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WARREN COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2018



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, 2018, 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, 2018, 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 27, 2019, 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, Baird & Clarke, PLLC

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

September 27, 2019

WARREN COUNTY

FINANCIAL STATEMENTS

WARREN COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Parks and Recreation
Assets				
Cash	\$ 26,530,305	818,670	27,348,975	4,585
Property tax receivable	22,214,702	-	22,214,702	
Accounts receivable	78,877	123,736	202,613	
Fines receivable, net of allowance for uncollectibles of \$4,856,874	892,002	-	892,002	
Intergovernmental receivables	252,441	-	252,441	
Other receivables	216,114	-	216,114	
Land and construction in progress	5,494,491	4,428,590	9,923,081	
Other capital assets, net	81,909,490	2,813,054	84,722,544	194,151
Total Assets	137,588,422	8,184,050	145,772,472	198,736
Deferred Outflows of Resources				
Deferred outflows related to OPEB	92,459	1,887	94,346	
Deferred outflows related to pension	1,775,227	36,229	1,811,456	20,716
Total Deferred Outflows of Resources	1,867,686	38,116	1,905,802	20,716
Liabilities				
Claims payable	1,343,219	56,454	1,399,673	30,712
Intergovernmental payables	437,792	-	437,792	
Accrued interest payable	28,586	2,704	31,290	54
Amounts held in custody for others	817,147	-	817,147	
Other payables	71,437	-	71,437	
Claims and judgements payable	167,939	-	167,939	
Long-term liabilities			-	
Due within one year:			-	
Capital related debt	1,196,872	92,863	1,289,735	30,003
Due in more than one year:				
Capital related debt	6,817,888	1,130,970	7,948,858	43,399
Non-capital debt	549,454	12,485	561,939	
Net pension liability	26,080,500	532,255	26,612,755	615,420
Net OPEB liability	11,586,339	232,926	11,819,265	
Total Liabilities	49,097,173	2,060,657	51,157,830	719,588
Deferred Inflows of Resources				
Deferred inflows related to pension	671,279	13,699	684,978	78,932
Deferred revenues - property tax	22,214,702	-	22,214,702	
Total deferred inflows of resources	22,885,981	13,699	22,899,680	78,932
Net Position				
Net investment in capital assets	79,389,221	6,017,811	85,407,032	120,749
Restricted:				
Expendable:				
General government	115,981	-	115,981	
Debt service	709,210	-	709,210	
Public safety	1,637,224	-	1,637,224	
Public works	4,826,693	129,999	4,956,692	
Culture and recreation	816,801	-	816,801	
Conservation of Natural Resources	5,540	-	5,540	
Economic development	338,406	-	338,406	
Unemployment	89,727	-	89,727	
Capital Projects	1,223,340	-	1,223,340	
Unrestricted	(21,679,189)	-	(21,679,189)	(699,817)
Total Net Position	\$ 67,472,954	6,147,810	73,620,764	(579,068)

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

WARREN COUNTY
Statement of Activities
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating	Capital Grants	Primary Government			Parks and Recreation
			Grants and Contributions	and Contributions	Governmental Activities	Business Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 6,715,206	770,543	94,582	118,622	(5,731,459)		(5,731,459)	
Public safety	10,116,224	1,424,552	46,561	370,942	(8,274,169)		(8,274,169)	
Public works	7,365,090	106,126		1,959,646	(5,299,318)		(5,299,318)	
Health and welfare	1,081,780				(1,081,780)		(1,081,780)	
Culture and recreation	1,200,887				(1,200,887)		(1,200,887)	
Conservation of natural resources	142,723				(142,723)		(142,723)	
Economic development and assistance	37,576				(37,576)		(37,576)	
Interest on long-term debt	213,341				(213,341)		(213,341)	
OPEB Expense	1,287,968				(1,287,968)		(1,287,968)	
Pension expense	3,603,049				(3,603,049)		(3,603,049)	
Total Governmental Activities	31,763,844	2,301,221	141,143	2,449,210	(26,872,270)		(26,872,270)	
Business-type activities:								
Port	1,219,268	1,456,747				237,479	237,479	
Total Business-type Activities	1,219,268	1,456,747				237,479	237,479	
Total Primary Government	\$ 32,983,112	3,757,968	141,143	2,449,210	(26,872,270)	237,479	(26,634,791)	
Component Unit- Parks and Recreation								
Culture and recreation	\$ 803,264	423,593	381,000					1,329
Total Component Units	\$ 803,264	423,593	381,000	-				1,329
General revenues:								
Property taxes					\$ 24,304,161	-	24,304,161	
Road & bridge privilege taxes					559,349	-	559,349	
Grants and contributions not restricted to specific programs					4,005,498	-	4,005,498	
Unrestricted investment income					355,431	-	355,431	
Miscellaneous					239,147	-	239,147	5,108
Gain (loss) on disposal of capital assets					(172,708)	-	(172,708)	
Total General Revenues					29,290,878	-	29,290,878	5,108
Changes in Net Position					2,418,608	237,479	2,656,087	6,437
Net Position - Beginning, as previously reported					69,781,417	6,006,802	75,788,219	(585,505)
Prior period adjustments					(4,727,071)	(96,471)	(4,823,542)	
Net Position- Beginning, as restated					65,054,346	5,910,331	70,964,677	(585,505)
Net Position - Ending					\$ 67,472,954	6,147,810	73,620,764	(579,068)

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

WARREN COUNTY
Balance Sheet – Governmental Funds
September 30, 2018

Exhibit 3

	Major Funds			
	General Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 16,607,230	2,941,371	6,981,704	26,530,305
Property tax receivable	16,455,525	3,040,523	2,718,654	22,214,702
Accounts receivable, net of allowance for uncollectibles of \$153,163	78,877	-	-	78,877
Fines receivable, net of allowance for uncollectibles of \$4,856,874	892,002	-	-	892,002
Intergovernmental receivables	252,441	-	-	252,441
Advances to other funds	8,693	-	-	8,693
Due from other funds	12,630	30,316	24,032	66,978
Other receivables	-	-	216,114	216,114
Total Assets	<u>34,307,398</u>	<u>6,012,210</u>	<u>9,940,504</u>	<u>50,260,112</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Claims payable	962,513	144,483	236,223	1,343,219
Claims and judgments payable	167,939	-	-	167,939
Intergovernmental payables	412,853	-	-	412,853
Advances from other funds	-	-	8,693	8,693
Due to other funds	79,287	-	12,630	91,917
Other payables	71,437	-	-	71,437
Amount held in custody	817,147	-	-	817,147
Total Liabilities	<u>2,511,176</u>	<u>144,483</u>	<u>257,546</u>	<u>2,913,205</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	16,455,525	3,040,523	2,718,654	22,214,702
Unavailable revenue - fines	892,002	-	-	892,002
Total Deferred Inflows of Resources	<u>17,347,527</u>	<u>3,040,523</u>	<u>2,718,654</u>	<u>23,106,704</u>
FUND BALANCES				
Nonspendable:				
Advances	8,693	-	-	8,693
Restricted for:				
General government	-	-	115,981	115,981
Public safety	-	-	1,637,224	1,637,224
Public works	-	2,827,204	1,999,489	4,826,693
Culture and recreation	-	-	816,801	816,801
Conservation	-	-	5,540	5,540
Economic development	-	-	338,406	338,406
Unemployment Compensation	-	-	89,727	89,727
Capital Projects	-	-	1,223,340	1,223,340
Debt service	-	-	737,796	737,796
Unassigned	14,440,002	-	-	14,440,002
Total Fund Balances	<u>14,448,695</u>	<u>2,827,204</u>	<u>6,964,304</u>	<u>24,240,203</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>34,307,398</u>	<u>6,012,210</u>	<u>9,940,504</u>	<u>50,260,112</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, 2018**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 24,240,203
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$106,683,050.	87,403,981
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	892,002
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(8,564,214)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(28,586)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(11,586,339)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to OPEB	92,459
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(26,080,500)
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	1,775,227
Deferred inflows of resources related to pensions	(671,279)
Total Net Position - Governmental Activities	<u>\$ 67,472,954</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, 2018**

	Major Funds		Other	Total
	General	Road Fund	Governmental	Governmental
	Fund		Funds	Funds
REVENUES				
Property taxes	18,071,069	3,063,647	3,169,445	24,304,161
Road and bridge privilege taxes	-	539,998	19,351	559,349
Licenses, commissions and other revenue	443,589	-	-	443,589
Fines and forfeitures	385,530	-	1,338	386,868
Intergovernmental revenues	1,130,981	2,950,403	270,606	4,351,990
Gaming tax	2,243,861	-	-	2,243,861
Charges for services	185,956	-	1,418,384	1,604,340
Interest income	351,027	-	4,404	355,431
Miscellaneous revenues	167,659	35,208	36,280	239,147
Total Revenues	22,979,672	6,589,256	4,919,808	34,488,736
EXPENDITURES				
Current:				
General government	7,671,240	-	112,981	7,784,221
Public safety	8,122,225	-	2,858,768	10,980,993
Public works	1,160,608	6,470,592	802,727	8,433,927
Health and welfare	1,066,592	-	-	1,066,592
Culture and recreation	352,929	-	894,170	1,247,099
Conservation of natural resources	142,515	-	208	142,723
Economic development and assistance	37,576	-	-	37,576
Debt service:				-
Principal	18,800	150,012	1,011,173	1,179,985
Interest and fees	-	18,336	186,981	205,317
Total Expenditures	18,572,485	6,638,940	5,867,008	31,078,433
Excess of Revenues over (under) Expenditures	4,407,187	(49,684)	(947,200)	3,410,303
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	-	-	1,171,000	1,171,000
Proceeds from sale of capital assets	17,235	39,008	-	56,243
Transfers in	-	-	8,439	8,439
Transfers out	(8,439)	-	-	(8,439)
Total Other Financing Sources and Uses	8,796	39,008	1,179,439	1,227,243
Net Changes in Fund Balances	4,415,983	(10,676)	232,239	4,637,546
Fund Balances - Beginning	10,032,712	2,837,880	6,732,065	19,602,657
Fund Balances - Ending	\$ 14,448,695	2,827,204	6,964,304	24,240,203

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, 2018**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 4,637,546
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays 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 \$3,369,579 exceeded depreciation of \$1,992,069 in the current period.	1,377,510
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 (loss) of (\$172,708) and the proceeds from the sale of \$56,243 in the current period.	(228,951)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(133,576)
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 \$1,179,985 exceed debt proceeds of \$1,171,000.	8,985
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. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	(5,933)
Change in accrued interest payable	(8,024)
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 year	(3,603,049)
Recognition of contributions made for the current year	1,569,609
Items reported in the Statement of Activities relating to OPEB are not reported in the governmental funds. These activities include:	
Recognition of OPEB expense for the current year	(1,287,968)
Recognition of contributions made for the current year	92,459
Change in Net Position of Governmental Activities	\$ <u><u>2,418,608</u></u>

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

WARREN COUNTY
Statement of Net Position – Proprietary Funds
September 30, 2018

Exhibit 5

	Business-Type Activities Enterprise Funds Port Fund
ASSETS	
Current assets:	
Cash	\$ 818,670
Accounts receivable	123,736
Total Current Assets	<u>942,406</u>
Noncurrent assets:	
Land and construction in progress	4,428,590
Capital assets, net	2,813,054
Total Noncurrent Assets	<u>7,241,644</u>
Total Assets	<u>8,184,050</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	36,229
Deferred outflows related to OPEB	1,887
Total Deferred Outflows of Resources	<u>38,116</u>
LIABILITIES	
Current liabilities:	
Claims payable	56,454
Accrued interest payable	2,704
Capital related debt - current	92,863
Total Current Liabilities	<u>152,021</u>
Noncurrent liabilities:	
Capital related debt:	
Other long-term liabilities	1,130,970
Non-capital debt:	
Compensated absences payable	12,485
Net pension liability	532,255
Net OPEB liability	232,926
Total Noncurrent Liabilities	<u>1,908,636</u>
Total Liabilities	<u>2,060,657</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	13,699
Total Deferred Inflows of Resources	<u>13,699</u>
NET POSITION	
Net investment in capital assets	6,017,811
Restricted for public works	129,999
Total Net Position	<u>\$ 6,147,810</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, 2018**

	Business-type Activities Enterprise Funds
	<u>Port Fund</u>
Operating Revenues	
Charges for services	\$ 741,149
Rental Income	547,092
Other Income	168,506
Total Operating Revenues	<u>1,456,747</u>
Operating Expenses	
Personal services	316,550
Consumable Supplies	12,590
Contractual services	690,195
Capital Outlay	12,737
Depreciation expense	43,499
Pension expense	73,531
OPEB expense	26,285
Total Operating Expenses	<u>1,175,387</u>
Operating Income (Loss)	<u>281,360</u>
Nonoperating Revenues (Expenses)	
Interest expense	(38,275)
Gain (Loss) on sale of equipment	(5,606)
Net Nonoperating Revenue (Expenses)	<u>(43,881)</u>
Change in Net Position	<u>237,479</u>
Net Position - Beginning, as previously reported	6,006,802
Prior Period Adjustments	(96,471)
Net Position- Beginning, as restated	<u>5,910,331</u>
Net Position - Ending	<u>\$ 6,147,810</u>

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

WARREN COUNTY**Exhibit 7****Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2018**

	Business-type Activities
	Enterprise Funds
	Port Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,286,554
Payments to suppliers	(762,948)
Payments to employees for services	(348,053)
Other operating cash receipts	168,506
Net Cash Provided (Used) by Operating Activities	<u>344,059</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(391,363)
Proceeds from sale of capital assets	462
Principal paid on debt	(90,122)
Interest paid on debt	(38,186)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(519,209)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(175,150)
Cash and Cash Equivalents at Beginning of Year	<u>993,820</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 818,670</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	\$ <u>281,360</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	43,499
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,687)
(Increase) decrease in deferred outflows of resources	37,405
Increase (decrease) in claims payable	(47,201)
Increase (decrease) in compensated absences liability	2,192
Increase (decrease) in net pension liability	(265,776)
Increase (decrease) in net OPEB liability	323,867
Increase (decrease) in deferred inflows of resources	<u>(29,600)</u>
Total Adjustments	<u>62,699</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 344,059</u></u>

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

WARREN COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2018

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 156,991
Due from other funds	<u>24,939</u>
Total Assets	<u>181,930</u>
LIABILITIES	
Intergovernmental payables	72,275
Other liabilities	<u>109,655</u>
Total Liabilities	<u>\$ 181,930</u>

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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. 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:

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

	<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	*	*

* 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’

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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.

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.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Government fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if 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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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 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.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS.

A summary of significant equity adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities

Explanation	Amount
Implementation of GASB 75	(4,727,071)
Total prior period adjustments	<u>\$ (4,727,071)</u>

Exhibit 2 – Statement of Activities – Business-type Activities.

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

Explanation	Amount
Implementation of GASB 75	\$ (96,471)
Total prior period adjustments	<u>\$ (96,471)</u>

NOTE 3 – DEPOSITS.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$27,505,966 and the bank balance was \$27,666,607. 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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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.

NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2018:

A. Due From / To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	12,630
Road Fund	General Fund	30,316
Other Governmental Funds	General Fund	24,032
Agency Funds	General Fund	24,939
Total		\$ <u>91,917</u>

The receivables represent tax revenue collected but not settled until October 2018 of \$78,877 and amounts due to the Law Library Fund of \$410. The amount payable to the General Fund of \$12,630 is to cover expenses for reimbursement grants. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	8,693
Total		\$ <u>8,693</u>

The amount payable to the General Fund of \$8,693 represents a loan for the annual payment of capital debt.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

C. Transfers In / Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	8,439
Total		\$ <u>8,439</u>

The transfers were to correct cash deficits in funds. The transfers were consistent with the activities of the fund making the transfer.

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2018, consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative tax credit	\$ <u>252,441</u>
Total Governmental Activities	\$ <u>252,441</u>

NOTE 6 – OTHER RECEIVABLES.

The other receivables at September 30, 2018, 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	\$ <u>216,114</u>
Total Governmental Activities	\$ <u>216,114</u>

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 7 – CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2018:

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,979,686		72,407		1,907,279
Construction in progress	3,237,980	349,232			3,587,212
Total non-depreciable capital assets	5,217,666	349,232	72,407	0	5,494,491
<u>Depreciable capital assets:</u>					
Infrastructure	165,772,776	1,920,303			167,693,079
Buildings	9,439,649	571,477	211,363		9,799,763
Mobile equipment	7,976,504	335,070	386,924		7,924,650
Furniture and equipment	1,231,692	53,197	37,315		1,247,575
Capital leases	1,787,173	140,300			1,927,473
Total depreciable capital assets	186,207,794	3,020,347	635,601	0	188,592,540
<u>Less accumulated depreciation for:</u>					
Infrastructure	94,229,548	1,069,481			95,299,029
Buildings	3,893,820	208,296	97,244		4,004,872
Mobile equipment	5,466,510	488,570	348,231		5,606,849
Furniture and equipment	598,431	100,020	33,582		664,869
Capital leases	981,729	125,702			1,107,431
Total accumulated depreciation	105,170,038	1,992,069	479,057	0	106,683,050
Total depreciable capital assets, net	81,037,756	1,028,278	156,544	0	81,909,490
Governmental activities					
Capital assets, net	\$ 86,255,422	1,377,510	228,951	0	87,403,981

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Business-type activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 4,081,027				4,081,027
Construction in progress	-	347,563			347,563
Total Non-depreciable capital assets	4,081,027	347,563	-	-	4,428,590
<u>Depreciable capital assets:</u>					
Infrastructure	537,762				537,762
Buildings	3,277,000				3,277,000
Mobile equipment	275,327	43,800	7,400		311,727
Furniture and equipment	42,568				42,568
Total depreciable capital assets	4,132,657	43,800	7,400	-	4,169,057
<u>Less accumulated depreciation for:</u>					
Infrastructure	107,550				107,550
Buildings	956,041	34,575			990,616
Mobile equipment	211,934	8,924	1,332		219,526
Furniture and equipment	38,311				38,311
Total accumulated depreciation	1,313,836	43,499	1,332	-	1,356,003
Total depreciable capital assets, net	2,818,821	301	6,068	-	2,813,054
Business -type activities					
Capital assets, net	\$ 6,899,848	347,864	6,068	-	7,241,644

Capital Assets - Component Units:

<u>Parks & Recreation</u>	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
<u>Depreciable capital assets:</u>					
Buildings and improvements	123,336				123,336
Mobile equipment	38,500				38,500
Furniture and equipment	270,774				270,774
Capital Leases	30,477				30,477
Total depreciable capital assets	463,087	-	-	-	463,087
<u>Less accumulated depreciation for:</u>					
Buildings and improvements	17,276	8,708			25,984
Mobile equipment	24,255	3,465			27,720
Furniture and equipment	164,995	40,674			205,669
Capital Leases	9,563				9,563
Total accumulated depreciation	216,089	52,847	-	-	268,936
Total depreciable capital assets, net	246,998	(52,847)	-	-	194,151
Component unit capital assets, net	\$ 246,998	(52,847)	-	-	194,151

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Depreciation expense was charge to the following functions:

Governmental Activities:	Amount
General government	\$ 175,706
Public safety	388,405
Public works	1,381,740
Health & welfare	14,932
Culture & recreation	31,286
Total governmental activities depreciation expense	<u>\$ 1,992,069</u>
Business-type activities:	
Port	<u>\$ 43,499</u>
Component unit- Parks and Recreation:	
Culture and recreation	<u>\$ 52,847</u>

Commitments with respect to unfinished capital projects at September 30, 2018, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Jail Purchase	Undetermined	Unknown
Port Warehouse Rehabilitation	Undetermined	Unknown

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 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, 2018, to January 1, 2019. 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

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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 2017 and 2018:

	<u>2017</u>	<u>2018</u>
Unpaid claims, Beginning of Fiscal Year	\$ 395,966	471,893
Plus: Incurred Claims (including IBNRs)	3,683,387	2,634,680
Less: Claims Payments	<u>(3,607,460)</u>	<u>(2,938,634)</u>
Unpaid claims, End of Fiscal Year	<u>\$ 471,893</u>	<u>167,939</u>

NOTE 9 – CAPITAL LEASES.

As Lessee

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

<u>Class of Property</u>	<u>Governmental Activities</u>
Mobile equipment-Road Fund	\$ 1,352,359
ADSi Public Safety Software and E-911 equipment	<u>575,114</u>
Total	1,927,473
 Less: Accumulated depreciation	 <u>1,107,431</u>
Leased Property Under Capital Leases	<u>\$ 820,042</u>

The following is a schedule by years of the total payments due as of September 30, 2018:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 266,157	16,983
2020	605,726	10,638
2021	30,435	2,750
2022	<u>120,538</u>	<u>1,885</u>
Total	<u>1,022,856</u>	<u>32,256</u>

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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, 2018:

<u>Class of Property</u>	<u>Governmental Activities</u>
Golf course maintenance equipment	\$ 30,477
Total	<u>30,477</u>
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, 2018:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 9,073	112
2020	902	5
Total	<u>9,975</u>	<u>117</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 75 as a single employer defined benefit health care plan. Effective October 1, 2017, the County implemented GASB Statement 75, which requires reporting on an accrual basis the liability associated with other postemployment benefits as well as any related deferred outflows and inflows. 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.

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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, 2018, retiree premiums range from \$364 to \$890 depending on dependent coverage and Medicare eligibility.

Changes in Total OPEB Liability

The County's OPEB liability of \$11,819,265 was measured as of September 30, 2018 and was determined by an actuarial valuation date of October 1, 2016.

The total OPEB liability in the September 30, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.00% per annum
Discount Rate	3.13% per annum for Statement 75, based on the S&P Municipal Bond 20-Year High Grade Index of June 30, 2017
Healthcare cost trend rates	8.0% to grade uniformly to 5.0% over a 12-year period

Balance at September 30, 2017, as originally reported	\$ 5,681,470
Prior period adjustment	4,910,899
Balance at September 30, 2017, as restated	<u>10,592,369</u>
Changes for the year:	
Service cost	955,538
Interest	358,715
Contributions-Employer	(87,357)
Net Change	<u>1,226,896</u>
Balance at September 30, 2018	<u>\$ 11,819,265</u>

Changes in Assumptions

The actuarial assumptions used in the October 1, 2016, valuation have been prepared using employee data and plan documentation furnished by the County as of October 1, 2016.

The following changes were made to the actuarial assumptions and methods effective October 1, 2016.

The discount rate for Statements No. 74 and No. 75 is 3.13%, based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017, compared to the prior year Statement No. 45 discount rate of 4.5%

The medical trend was changed from 9.5% to 5% grade over 9 years beginning in 2013 to 8% to 5% graded over 12 years beginning in 2016.

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Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB Liability	\$ 14,302,045	11,819,265	9,883,045

Sensitivity of the total OPEB liability to changes in the medical trend rate.

The following presents the net OPEB liability calculated using the stated trend assumption, as well as what the net OPEB liability would be if it were calculated using a salary trend rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease in Trend Assumption	Current in Trend Assumption	1% Increase in Trend Assumption
Net OPEB Liability	\$ 9,556,827	11,819,265	14,824,133

For the year ended September 30, 2018, the County recognized OPEB expense of \$1,314,253. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of	Deferred Inflows of
Contributions subsequent to the measurement date	94,346	-
	\$ 94,346	-

The \$94,346 reported as deferred outflows of resources related to OPEB resulting from county contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended September 30, 2019.

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

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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 completion of 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. 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, 2018, 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, 2018 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, 2018, 2017, and 2016 were \$1,601,641, 1,553,105, and \$1,526,482 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, 2018 the County reported a liability of \$26,612,755 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 net pension liability was 0.160 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.01 percent from the proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

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For the year ended September 30, 2018, the County recognized pension expense of \$3,676,580. At September 30, 2018, 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	\$ 110,966	105,174
Net difference between projected and actual earnings on pension plan investments	-	530,399
Changes of assumptions	14,721	13,781
Changes in the proportion and differences between County contributions and proportionate share of contributions	1,285,730	35,624
County Contributions subsequent to the measurement date	400,039	-
	<u>\$ 1,811,456</u>	<u>684,978</u>

The \$400,039 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, 2019. Other amounts reported as deferred outflows of 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>
2019	\$ 736,796
2020	329,240
2021	(219,919)
2022	(119,678)
Total	<u>\$ 726,439</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 - 18.5 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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, 2018 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

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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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	2.25
Cash	1.00	-
	<u>100.00 %</u>	

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	\$ 35,041,360	26,612,755	19,607,469

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

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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, 2018, 2017 and 2016 were \$37,213, \$41,419, and \$42,694, 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, 2018 the Commission reported a liability of \$615,420 for its proportionate share of the net pension liability. At June 30, 2018, the Commission's proportion was 0.0037 percent, which was a decrease of 0.0005 percent from its proportion measured as of June 30, 2017. For the year ended September 30, 2018, the Commission recognized pension expense of \$59,236. At September 30, 2018, 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	\$ 2,926	2,945
Net difference between projected and actual earnings on pension plan investments		13,323
Changes of assumptions	412	376
Changes in the proportion and differences between Port contributions and proportionate share of contributions	7,262	62,288
Contributions subsequent to the measurement date	10,116	
	<u>\$ 20,716</u>	<u>78,932</u>

The \$10,116 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, 2019. Other amounts reported as deferred outflows of 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>
2019	\$ (8,529)
2020	(21,736)
2021	(35,301)
2022	(2,766)
Total	<u>\$ (68,332)</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%)
Proportionate share of the net pension liability	\$ 810,331	615,420	453,423

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NOTE 12 – LONG TERM DEBT

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
E-911 MSWINN GO Bond	\$ 3,118,000	2.00 to 2.50 %	4/2031
Port Cap. Improvement GO Bonds	1,535,000	3.75 to 4.50	10/2027
Total General Obligation Bonds	<u>\$ 4,653,000</u>		
B. Special assessment debt with commitments:			
Subdivision paving projects	\$ 258,904	3.31	5/2021
Total Other Loans	<u>\$ 258,904</u>		
C. Capital Leases:			
E911 ADSi CAD equipment	\$ 37,400	0.00	4/2019
2012 CAT 950K loader refinancing	66,722	2.19	9/2019
Western Star 4700	78,733	1.99	4/2020
E911 furniture	48,111	2.21	6/2020
CAT motorgrader SN: ONF00280	173,714	1.96	6/2020
CAT motorgrader SN: ONF00338	173,714	1.96	6/2020
CAT motorgrader SN: ONF00339	173,714	1.96	6/2020
Viper upgrade	59,696	2.21	9/2020
ADSi public safety software	64,233	0.00	3/2022
CAT 320FL trackhoe	146,819	2.31	7/2022
Total Capital Leases	<u>\$ 1,022,856</u>		
D. Other loans:			
G.O. note County Jail	\$ 960,000	1.83	8/2022
G.O. note capital improvement	1,120,000	1.79	8/2022
Total other loans	<u>\$ 2,080,000</u>		
Business-type Activities:			
A. Special assessment debt with commitments			
Calsonic building	\$ 1,223,833	3.00	4/2029
Total Limited Obligation Bonds	<u>\$ 1,223,833</u>		
Component Unit			
Parks and Recreation:			
A. Capital leases:			
(3) John Deere, Turf Gator, Model TC	\$ 6,411	1.99 %	6/2019
Turfco Torrent II debris blower	3,564	2.48	1/2020
Total Capital leases:	<u>\$ 9,975</u>		
B. Other loans:			
Assets for golf course maintenance	\$ 6,586	2.60	6/2019
Assets for golf course maintenance	56,841	2.60	6/2022
Total Other Loans	<u>\$ 63,427</u>		

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

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Special assessment		Other loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 325,000	127,925	85,715	8,796	520,000	38,138
2020	336,000	119,111	88,552	5,959	520,000	28,682
2021	347,000	109,906	84,637	3,028	520,000	19,069
2022	358,000	100,055			520,000	9,535
2023	375,000	50,493				
2024-2028	2,083,000	186,094				
2029-2033	829,000	40,850				
Total	\$ 4,653,000	734,434	258,904	17,783	2,080,000	95,424

Business-type Activities:

Year Ending September 30:	Special Assessment	
	Principal	Interest
2019	\$ 92,863	35,445
2020	95,687	32,621
2021	98,598	29,710
2022	101,597	26,711
2023	104,687	23,621
2024-2028	573,179	68,361
2029-2033	157,222	3,163
Total	\$ 1,223,833	219,632

Component Unit- Parks and recreation

Year Ending September 30:	Other loans	
	Principal	Interest
2019	\$ 20,930	1,266
2020	14,693	828
2021	15,049	471
2022	12,755	191
Total	\$ 63,427	2,756

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever counties issue bonds to

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repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 1.47% 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, 2018 was \$258,904.

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, 2018 was \$1,223,833.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Deletions	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 543,521	5,933	-	549,454	-
General obligation bonds	4,967,000	-	314,000	4,653,000	325,000
Special assessment debt	339,735	-	80,831	258,904	85,715
Capital leases	1,288,010	-	265,154	1,022,856	266,157
Other loans	1,429,000	1,171,000	520,000	2,080,000	520,000
Total	\$ 8,567,266	1,176,933	1,179,985	8,564,214	1,196,872
Business-type Activities:					
Compensated absences	\$ 10,293	2,192	-	12,485	-
Special assessment debt	1,313,955	-	90,122	1,223,833	92,863
Total	\$ 1,324,248	2,192	90,122	1,236,318	92,863
Component Unit					
Parks and Recreation					
Capital leases	\$ 20,973	-	10,998	9,975	9,073
Other loans	104,856	-	41,429	63,427	20,930
Total	\$ 125,829	-	52,427	73,402	30,003

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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, 2018</u>
GO Zone revenue refunding bonds	\$70,000,000

NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(21,679,189) 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 \$392,038 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, 2019. The \$1,383,189 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years. The \$621,279 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

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The governmental activities' unrestricted net position deficit amount of \$(21,679,189) includes the effect of deferred outflows of resources related to OPEB. The deferred outflow of resources related to OPEB in the amount of \$92,459 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2019.

The governmental activities' net position amount includes the effect of deferring the recognition of revenue resulting from property tax receivable. The \$22,214,702 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2018, will be recognized as revenue in the next fiscal year.

The business-type activities' restricted net position amount of \$129,999 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 \$8,001 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, 2019. The \$28,228 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years. The \$13,699 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

The business-type activities' restricted net position amount of \$129,999 includes the effect of deferred outflows of resources related to OPEB. The deferred outflow of resources related to OPEB in the amount of \$1,887 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2019.

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 \$8,604 to support the airport in fiscal year 2018. Complete financial statements for the Vicksburg-Tallulah Regional Airport can be obtained from P.O. Box 1311, Vicksburg, Ms. 39181.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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 2018. 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 \$2,115,592 for support and maintenance of the college in fiscal year 2018.

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-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 2018.

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 did not appropriate any funds to the organization in fiscal year 2018.

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, 2018.

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.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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 2018	
	% of Taxes Abated	Amount of Taxes Abated
Construction and expansion of a manufacturing facility	100.00%	\$ 2,512,000

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.

NOTE 20 – REPORTS.

The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>. OSA's report will include a Purchasing Report and Limited Compliance Review Report.

NOTE 21 – 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 27, 2019 (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.

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>
12/17/18	1/17/24	3.22%	\$ 140,300	Lease Purchase

WARREN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 16,166,990	18,270,291	18,270,291	-
Gaming tax	2,550,000	2,243,861	2,243,861	-
Licenses, commissions and other revenue	388,000	449,300	449,300	-
Fines and forfeitures	450,000	387,413	387,413	-
Intergovernmental revenues	1,470,305	1,249,768	1,249,768	-
Charges for services	75,000	585	585	-
Interest income	74,000	351,529	351,529	-
Miscellaneous revenues	65,000	167,659	167,659	-
Total Revenues	<u>21,239,295</u>	<u>23,120,406</u>	<u>23,120,406</u>	<u>-</u>
EXPENDITURES				
General government	8,391,055	7,985,282	7,985,282	-
Public safety	8,513,763	7,909,915	7,909,915	-
Public works	2,648,607	893,006	893,006	-
Health and welfare	1,167,933	1,080,977	1,080,977	-
Culture and recreation	424,000	381,000	381,000	-
Conservation of natural resources	191,260	148,871	148,871	-
Economic development and assistance	27,752	33,374	33,374	-
Debt service	-	18,800	18,800	-
Total Expenditures	<u>21,364,370</u>	<u>18,451,225</u>	<u>18,451,225</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(125,075)</u>	<u>4,669,181</u>	<u>4,669,181</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sources	102,809	17,235	17,235	-
Uses	-	(8,439)	(8,439)	-
Total Other Financing Sources and Uses	<u>102,809</u>	<u>8,796</u>	<u>8,796</u>	<u>-</u>
Net Change in Fund Balance	<u>(22,266)</u>	<u>4,677,977</u>	<u>4,677,977</u>	<u>-</u>
Fund Balance - Beginning	<u>2,841,888</u>	<u>11,891,181</u>	<u>11,891,181</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,819,622</u>	<u>16,569,158</u>	<u>16,569,158</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, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,943,793	3,067,777	3,067,777	-
Road and bridge privilege taxes	590,000	585,617	585,617	-
Licenses, commissions and other revenue		-	-	-
Intergovernmental revenues	930,000	2,950,403	2,950,403	-
Interest income			-	-
Miscellaneous revenues		35,208	35,208	-
Total Revenues	4,463,793	6,639,005	6,639,005	-
EXPENDITURES				
Public works	4,598,352	6,529,621	6,529,621	
Debt service	262,832	168,348	168,348	-
Total Expenditures	4,861,184	6,697,969	6,697,969	-
Excess of Revenues over (under) Expenditures	(397,391)	(58,964)	(58,964)	-
OTHER FINANCING SOURCES (USES)				
Sources	167,000	39,008	39,008	-
Uses		-	-	-
Total Other Financing Sources and Uses	167,000	39,008	39,008	-
Net Change in Fund Balance	(230,391)	(19,956)	(19,956)	-
Fund Balance - Beginning	224,607	3,862,916	3,502,916	-
Fund Balance - Ending	\$ (5,784)	3,842,960	3,482,960	-

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

WARREN COUNTY
Schedule of Changes in the Net OPEB Liability and Related Ratios
OPEB
Last 10 Fiscal Years*

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 955,538
Interest	358,715
Benefit Payments/Refunds	<u>(87,357)</u>
Net Change in Total OPEB Liability	1,226,896
Total OPEB Liability - beginning, as restated	<u>10,592,369</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 11,819,265</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 87,357
Benefit Payments/Refunds	<u>(87,357)</u>
Net Change in Plan Fiduciary Net Position	0
Plan Fiduciary Net Position - beginning	<u>0</u>
Plan Fiduciary Net Position - ending (b)	<u><u>0</u></u>
Net OPEB Liability - ending (a) - (b)	<u><u>\$ 11,819,265</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.0%
Covered-employee payroll	\$ 7,571,359
Net OPEB Liability as a percentage of covered-employee payroll	156.1%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, 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 Contributions
OPEB
Last 10 Fiscal Years*

	<u>2018</u>
Actuarially determined contribution	\$ 1,679,917
Contributions in relation to the actuarially determined contribution	<u>87,357</u>
Contribution deficiency (excess)	<u>\$ 1,592,560</u>
Covered payroll	\$ 7,571,359
Contributions as a percentage of covered payroll	1.20%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

**The contribution deficiency is included in the calculation of the Net OPEB Liability reported on Exhibit 1.

WARREN COUNTY
Schedule of the County's and Component Unit's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	2018	2017	2016	2015	2014
COUNTY					
County's proportion of the net pension liability (asset)	0.160%	0.150%	0.150%	0.148%	0.148%
County's proportionate share of the net pension liability (asset)	\$ 26,612,755	24,935,096	26,793,747	22,877,881	17,964,490
County's covered payroll	\$ 10,065,721	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 payroll	264.39%	254.06%	279.61%	246.57%	200.84%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%
COMPONENT UNIT- PARKS AND RECREATION					
Proportion of the net pension liability (asset)	0.0037%	0.0042%	0.0041%	0.0041%	0.0042%
Proportionate share of the net pension liability (asset)	\$ 615,420	698,182	732,362	633,779	509,803
Covered payroll	\$ 237,894	267,924	261,905	260,730	253,276
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	258.70%	260.59%	279.63%	243.08%	201.28%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	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
PERS
Last 10 Fiscal Years*

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,601,641	1,553,105	1,526,482	1,461,359	1,408,788
Contributions in relation to the contractually required contribution	<u>1,601,641</u>	<u>1,553,105</u>	<u>1,526,482</u>	<u>1,461,359</u>	<u>1,408,788</u>
Contribution deficiency (excess)	\$ -	-	-	-	-
County's covered payroll	\$ 10,169,149	9,860,984	9,691,949	9,278,470	8,944,686
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

COMPONENT UNIT- PARKS AND RECREATION

Contractually required contribution	\$ 37,213	41,419	42,694	41,065	39,891
Contributions in relation to the contractually required contribution	<u>37,213</u>	<u>41,419</u>	<u>42,694</u>	<u>41,065</u>	<u>39,891</u>
Contribution deficiency (excess)	\$ -	-	-	-	-
Covered payroll	\$ 236,270	262,978	271,073	260,730	253,276
Contributions as a percentage of covered payroll	15.75%	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, 2018
"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:

	General Fund	Road Fund
Budget (Cash basis)	\$ 4,677,977	(19,956)
Increase (Decrease)		
Net adjustments for revenue accruals	(140,735)	(49,750)
Net adjustments for expenditure accruals	(121,259)	59,030
GAAP Basis	\$ 4,415,983	(10,676)

WARREN COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2018
"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 were 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, 2018
"Unaudited"

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	100,000
Donna F. Hardy	Chancery Clerk	Travelers Casualty & Surety Co.	100,000
Jan 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
Cynthia 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
Jeffrey B. 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 REPORT

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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, 2018, 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 27, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001 that we consider to be a material weakness.

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*.

Warren County's Response to Finding

Warren County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Warren County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Baird & Clarke, PLLC

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

September 27, 2019

WARREN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WARREN COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2018

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? | Yes |
| b. Significant deficiency identified? | None reported |
| 3. Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

Tax Collector

Material Weakness

<u>2018-001</u>	Tax Collector's Office is not performing bank reconciliations accurately.
Repeat Finding	Yes
Criteria	An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	During the course of our test work, we find that bank reconciliations were not being completed accurately and in a timely manner.
Cause	Cash accounts were not reconciled properly.
Effect	A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.
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	I accept the findings of the auditor's report. I understand the importance of the keeping the financial reports reconciled in a timely and accurately manner. As a result, the bookkeeper has been replaced. I am working closely with the new bookkeeper to ensure that all internal controls are being utilized to ensure that the workings of the office are done in an accurate manner.

WARREN COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Auditor's Note

Per a news release from the Office of the State Auditor, a former Tax Collector's office bookkeeper was arrested for embezzlement by a public official after she was indicted by a grand jury. The former bookkeeper is accused of stealing cash from payments received by the office from November 2017 to August 2018. The Office of the State Auditor issued a demand letter to the former bookkeeper for \$165,329.98. All interest and investigative costs are also included in the demand amount.