benefits payable	(978,519)
Change in compensated absences payable	(43,675)
Change in accrued interest payable	23,468
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current period	(3,628,041)
Recognition of contributions made during the year	<u>1,522,043</u>
Change in net position of governmental activities	\$ <u>(97,291)</u>

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

**WARREN COUNTY**  
**Statement of Net Position – Proprietary Funds**  
**September 30, 2017**

**Exhibit 5**

	<b><u>Business-Type Activities Enterprise Fund Port Fund</u></b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 993,820
Accounts receivable	122,049
Total Current Assets	<u>1,115,869</u>
Noncurrent assets:	
Capital assets:	
Land	4,081,027
Other capital assets, net	2,818,821
Total Noncurrent Assets	<u>6,899,848</u>
Total Assets	<u>8,015,717</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	73,774
Total Deferred Outflows of Resources	<u>73,774</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Claims payable	103,655
Accrued interest payable	2,615
Capital related debt - current	90,122
Total Current Liabilities	<u>196,392</u>
Noncurrent Liabilities:	
Other postemployment benefits payable	110,170
Capital related debt:	
Other long-term liabilities	1,223,833
Non-capital debt:	
Compensatd absences payable	10,293
Net pension liability	498,702
Total Noncurrent Liabilities	<u>1,842,998</u>
Total Liabilities	<u>2,039,390</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	43,299
Total Deferred Inflows of Resources	<u>43,299</u>
 <b>NET POSITION</b>	
Net investment in capital assets	5,585,893
Restricted for public works	420,909
Total Net Position	<u>\$ 6,006,802</u>

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



**WARREN COUNTY****Exhibit 6****Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds  
For the Year Ended September 30, 2017**

	<u>Business-Type Activities Enterprise Fund Port Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 771,830
Rental income	472,097
Other income	75,987
Total operating revenues	<u>1,319,914</u>
<b>OPERATING EXPENSES</b>	
Personal services	224,545
Contractual services	644,455
Materials and supplies	14,461
Depreciation expense	151,583
Pension expense	74,041
Total Operating Expenses	<u>1,109,085</u>
Operating Income (Loss)	<u>210,829</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest expense	(40,605)
Gain (loss) on disposal and sale of equipment	<u>(2,838)</u>
Net Nonoperating Revenue (Expenses)	<u>(43,443)</u>
Change in Net Position	<u>167,386</u>
Net position - beginning, as previously reported	5,882,436
Prior period adjustments	<u>(43,020)</u>
Net position - beginning, as restated	<u>5,839,416</u>
Net Position - ending	<u>\$ 6,006,802</u>

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

**WARREN COUNTY**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended September 30, 2017**

**Exhibit 7**

	<b>Business-Type Activities Enterprise Fund Port Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 752,981
Payments to suppliers for goods and services	(657,965)
Payments to employees for services	(232,639)
Other operating cash receipts	540,173
Net Cash Provided (Used) by Operating Activities	<u>402,550</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal paid on capital debt	(87,462)
Interest paid on capital debt	(40,846)
Net cash provided (used) for capital and related financing activities	<u>(128,308)</u>
 Net increase (decrease) in cash and cash equivalents	 274,242
Cash and cash equivalents at beginning of year	<u>719,578</u>
Cash and cash equivalents at end of year	<u>\$ 993,820</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	<u>210,829</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	151,583
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(26,760)
(Increase) decrease in deferred outflows of resources	38,804
Increase (decrease) in claims payable	1,508
Increase (decrease) in other post employment benefits payable	18,027
Increase (decrease) in compensated absences liability	4,384
Increase (decrease) in net pension liability	(37,173)
Increase (decrease) in deferred inflows of resources	<u>41,348</u>
Total Adjustments	<u>191,721</u>
Net cash Provided (Used) by Operating Activities	<u>\$ 402,550</u>

**Noncash Capital Financing Activity**

During the year, the Port purchased mobile equipment for \$22,200 included in the claims payable balance of \$103,655.

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

**WARREN COUNTY**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2017**

**Exhibit 8**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 97,204
Due from other funds	<u>28,735</u>
Total Assets	<u><u>125,939</u></u>
<b>LIABILITIES</b>	
Other liabilities	58,317
Intergovernmental payables	<u>67,622</u>
Total Liabilities	<u><u>\$ 125,939</u></u>

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

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

**A. Financial Reporting Entity.**

Warren 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. Accounting principles generally accepted in the United States of America require Warren County to present these financial statements on the primary government and its component unit which has significant operational or financial relationships with the County.

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
- Tax 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.

Warren County - Vicksburg Library - The mission of the library is to provide library services that meet the general and specialized needs of the citizens of Warren County. The Board of Supervisors of Warren County appoints the five members of the library's Board of Trustees.

Warren County Port Commission (Business-type) - was created by a special act of the Mississippi Legislature in 1973, for the purpose of overseeing the operations of the Port. A five-member board of commissioners is appointed by the Warren County Board of Supervisors.

**Discretely Presented Component Unit**

The component unit's column in the financial statements includes the financial data of the following component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the county.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

Warren County Parks and Recreation Commission - Created for the purpose of operating Clear Creek Golf Course, a public golf course that serves the citizens of Warren County and surrounding counties. Additionally, the commission oversees various recreational facilities and playing fields in the County. The Warren County Board of Supervisors appoints the five members of the Commission.

**C. Basis of Presentation.**

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

**Government-wide Financial Statements:**

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues 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, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise 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.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

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

Road Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

The County reports the following major Enterprise Fund:

Warren County Port Fund – This fund is used to account for the County's activities of operating the port.

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 revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

**PROPRIETARY FUND TYPE**

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

**FIDUCIARY FUND TYPE**

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 classifications 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 and Investments.**

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, certificates of deposit, and other cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair market value. However, the County did not invest in any governmental securities during the fiscal year.

**G. Receivables.**

Receivables are reported net of allowances for uncollectible accounts, where applicable.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**H. Inter-fund Transactions and Balances.**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**I. Capital Assets.**

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital asset costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Infrastructure	0	20 to 50 years
Leased property under capital leases	*	*



**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

**J. Deferred Outflows/Inflows of Resources.**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows of resources (revenues) until that time.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

**K. Pensions.**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**L. Long-term Liabilities.**

Long-term liabilities are the un-matured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

In the fund financial statements, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. Equity Classifications.**

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred 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 expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in the unrestricted classification 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.

Government fund balance is classified as non-spendable, restricted, committed, assigned 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

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred 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 an expenditure is incurred 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 expenditures are incurred 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.

**N. Property Tax Revenues.**

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 vehicle and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of the original purchase occurs.

**O. Intergovernmental Revenues in Governmental Funds.**

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

**P. Compensated Absences.**

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Government Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

**Q. Changes in Accounting Standards.**

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

**NOTE 2 – PRIOR PERIOD ADJUSTMENTS.**

A summary of significant equity adjustments is as follows:

**Exhibit 2 - Statement of Activities.**

**Warren County**

Governmental Activities

Explanation	Amount
To adjust recording error in infrastructure and construction in progress capital assets	\$ 354,705
Total prior period adjustments	\$ 354,705

Business - Type Activities

Explanation	Amount
To adjust recording error in infrastructure	(43,020)
Total prior period adjustments	\$ (43,020)

**NOTE 3 – DEPOSITS.**

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$22,820,829 and the bank balance was \$23,342,019. 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.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.**

The following is a summary of inter-fund balances at September 30, 2017:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 8,693
Road Fund	General Fund	80,065
Other Governmental Funds	General Fund	24,226
Agency Funds	General Fund	28,735
Total		<u>\$ 141,719</u>

The receivables represent tax revenue collected but not settled until October, 2017, \$132,802, and amounts due to the Law Library Fund \$224. The amount payable to the General Fund of \$8,693 represents a loan for the annual payment of capital debt. All interfund balances are expected to be repaid within one year from the date of the financial statements.

Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 117,755
Total Governmental Activities		<u>\$ 117,755</u>

The transfers were to allocate the following: for contractual service expenses of the Law Library, \$6,751; and to correct classification errors of \$111,004. The transfers were consistent with the activities of the fund making the transfer.

**NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.**

Intergovernmental receivables at September 30, 2017, consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative tax credit	\$ 272,447
VOCA Grant	8,416
Total Governmental Activities	<u>\$ 280,863</u>

**NOTE 6 – OTHER RECEIVABLES.**

The other receivables at September 30, 2017, consisted of the following:

<u>Description</u>	<u>Amount</u>
Special assessments from an agreement between the County and three residential subdivisions for paving projects	\$ 298,312
Tax collector receivable	9,298
Total Governmental Activities	<u>\$ 307,610</u>

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 7 – CAPITAL ASSETS.**

The following is a summary of capital assets for the year ended September 30, 2017:

<b>Governmental Activities</b>	<b>Balance Oct. 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Balance Sept. 30, 2017</b>
<b>Non-depreciable capital assets:</b>					
Land	\$ 1,979,686				1,979,686
Construction in progress	-	2,900,193		337,787	3,237,980
Total non-depreciable capital assets	<u>1,979,686</u>	<u>2,900,193</u>	<u>-</u>	<u>337,787</u>	<u>5,217,666</u>
<b>Depreciable capital assets:</b>					
Infrastructure	162,929,910	2,724,482	41,458	159,842	165,772,776
Buildings	9,439,649				9,439,649
Mobile equipment	7,679,571	869,496	572,563		7,976,504
Furniture and equipment	1,112,421	416,645	366,802	69,428	1,231,692
Capital leases	1,502,496	354,105		(69,428)	1,787,173
Total depreciable capital assets	<u>182,664,047</u>	<u>4,364,728</u>	<u>980,823</u>	<u>159,842</u>	<u>186,207,794</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	92,540,529	1,587,553	41,458	142,924	94,229,548
Buildings	3,681,752	212,068			3,893,820
Mobile equipment	5,472,432	506,738	512,660		5,466,510
Furniture and equipment	755,159	103,963	330,119	69,428	598,431
Capital leases	756,590	294,567		(69,428)	981,729
Total accumulated depreciation	<u>103,206,462</u>	<u>2,704,889</u>	<u>884,237</u>	<u>142,924</u>	<u>105,170,038</u>
Total depreciable capital assets, net	<u>79,457,585</u>	<u>1,659,839</u>	<u>96,586</u>	<u>16,918</u>	<u>81,037,756</u>
Capital assets, net	<u>\$ 81,437,271</u>	<u>4,560,032</u>	<u>96,586</u>	<u>354,705</u>	<u>86,255,422</u>
<b>Business-type Activities</b>					
<b>Non-depreciable capital assets:</b>					
Land	\$ 4,081,027				4,081,027
Total non-depreciable capital assets	<u>4,081,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,081,027</u>
<b>Depreciable capital assets:</b>					
Infrastructure	537,762				537,762
Buildings	3,277,000				3,277,000
Mobile equipment	267,074	22,200	13,947		275,327
Furniture and equipment	42,568				42,568
Total depreciable capital assets	<u>4,124,404</u>	<u>22,200</u>	<u>13,947</u>	<u>-</u>	<u>4,132,657</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	43,020	21,510		43,020	107,550
Buildings	830,950	125,091			956,041
Mobile equipment	218,061	4,982	11,109		211,934
Furniture and equipment	38,311				38,311
Total accumulated depreciation	<u>1,130,342</u>	<u>151,583</u>	<u>11,109</u>	<u>43,020</u>	<u>1,313,836</u>
Total depreciable capital assets, net	<u>2,994,062</u>	<u>(129,383)</u>	<u>2,838</u>	<u>(43,020)</u>	<u>2,818,821</u>
Capital assets, net	<u>\$ 7,075,089</u>	<u>(129,383)</u>	<u>2,838</u>	<u>(43,020)</u>	<u>6,899,848</u>

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

<b>Component Unit</b> <b>Parks and Recreation</b>	<b>Balance</b> <b>Oct. 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Balance</b> <b>Sept. 30, 2017</b>
<b>Depreciable capital assets:</b>					
Buildings	\$ 123,336				123,336
Mobile equipment	38,500				38,500
Furniture and equipment	176,618	72,988	23,918	45,086	270,774
Capital leases	67,706	7,857		(45,086)	30,477
Total depreciable capital assets	406,160	80,845	23,918	-	463,087
<b>Less accumulated depreciation for:</b>					
Buildings	14,808	2,468			17,276
Mobile equipment	20,790	3,465			24,255
Furniture and equipment	102,135	43,314	12,918	32,464	164,995
Capital leases	36,538	5,489		(32,464)	9,563
Total accumulated depreciation	174,271	54,736	12,918	-	216,089
Capital assets, net	\$ 231,889	26,109	11,000	-	246,998

Depreciation expense was charge to the following functions:

<b>Governmental Activities</b>	<b>Amount</b>
General government	\$ 182,121
Public safety	464,889
Public works	2,015,370
Health and welfare	14,932
Culture and recreation	27,577
Total	\$ 2,704,889
<b>Business-type Activities</b>	
Public works	\$ 151,583
<b>Component Unit - Parks and Recreation</b>	
Culture and recreation	\$ 54,736

Commitments with respect to unfinished capital projects at September 30, 2017, consisted of the following:

<b>Description of Commitment</b>	<b>Remaining</b> <b>Financial</b> <b>Comitment</b>	<b>Expected</b> <b>Date of</b> <b>Competition</b>
E-911 MSWINN communication tower	\$ 168,894	November, 2017
County Jail	Undetermined	Undetermined

**NOTE 8 – 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

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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, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the County retaining the risk of loss on all claims to which the County is exposed. Premium payments to the pool are determined on an actuarial basis. The County has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following table provides changes in the balances of claims liabilities for fiscal years 2016 and 2017:

	2016	2017
Unpaid Claims, Beginning of Fiscal Year	\$ 387,848	395,966
Plus: Incurred Claims ( Including IBNRs )	3,273,627	3,683,387
Less: Claims payments	(3,265,509)	(3,607,460)
Unpaid Claims, End of Fiscal Year	\$ <u>395,966</u>	<u>471,893</u>

**NOTE 9 – CAPITAL LEASES.**

As Lessee

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

Classes of Property	Governmental Activities
Mobile equipment - Road Fund	\$ 1,212,059
ADSi Public Safety Software and E-911 equipment	575,114
Total	<u>1,787,173</u>
Less: Accumulated depreciation	981,729
Leased Property Under Capital Leases	\$ <u>805,444</u>



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The following is a schedule by years of the total payments due as of September 30, 2017:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 265,154	21,386
2019	266,158	16,983
2020	605,726	10,637
2021	30,434	2,749
2022	120,538	1,885
Total	<u>\$ 1,288,010</u>	<u>53,640</u>

**COMPONENT UNIT – Warren County Parks and Recreation Commission**

As Lessee

The Commission is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Golf course maintenance equipment	\$ 30,477
Total	30,477
Less: Accumulated depreciation	9,563
Leased Property Under Capital Leases	<u>\$ 20,914</u>

The following is a schedule by years of the total payments due as of September 30, 2017:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 10,998	341
2019	9,073	111
2020	902	5
Total	<u>\$ 20,973</u>	<u>457</u>

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB).**

Plan Description

The Warren County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Warren County Board of Supervisors. The County is self-insured through the Mississippi Public Entity Employee Benefit Trust (the Plan), with reinsurance purchased from a commercial carrier that is effective for claims in excess of \$50,000. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. Effective October 1, 2009, the County implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the

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liability associated with other postemployment benefits. The County does not issue a publicly available financial report of the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2017, retiree premiums range from \$364 to \$890 depending on dependent coverage and Medicare eligibility.

Actuarial Valuation

The County's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of October 1, 2016. The Plan presently has an actuarial valuation performed bi-annually in order to be in compliance with GASB Statement 45.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is determined assuming the Plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC of \$1,108,283 is 14.93 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal years 2015, 2016 and 2017:

	2015	2016	2017
Annual required contribution	\$ 882,159	1,022,956	1,108,283
Interest on prior year net OPEB obligation	133,729	169,213	210,822
Adjustment to annual required contribution	(145,676)	(186,654)	(235,202)
Annual OPEB cost	870,212	1,005,515	1,083,903
Contributions made	81,676	80,886	87,357
Increase in net OPEB obligation	788,536	924,629	996,546
Net OPEB obligation – beginning of year	2,971,759	3,760,295	4,684,924
Net OPEB obligation – end of year	\$ 3,760,295	4,684,924	5,681,470

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The following table provides the County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the fiscal years 2015, 2016 and 2017:

Year	Annual OPEB Cost	Amount and Percentage of Annual OPEB Cost Contributed		Net OPEB obligation
2015	\$ 870,212	81,676	9.39%	\$ 3,760,295
2016	1,005,515	80,886	8.04%	4,684,924
2017	\$ 1,083,903	87,357	8.06%	\$ 5,681,470

Funding Status and Funding Progress

The following tables provide funding information for the most recent actuarial valuation date (2016-2017) and prior funding information for (2015-2016), and (2014-2015):

Plan Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)
2014-2015	\$ 0	7,041,230	7,041,230
2015-2016	0	7,196,898	7,196,898
2016-2017	\$ 0	8,095,374	8,095,374

Plan Year	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2014-2015	0%	\$ 7,001,256	101%
2015-2016	0%	7,422,901	97%
2016-2017	0%	\$ 7,422,901	109%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial

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value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	October 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	30 Year Level Percentage of Pay
Remaining amortization period	Twenty-seven Years
Asset valuation method	Not applicable
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	2 % per annum
Healthcare cost trend rate	8% to grade uniformly to 5% - 12 years
Ultimate trend rate	5%
Year of ultimate trend rate	2022

**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

Plan Description. Warren 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 An. 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.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each addition year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits.

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A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2017, 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 employer's rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers 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, 2017, 2016 and 2015 were \$1,553,105, \$1,526,482, and \$1,461,359, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2017 the County reported a liability of \$24,935,096 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2017 net pension liability was 0.150 percent, which was based on a measurement date of June 30, 2017. This was the same as its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$3,702,082. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 356,978	181,944
Net difference between projected and actual earnings on pension plan investments	2,257,250	1,926,621
Changes of assumptions	547,162	42,490
Changes in the proportion and differences between County contributions and proportionate share of contributions	143,570	13,898
County Contributions subsequent to the measurement date	383,750	
	<u>\$ 3,688,710</u>	<u>2,164,953</u>

The \$383,750 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of

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resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2018	\$ 1,163,861
2019	432,679
2020	25,123
2021	(481,656)
Total	<u>\$ 1,140,007</u>

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation percentage	3.00%
Salary increases, including inflation	3.75% - 18.50%
Investment rate of return	
net of pension plan investment expense, including inflation	<u>7.75%</u>

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scaled BB to 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.50
Cash	1.00	-
	<u>100.00 %</u>	

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Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
County's proportionate share of the net pension liability	\$ 32,704,037	24,935,096	18,485,178

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**COMPONENT UNIT – Warren County Parks and Recreation Commission**

Plan Description. The Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Commission's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$41,419, \$42,694, and \$41,065, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2017 the Commission reported a liability of \$698,182 for its proportionate share of the net pension liability. At June 30, 2017, the Commission's proportion was 0.0042 percent, which was an increase of 0.0001 percent from its proportion measured as of June 30, 2016. For the year ended September 30, 2017, the Commission recognized pension expense of \$80,845. At September 30, 2017,

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the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,792	5,094
Net difference between projected and actual earnings on pension plan investments	61,944	53,946
Changes of assumptions	15,165	1,161
Changes in the proportion and differences between Commission contributions and proportionate share of contributions	12,562	3,064
Commission Contributions subsequent to the measurement date	10,372	
	<u>\$ 109,835</u>	<u>63,265</u>

The \$10,372 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2018	\$ 32,091
2019	15,399
2020	2,193
2021	(13,485)
Total	<u>\$ 36,198</u>

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Parks & Recreation proportionate share of the net pension liability	\$ 915,713	698,182	517,585



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**NOTE 12 – LONG TERM DEBT**

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General obligation bonds:			
Port capital improvement	\$ 1,655,000	3.75 to 4.50 %	10-2027
E-911 MSWINN equipment bond	3,312,000	2.00 to 2.50	04-2031
Total general obligation bonds	<u>\$ 4,967,000</u>		
B. Special assessment debt with commitments			
Subdivision paving projects	\$ 339,735	3.31	04-2021
Total special assessment debt	<u>\$ 339,735</u>		
C. Capital leases:			
E911 ADSi CAD equipment	\$ 78,200	0.00	04-2019
2102 CAT 950K loader refinancing	132,000	2.19	09-2019
Western Star 4700	92,215	1.99	04-2020
E911 furniture	74,779	2.21	06-2020
CAT motorgrader SN: ONF00280	193,846	1.96	06-2020
CAT motorgrader SN: ONF00338	193,846	1.96	06-2020
CAT motorgrader SN: ONF00339	193,846	1.96	06-2020
Viper upgrade	88,570	2.21	09-2020
ADSi public safety software	83,033	0.00	03-2022
CAT 320FL trackhoe	157,675	2.31	07-2022
Total capital leases	<u>\$ 1,288,010</u>		
D. Other loans			
G.O. note County jail	\$ 29,000 *	1.83	08-2022
G.O. note capital Improvements	1,400,000	1.79 %	08-2022
Total other loans	<u>\$ 1,429,000</u>		
* Drawn to date			
<b>Business-type Activities:</b>			
A. Special assessment debt with commitments			
Calsonic building	\$ 1,313,955	3.00 %	04-2029
Total special assessment debt	<u>\$ 1,313,955</u>		

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Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Component Unit</b>			
<b>Parks and Recreation:</b>			
A. Capital leases:			
(3) John Deere, Turf Gator, Model TX	\$ 14,812	1.99 %	6-2019
Turfco Torrent II debris blower	6,161	2.48	1-2020
Total capital leases	<u>\$ 20,973</u>		
B. Other loans:			
Assets for golf course mainenance	\$ 21,480	2.60	5-2018
Assets for golf course mainenance	13,837	2.60	6-2019
Assets for golf course mainenance	69,539	2.40 %	6-2022
Total other loans	<u>\$ 104,856</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Year ending September 30:	<b>Governmental Activities</b>					
	General obligation bonds		Special assessment		Other loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 314,000	136,549	80,831	11,245	309,000	25,408
2019	325,000	127,925	83,507	8,570	280,000	20,326
2020	336,000	119,111	86,271	5,806	280,000	15,287
2021	347,000	109,906	89,126	2,950	280,000	10,163
2022	358,000	100,055			280,000	5,082
2023-2027	2,013,000	334,366				
2028-2031	1,274,000	70,770				
Total	<u>\$ 4,967,000</u>	<u>998,682</u>	<u>339,735</u>	<u>28,571</u>	<u>1,429,000</u>	<u>76,266</u>

Year ending September 30:	<b>Business-type Activities</b>		<b>Component Unit Parks and recreation</b>	
	Special assessment		Other loans	
	Principal	Interest	Principal	Interest
2018	\$ 90,122	38,186	43,329	2,106
2019	92,863	35,445	20,337	1,266
2020	95,687	32,621	14,692	828
2021	98,598	29,710	15,049	471
2022	101,597	26,711	11,449	191
2023-2027	556,260	85,280		
2028-2031	278,828	9,865		
Total	<u>\$ 1,313,955</u>	<u>257,818</u>	<u>104,856</u>	<u>4,862</u>

**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

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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 counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 1.50% of the latest property assessments.

Special Assessment Debt with Commitments: Governmental Activities - During the fiscal year 2011, the County obtained a special assessment loan in the amount of \$800,000 of which \$610,613 was drawn in fiscal 2011 and \$173,034 in fiscal 2012. The County will not draw the remainder of the funds. The debt was issued to provide funds for the paving of streets in the Fairways, Forest Cove and Amberleaf subdivisions. The loan is secured by the full faith and credit of the County. The County levied a special assessment tax upon all taxable property in the benefited area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the loan. The balance remaining at September 30, 2017 was \$339,735.

Special Assessment Debt with Commitments: Business-type Activities - During the fiscal year 2014, the County obtained a special assessment loan in the amount of \$1,548,310. The debt was issued to provide funds for the purchase of the Calsonic building. The loan is secured by the full faith and credit of the County. The County levied a special assessment tax upon all taxable property in the benefited area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the loan. The balance remaining at September 30, 2017 was \$1,313,955.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
<b>Governmental Activities:</b>					
Compensated absences	\$ 499,846	43,675		543,521	
General obligation bonds	5,265,000		298,000	4,967,000	314,000
Special assessment debt	417,977		78,242	339,735	80,831
Capital leases	1,137,472	486,105	335,567	1,288,010	265,154
Other loans	-	1,429,000		1,429,000	309,000
Total	<u>\$ 7,320,295</u>	<u>1,958,780</u>	<u>711,809</u>	<u>8,567,266</u>	<u>968,985</u>
<b>Business-Type Activities:</b>					
Compensated absences	\$ 5,909	4,384		10,293	
Special assessment debt	1,401,417		87,462	1,313,955	90,122
Total	<u>\$ 1,407,326</u>	<u>4,384</u>	<u>87,462</u>	<u>1,324,248</u>	<u>90,122</u>
<b>Component Unit</b>					
<b>Parks and Recreation</b>					
Capital leases	\$ 31,818	7,857	18,702	20,973	10,998
Other loans	74,657	72,988	42,789	104,856	43,329
	<u>\$ 106,475</u>	<u>80,845</u>	<u>61,491</u>	<u>125,829</u>	<u>54,327</u>

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Fund, Other Governmental, and Business-Type Port Fund.

**NOTE 13 – 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 expenditure of resources for allowable purpose. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statement.

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 this and other 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.

**NOTE 14 – NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS).**

No commitment debt is repaid only by the entities for which that debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end disclosed as follows:

<u>Description</u>	<u>Balance at September 30, 2017</u>
Industrial Revenue Bonds	\$173,095,000

**NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.**

The governmental activities' unrestricted net position deficit amount of \$(17,999,643) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$376,075 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$3,238,861 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 3 years. The \$2,121,654 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 3 years.

The business-type activities' restricted net position amount of \$420,909 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

related to pension in the amount of \$7,675 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$66,099 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 3 years. The \$43,299 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 3 years.

**NOTE 16 – RELATED ORGANIZATIONS.**

The Warren County Board of Supervisors are responsible for appointing a voting majority of the members of the boards of the following organizations, but the County's accountability for these organizations does not extend beyond making the appointments to these organizations:

Culkin Water District and Vicksburg Bridge Commission

**NOTE 17 – JOINT VENTURE.**

The County participates in the following joint venture:

Warren County is a participant with the City of Vicksburg, Madison Parish, Louisiana, and the City of Tallulah, Louisiana, in a joint venture, authorized by Section 61-3-5, Miss. Code. Ann. (1972), to operate the Vicksburg-Tallulah Regional Airport. The joint venture was created to provide air service to the area and is governed by a five-member board of commissioners appointed as follows: Warren County, one; Madison Parish, Louisiana, one; City of Vicksburg, one; City of Tallulah, Louisiana, one. The fifth member is jointly approved. The County appropriated \$49,131 to support the airport in fiscal year 2017. Complete financial statements for the Vicksburg-Tallulah Regional Airport can be obtained from P.O. Box 1311, Vicksburg, Ms. 39181.

Warren County is participating with the City of Vicksburg in a joint venture, authorized by local and private legislation to operate the Vicksburg-Warren Convention and Visitors Bureau. The joint venture is governed by an eleven-member board with five appointed by the city and five appointed by the County. The eleventh member is jointly approved. The County did not appropriate any funds to the organization in the fiscal year 2017. Complete financial statements may be obtained from the Vicksburg-Warren Convention and Visitors Bureau, P.O. Box 110, Vicksburg, MS 39181.

**NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS.**

The County participates in the following jointly governed organizations:

Hinds Community College operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The college's board of trustees is composed of 15 members. The Warren County Board of Supervisors appoints one of those members. The County appropriated \$2,079,913 for support and maintenance of the college in fiscal year 2017.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The governing body is a thirty-three-

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

member board of directors, of which, three are appointed by the Warren County Board of Supervisors. The County appropriated \$17,752 in support of the district in fiscal year 2017.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Warren County Board of Supervisors appoints two of the 26 board members. The County appropriated \$2,069 to the organization in fiscal year 2017.

**NOTE 19 – TAX ABATEMENTS.**

For the year beginning October 1, 2016, The Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Warren County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with ten entities as of September 30, 2017.

The County had two types of abatements. The payments in lieu of taxes is the only type of abatement that provides for the abatement of school tax levies.

Sections 27-31-101 and 27-31-105. Miss Code (Ann.) 1972

All allowable property tax levies

There are nine companies that have tax abatements under these statutes.

Section 24-31-104. Miss Code (Ann.) 1972

Payments in lieu of taxes

There is one company that has tax abatements under this statute.

Category	Fiscal Year 2017	
	% of Taxes Abated	Amount of Taxes Abated
Construction and expansion of a manufacturing facility	100.00%	\$ 1,597,266

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 20 – SUBSEQUENT EVENTS.**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Warren County evaluated the activity of the County through September 19, 2018 (the date the financial statements were available to be issued), and determined that the following event has occurred that requires disclosure in the notes to the financial statements.

On June 4, 2018, the County entered into an agreement for the purchase of land in the amount of \$400,000 for the future site of the county jail. The County used proceeds from a negotiable note issued in fiscal year 2017 for the purchase of the property (see Note 12).

## **WARREN COUNTY**

### **REQUIRED SUPPLEMENTARY INFORMATION**



**WARREN COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 14,444,521	15,715,747	15,715,747	-
Licenses, commissions and other revenue	388,000	466,725	466,725	-
Fines and forfeitures	450,000	454,267	454,267	-
Intergovernmental revenues	4,072,055	3,618,507	3,618,507	-
Charges for services	150,000	156,001	156,001	-
Interest income	14,000	65,740	65,740	-
Miscellaneous revenues	130,000	210,162	210,162	-
Total Revenues	<u>19,648,576</u>	<u>20,687,149</u>	<u>20,687,149</u>	<u>-</u>
<b>EXPENDITURES</b>				
General government	8,141,734	8,466,863	8,466,863	-
Public safety	7,688,854	8,236,679	8,236,679	-
Public works	2,002,750	1,760,564	1,760,564	-
Health and welfare	1,159,088	1,055,143	1,055,143	-
Culture and recreation	424,000	406,000	406,000	-
Conservation of natural resources	218,762	459,359	459,359	-
Economic development and assistance	105,857	58,904	58,904	-
Principal paid	24,863	17,031	17,031	-
Interest paid	31	31	31	-
Total Expenditures	<u>19,765,939</u>	<u>20,460,574</u>	<u>20,460,574</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(117,363)</u>	<u>226,575</u>	<u>226,575</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	88,418	234,747	234,747	-
Uses	<u>(73,418)</u>	<u>(76,058)</u>	<u>(76,058)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>158,689</u>	<u>158,689</u>	<u>-</u>
Net Change in Fund Balance	(102,363)	385,264	385,264	-
Fund Balance - Beginning	<u>2,944,251</u>	<u>11,505,917</u>	<u>11,505,917</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,841,888</u>	<u>11,891,181</u>	<u>11,891,181</u>	<u>-</u>

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

**WARREN COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**Road Fund**  
**For the Year Ended September 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 2,816,905	3,005,838	3,005,838	-
Road and bridge privilege taxes	590,000	581,550	581,550	-
Intergovernmental revenues	930,000	1,078,719	1,078,719	-
Miscellaneous revenues	0	21,272	21,272	-
Total Revenues	<u>4,336,905</u>	<u>4,687,379</u>	<u>4,687,379</u>	<u>-</u>
EXPENDITURES				
Public works	4,475,870	4,756,040	4,756,040	-
Principal paid	145,786	93,431	93,431	-
Interest paid	27,389	16,997	16,997	-
Total Expenditures	<u>4,649,045</u>	<u>4,866,468</u>	<u>4,866,468</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(312,140)</u>	<u>(179,089)</u>	<u>(179,089)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sources	35,000	57,155	57,155	-
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>57,155</u>	<u>57,155</u>	<u>-</u>
Net Change in Fund Balance	(277,140)	(121,934)	(121,934)	-
Fund Balance - Beginning	<u>501,747</u>	<u>3,984,850</u>	<u>3,624,850</u>	<u>(360,000)</u>
Fund Balance - Ending	<u>\$ 224,607</u>	<u>3,862,916</u>	<u>3,502,916</u>	<u>(360,000)</u>

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

**WARREN COUNTY**  
**Schedule of Funding Progress – Other Postemployment Benefits**  
**September 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2010-2011	\$ -	\$ 4,771,560	\$ 4,771,560	0%	\$ 7,214,289	66.14%
2011-2012	-	5,446,125	5,446,125	0%	7,214,289	75.49%
2012-2013	-	6,170,908	6,170,908	0%	7,214,289	85.54%
2013-2014	-	6,268,496	6,268,496	0%	7,001,256	89.53%
2014-2015	-	7,041,230	7,041,230	0%	7,001,256	100.57%
2015-2016	-	7,196,898	7,196,898	0%	7,422,901	96.96%
2016-2017	-	8,095,374	8,095,374	0%	7,422,901	109.06%

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

**WARREN COUNTY**  
**Schedule of the County's and Component Unit's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2017**

<b>COUNTY</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset)	0.150%	0.150%	0.148%	0.148%
County's proportionate share of the net pension liability (asset)	\$ 24,935,096	26,793,747	22,877,881	17,964,490
County's covered-employee payroll	\$ 9,814,692	9,582,569	9,278,470	8,944,686
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	254.06%	279.61%	246.57%	200.84%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%
<b>COMPONENT UNIT - PARKS AND RECREATION</b>				
Proportion of the net pension liability (asset)	0.0042%	0.0041%	0.0041%	0.0042%
Proportionate share of the net pension liability (asset)	\$ 698,182	732,362	633,779	509,803
Covered-employee payroll	\$ 267,924	261,905	260,730	253,276
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	260.59%	279.63%	243.08%	201.28%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**WARREN COUNTY**  
**Schedule of the County's and Component Unit's Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2017**

COUNTY	2017	2016	2015	2014
Contractually required contribution	\$ 1,553,105	1,526,482	1,461,359	1,408,788
Contributions in relation to the contractually required contribution	<u>1,553,105</u>	<u>1,526,482</u>	<u>1,461,359</u>	<u>1,408,788</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 9,860,984	9,691,949	9,278,470	8,944,686
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%
<b>COMPONENT UNIT - PARKS AND RECREATION</b>				
Contractually required contribution	\$ 41,419	42,694	41,065	39,891
Contributions in relation to the contractually required contribution	<u>41,419</u>	<u>42,694</u>	<u>41,065</u>	<u>39,891</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 262,978	271,073	260,730	253,276
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2017**  
**"UNAUDITED"**

**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, Tax Assessor and Tax 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 revenue, each general item of expenditure, 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 (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP 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. The Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

**C. Budget/GAAP Reconciliation.**

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash basis)	\$ 385,264	(121,934)
Increase (Decrease)		
Net adjustments for revenue accruals	53,799	3,111,620
Net adjustments for expenditure accruals	<u>277,105</u>	<u>(2,969,275)</u>
GAAP Basis	<u>\$ 716,168</u>	<u>20,411</u>

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2017**  
**"UNAUDITED"**

**Pension Schedules**

**A. Changes of assumptions.**

**2015**

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

**2016**

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**2017**

- The expectation of retired life mortality was changed to RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumptions was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

**B. Changes in benefit provisions.**

**2016**

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

## **WARREN COUNTY**

## **OTHER INFORMATION**



**WARREN COUNTY**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2017**  
**“Unaudited”**

Name	Position	Company	Amount
John Arnold	Supervisor District 1	Travelers Casualty & Surety Co.	\$ 100,000
William H. Banks, Jr.	Supervisor District 2	EMC Insurance Company	100,000
Charles Selmon	Supervisor District 3	Travelers Casualty & Surety Co.	100,000
John Carlisle	Supervisor District 4	Travelers Casualty & Surety Co.	100,000
Richard George	Supervisor District 5	Travelers Casualty & Surety Co.	100,000
John C. Smith	County Administrator	Travelers Casualty & Surety Co.	100,000
Donna F. Hardy	Chancery Clerk	Travelers Casualty & Surety Co.	100,000
Janet H. Daigre	Circuit Clerk	Travelers Casualty & Surety Co.	100,000
Martin Pace	Sheriff	Travelers Casualty & Surety Co.	100,000
Antonia Flaggs-Jones	Tax Collector	Travelers Casualty & Surety Co.	100,000
Tonga Vinson	Purchase Clerk	Travelers Casualty & Surety Co.	75,000
Hazel D. Linson	Receiving Clerk	Travelers Casualty & Surety Co.	75,000
Dexter Jones	Inventory Control Clerk	Western Surety Company	75,000
Larry Flowers	Road Manager	Travelers Casualty & Surety Co.	50,000
Ben Luckett	Tax Assessor	Travelers Casualty & Surety Co.	50,000
Paula Benard	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Cindy Alkhatib	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Jeane Braxton	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Penny Evans	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Wendy Staggs	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Jeff Crevitt	Justice Court Judge	EMC Insurance Company	50,000
Edwin Woods	Justice Court Judge	Travelers Casualty & Surety Co.	50,000
James E. Jefferson, Jr.	Justice Court Judge	Western Surety Company	50,000
Carla Fields	Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Bridgett Satcher	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Chrissy M. White	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Angela Chiplin	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Andrea Wilson	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Terrica Gross	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
John H. Heggins	Constable	Travelers Casualty & Surety Co.	50,000
Glenn McKay	Constable	Travelers Casualty & Surety Co.	50,000

## **WARREN COUNTY**

## **SPECIAL REPORTS**



**BRIDGERS, GOODMAN, ALDRIDGE, BAIRD & CLARKE, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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MISSISSIPPI SOCIETY OF CPAS  
GOVERNMENT AUDIT QUALITY CENTER  
DIVISION FOR CPA FIRMS PRIVATE  
COMPANIES PRACTICE SECTION

**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  
Warren County, Mississippi

We have audited, in accordance with the 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, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Warren County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated September 19, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Warren 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 Warren 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Warren County, Mississippi's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

*Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC*

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC

Certified Public Accountants

Vicksburg, Mississippi

September 19, 2018



**BRIDGERS, GOODMAN, ALDRIDGE, BAIRD & CLARKE, PLLC**  
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COMPANIES PRACTICE SECTION

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

Members of the Board of Supervisors  
Warren County, Mississippi

We have examined Warren County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 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, 2017. The Board of Supervisors of Warren County, Mississippi is responsible for 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 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 Warren 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 control 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, Warren County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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 Warren County, Mississippi's compliance with the aforementioned requirements, 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.

*Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC*

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

September 19, 2018

**WARREN COUNTY**

**Schedule 1**

**Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2017**

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

**WARREN COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2017**

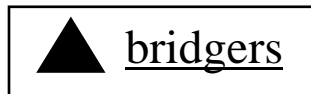
**Schedule 2**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/2/2017	HVAC Compressor for the Jail	\$ 22,374	Star Services, Inc.	HVAC failure at the County Jail due to malfunctioning compressor. Emergency due to housing over 100 inmates during the time of failure.
3/22/2017	Elevator repair	47,126	MidSouth Elevator, Inc.	Elevator serves as transport in facility for inmates and staff, foods, medicines and supplies. Operational elevator is an ADA requirement. Safety issue due to housing of approximately 117 inmates at the time of failure.
5/1/2017	Bridge repair and stablization	268,752	Anderson Contracting, Inc.	Erosion caused from 15+ inches of heavy rainfall in April 2017. Emergency allows use of NRCS funding to protect the bridge from complete failure.
		<u>\$ 338,252</u>		



**WARREN COUNTY****Schedule 3****Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2017**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
6/19/2017	In-car camera and video systems	\$ 16,880	Digital Ally, Inc.



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

Members of the Board of Supervisors  
Warren County, Mississippi

In planning and performing our audit of the financial statements of Warren County, Mississippi for the year ended September 30, 2017, we considered Warren 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 Warren 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 September 19, 2018, on the financial statements of Warren 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 test identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendations and your response are disclosed below:

**Tax Collector**

Finding

During the course of our test work, we found that the bank reconciliations were not being completed accurately and in a timely manner. An effective system of internal control requires bank

reconciliations to be performed correctly and on a timely basis subsequent to month end to ensure the completeness and inclusion of all transactions for each account.

#### Recommendation

In order to maintain an effective internal control system and increase the accuracy in recording receipts and disbursements, the tax collector should ensure that all bank accounts are reconciled correctly and monthly in a timely manner.

#### Tax Collector's Response

I accept the findings of the auditors. I am working diligently with the assistance of my bookkeeper to ensure that statements are reconciled in the future in a timely and accurate manner. I am aware of the importance of all internal controls being utilized to ensure that the workings of the office are done in an accurate manner.

Warren County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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.

*Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC*

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

September 19, 2018

## **WARREN COUNTY**

### **SCHEDULE OF FINDINGS AND RESPONSES**

**WARREN COUNTY**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2017**

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weaknesses identified?                              | No            |
| b. Significant deficiency identified?                           | None reported |
| 3. Noncompliance material to the financial statements?          | No            |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.