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

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

**WASHINGTON COUNTY
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WASHINGTON COUNTY

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Washington County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Washington County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Delta Regional Medical Center, the Greenville Port Commission, or the Washington County Library System, component units, which represent 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors. Our audit and the component unit audits of the Delta Regional Medical Center, Greenville Port Commission, and Washington County Library System were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. However, the financial statements of the Washington County Library System, component unit, audited by another auditor, were not audited in accordance with *Government Auditing Standards*.

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, based on our audit and the reports of other auditors, 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 units, each major fund and the aggregate remaining fund information of Washington County, Mississippi, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of Funding Progress – Other Postemployment Benefits, the Schedule of the County's and Component Unit's Proportionate Share of the Net Pension Liability, the Schedule of County's and Component Unit's Contributions, and the Delta Regional Medical Center's Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer 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 and other auditors 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

Washington County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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 December 19, 2019, on our consideration of Washington County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 Washington 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

December 19, 2019

WASHINGTON COUNTY

FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Delta Regional Medical Center	Greenville Port Commission	Washington County Library System	Total Component Units
ASSETS							
Cash	\$ 13,793,059		\$ 13,793,059	\$ 46,673,639	\$ 2,541,967	\$ 222,058	\$ 49,437,664
Investments		\$ 606,664	606,664				
Property tax receivable	19,426,723	718,764	20,145,487				
Fines receivable, (net of allowance for uncollectibles of \$12,658,342)	477,065		477,065				
Intergovernmental receivables	554,936	283,752	838,688	18,112,733			18,112,733
Other receivables	253,694	8,600	262,294		97,690		97,690
Inventories and prepaid items		300,934	300,934	2,793,795			2,793,795
Capital lease receivable	954,098		954,098				
Internal balances	3,065,087	(3,065,087)	-				
Capital assets:							
Land and construction in progress	7,765,332	28,030	7,793,362	17,384,088	152,882		17,536,970
Other capital assets, net	61,978,137	13,975,313	75,953,450	28,155,632	7,056,324	155,757	35,367,713
Other assets				3,197,541			3,197,541
Total Assets	108,268,131	12,856,970	121,125,101	116,317,428	9,848,863	377,815	126,544,106
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	1,630,056	287,656	1,917,712	1,451,919	234,276	160,868	1,847,063
Deferred amount on refunding		1,139,632	1,139,632				
Total Deferred Outflows of Resources	1,630,056	1,427,288	3,057,344	1,451,919	234,276	160,868	1,847,063
LIABILITIES							
Claims payable	940,197	136,108	1,076,305	14,234,595	15,256	15,014	14,264,865
Claims and judgments payable	461,737		461,737				
Intergovernmental payables	672,979		672,979				
Accrued interest payable	45,028	57,240	102,268				
Other payables	173,719		173,719		26,940		26,940
Long-term liabilities							
Other postemployment benefits	17,309,918	2,756,322	20,066,240				
Net pension liability	23,314,314	4,114,290	27,428,604	9,867,350	1,241,768	1,097,145	12,206,263
Due within one year:							
Capital related debt	1,583,358	1,050,000	2,633,358	1,102,347			1,102,347
Non-capital debt	130,000		130,000				
Due in more than one year:							
Capital related debt	7,958,423	15,885,053	23,843,476	28,569,235			28,569,235
Non-capital debt	920,928	51,023	971,951		44,529	39,075	83,604
Total Liabilities	53,510,601	24,050,036	77,560,637	53,773,527	1,328,493	1,151,234	56,253,254
DEFERRED INFLOWS OF RESOURCES							
Property tax for future reporting period	19,426,723	718,764	20,145,487				
Capital leases for future reporting period	29,992		29,992				
Deferred inflows related to pensions	723,133	127,612	850,745	1,967	172,730	135,511	310,208
Total Deferred Inflows of Resources	20,179,848	846,376	21,026,224	1,967	172,730	135,511	310,208
NET POSITION							
Net investment in capital assets	60,201,688	(2,931,710)	57,269,978	15,868,138	7,209,206	155,757	23,233,101
Restricted for:							
Expendable:							
General government	132,463		132,463				
Public safety	457,345		457,345				
Public works	2,758,546		2,758,546				
Culture and recreation	189,336		189,336				
Debt service	324,442		324,442	9,379,540			9,379,540
Unrestricted	(27,856,082)	(7,680,444)	(35,536,526)	38,746,175	1,372,710	(903,819)	39,215,066
Total Net Position	\$ 36,207,738	\$ (10,612,154)	\$ 25,595,584	\$ 63,993,853	\$ 8,581,916	\$ (748,062)	\$ 71,827,707

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

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

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Delta Regional Medical Center	Greenville Port Commission	Washington County Library System	Total Component Units
Primary government:											
Governmental activities:											
General government	\$ 11,839,185	\$ 1,154,185	\$ 237,899		\$ (10,447,101)		\$ (10,447,101)				
Public safety	6,474,485	605,910	137,573		(5,731,002)		(5,731,002)				
Public works	6,634,484		66,517	\$ 2,412,233	(4,155,734)		(4,155,734)				
Health and welfare	745,015				(745,015)		(745,015)				
Culture and recreation	584,246				(584,246)		(584,246)				
Conservation of natural resources	264,157				(264,157)		(264,157)				
Economic development and assistance	469,263				(469,263)		(469,263)				
Interest on long-term debt	271,087				(271,087)		(271,087)				
Pension expense	3,162,101				(3,162,101)		(3,162,101)				
Total Governmental Activities	30,444,023	1,760,095	441,989	2,412,233	(25,829,706)		(25,829,706)				
Business-type activities:											
Correctional facility	6,579,280	4,406,957				(2,172,323)	(2,172,323)				
Total Business-type Activities	6,579,280	4,406,957				(2,172,323)	(2,172,323)				
Total Primary Government	\$ 37,023,303	\$ 6,167,052	\$ 441,989	\$ 2,412,233	(25,829,706)	(2,172,323)	(28,002,029)				
Component Units:											
Delta Regional Medical Center	\$ 119,574,527	\$ 119,988,447						\$ 413,920			\$ 413,920
Greenville Port Commission	1,744,634	649,066		\$ 396,331					\$ (699,237)		(699,237)
Washington County Library System	908,362		\$ 784,932							\$ (123,430)	(123,430)
Total Component Units	\$ 122,227,523	\$ 120,637,513	\$ 784,932	\$ 396,331				413,920	(699,237)	(123,430)	(408,747)
General revenues:											
Property taxes					24,513,726		24,513,726				
Road & bridge privilege taxes					457,972		457,972				
Grants and contributions not restricted to specific programs					3,654,627		3,654,627	376,982			376,982
Unrestricted interest income					166,438	8,774	175,212		16,032		16,032
Unrestricted investment income							-	424,216			424,216
Gain on disposal of capital assets					255,132		255,132				-
Miscellaneous					475,961	51,600	527,561		181,717		181,717
Total General Revenues					29,523,856	60,374	29,584,230	801,198	197,749	-	998,947
Changes in Net Position					3,694,150	(2,111,949)	1,582,201	1,215,118	(501,488)	(123,430)	590,200
Net Position - Beginning, as previously reported					32,497,195	(8,500,205)	23,996,990	62,778,735	9,019,563	(624,632)	71,173,666
Prior period adjustments					16,393		16,393		63,841		63,841
Net Position - Beginning, as restated					32,513,588	(8,500,205)	24,013,383	62,778,735	9,083,404	(624,632)	71,237,507
Net Position - Ending					\$ 36,207,738	\$ (10,612,154)	\$ 25,595,584	\$ 63,993,853	\$ 8,581,916	\$ (748,062)	\$ 71,827,707

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

WASHINGTON COUNTY
Balance Sheet – Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds				
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 9,878,198	\$ 1,923,380	\$ 984,438	\$ 1,007,043	\$ 13,793,059
Property tax receivable	15,128,799	922,806	2,254,247	1,120,871	19,426,723
Fines receivable (net of allowance for uncollectibles of \$12,658,342)	477,065				477,065
Capital lease receivable	954,098				954,098
Intergovernmental receivables	493,107			61,829	554,936
Advances to other funds	2,968,856				2,968,856
Due from other funds	314,456	40,693	52,118	11,589	418,856
Other receivable	122,009				122,009
Total Assets	<u>30,336,588</u>	<u>2,886,879</u>	<u>3,290,803</u>	<u>2,201,332</u>	<u>38,715,602</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Claims payable	397,535	121,635	120,448	300,579	940,197
Claims and judgments payable	461,737				461,737
Intergovernmental payables	672,979				672,979
Due to other funds	190,940				190,940
Other payables	173,719				173,719
Total Liabilities	<u>1,896,910</u>	<u>121,635</u>	<u>120,448</u>	<u>300,579</u>	<u>2,439,572</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	15,128,799	922,806	2,254,247	1,120,871	19,426,723
Unavailable revenue - fines	477,065				477,065
Unavailable revenue - capital leases	954,098				954,098
Total Deferred Inflows of Resources	<u>16,559,962</u>	<u>922,806</u>	<u>2,254,247</u>	<u>1,120,871</u>	<u>20,857,886</u>
FUND BALANCES					
Nonspendable:					
Advances	2,968,856				2,968,856
Restricted for:					
General Government				132,463	132,463
Public safety				457,345	457,345
Public Works		1,842,438	916,108		2,758,546
Culture and recreation				189,336	189,336
Debt service				369,470	369,470
Unassigned	8,910,860			(368,732)	8,542,128
Total Fund Balances	<u>11,879,716</u>	<u>1,842,438</u>	<u>916,108</u>	<u>779,882</u>	<u>15,418,144</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,336,588</u>	<u>\$ 2,886,879</u>	<u>\$ 3,290,803</u>	<u>\$ 2,201,332</u>	<u>\$ 38,715,602</u>

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

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 15,418,144
Amounts reported for governmental activities 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 \$100,055,615.	69,743,469
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	477,065
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(10,592,709)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(17,309,918)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(23,314,314)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the Funds.	924,106
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,630,056
Deferred inflows of resources related to pensions	(723,133)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(45,028)
Total Net Position - Governmental Activities	<u>\$ 36,207,738</u>

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

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

	Major Funds				
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 18,884,480	\$ 228,182	\$ 4,021,047	\$ 1,380,017	\$ 24,513,726
Road and bridge privilege taxes		457,972			457,972
Licenses, commissions and other revenue	853,524				853,524
Fines and forfeitures	249,444			73,136	322,580
Intergovernmental revenues	3,271,407	687,896	4,888	2,544,658	6,508,849
Charges for services	106,935			498,975	605,910
Interest income	156,907	617	6,171	2,743	166,438
Miscellaneous revenues	446,837	10,972		18,152	475,961
Total Revenues	<u>23,969,534</u>	<u>1,385,639</u>	<u>4,032,106</u>	<u>4,517,681</u>	<u>33,904,960</u>
EXPENDITURES					
Current:					
General government	10,707,203			132,305	10,839,508
Public safety	5,611,796			719,589	6,331,385
Public works	78,361	1,610,444	3,749,468	2,795,691	8,233,964
Health and welfare	563,910			164,669	728,579
Culture and recreation	395,858			2,385,481	2,781,339
Conservation of natural resources	230,112				230,112
Economic development and assistance	450,996				450,996
Debt service:					
Principal	666,693	462,192		1,188,307	2,317,192
Interest	33,369	4,422		241,158	278,949
Total Expenditures	<u>18,738,298</u>	<u>2,077,058</u>	<u>3,749,468</u>	<u>7,627,200</u>	<u>32,192,024</u>
Excess of Revenues over (under) Expenditures	<u>5,231,236</u>	<u>(691,419)</u>	<u>282,638</u>	<u>(3,109,519)</u>	<u>1,712,936</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued		400,000		700,000	1,100,000
Proceeds from sale of capital assets		470,000			470,000
Lease principal payments	428,777				428,777
Transfers in				65,861	65,861
Transfers out	(65,861)				(65,861)
Total Other Financing Sources and Uses	<u>362,916</u>	<u>870,000</u>	<u>-</u>	<u>765,861</u>	<u>1,998,777</u>
Net Changes in Fund Balances	<u>5,594,152</u>	<u>178,581</u>	<u>282,638</u>	<u>(2,343,658)</u>	<u>3,711,713</u>
Fund Balances - Beginning	<u>6,285,564</u>	<u>1,663,857</u>	<u>633,470</u>	<u>3,123,540</u>	<u>11,706,431</u>
Fund Balances - Ending	<u>\$ 11,879,716</u>	<u>\$ 1,842,438</u>	<u>\$ 916,108</u>	<u>\$ 779,882</u>	<u>\$ 15,418,144</u>

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

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

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 3,711,713
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 \$5,945,078, exceeded depreciation of \$1,913,223 in the current period.	4,031,855
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$255,132 and the proceeds from the sale \$470,000 in the current period.	(214,868)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(21,919)
Debt proceeds provide current financial resources to Government 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 proceeds of \$1,100,000 was exceeded by debt repayments of \$2,317,192.	1,217,192
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Accrued interest payable	7,862
Compensated absences	6,972
Net amortization on bond premium and discount	1,336
Other postemployment benefits payable	(2,893,838)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the changes in net position differs from change in fund balances by the principal collections on the capital leases.	(428,777)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,162,101)
Recording of contributions made for the current fiscal year	1,438,723
Change in Net Position of Governmental Activities	<u>\$ 3,694,150</u>
The notes to the financial statements are an integral part of this statement	

WASHINGTON COUNTY
Statement of Net Position – Proprietary Fund
September 30, 2017

Exhibit 5

	<u>Business-type</u> <u>Activities</u> <u>Enterprise Fund</u> <u>WCRCF</u>
ASSETS	
Current assets:	
Investments	\$ 606,664
Property tax receivable	718,764
Intergovernmental receivables	283,752
Due from other funds	86,540
Other receivables	8,600
Inventories	47,252
Total Current Assets	<u>1,751,572</u>
Noncurrent assets:	
Prepaid bond insurance	253,682
Capital Assets:	
Land	28,030
Other capital assets, net	13,975,313
Total Noncurrent Assets	<u>14,257,025</u>
Total Assets	<u>16,008,597</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	287,656
Deferred amount on refunding	1,139,632
Total Deferred Outflows of Resources	<u>1,427,288</u>
LIABILITIES	
Current liabilities:	
Claims payable	136,108
Accrued interest payable	57,240
Due to other funds	325,035
Advances from other funds	2,826,592
Capital debt:	
Other long-term liabilities	1,050,000
Total Current Liabilities	<u>4,394,975</u>
Noncurrent liabilities:	
Other postemployment benefits payable	2,756,322
Net pension liability	4,114,290
Capital related debt:	
Other long-term liabilities	15,885,053
Non-capital debt:	
Compensated absences payable	51,023
Total Non-Current Liabilities	<u>22,806,688</u>
Total Liabilities	<u>27,201,663</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	127,612
Deferred inflows related to property taxes	718,764
Total Deferred Inflows of Resources	<u>846,376</u>
NET POSITION	
Net investment in capital assets	(2,931,710)
Unrestricted	(7,680,444)
Total Net Position	<u>\$ (10,612,154)</u>

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

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

	Business-type Activities Enterprise Fund WCRCF
Operating Revenues	
Charges for services	\$ 4,406,957
Total Operating Revenues	<u>4,406,957</u>
Operating Expenses	
Personal services	2,538,779
Contractual services	630,939
Materials and supplies	687,949
Indirect cost allocation	38,603
Depreciation expense	622,681
Pension expense	558,018
Total Operating Expenses	<u>5,076,969</u>
Operating Income (Loss)	<u>(670,012)</u>
Non-operating Revenues (Expense)	
Interest income	8,774
Interest expense	(626,605)
Bond issue cost	(875,706)
Other income (expense)	51,600
Net Non-Operating Revenues (Expense)	<u>(1,441,937)</u>
Change in Net Position	<u>(2,111,949)</u>
Net Position - Beginning	<u>(8,500,205)</u>
Net Position - Ending	<u><u>\$ (10,612,154)</u></u>

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

WASHINGTON COUNTY
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2017

Exhibit 7

	Business-type Activities Enterprise Fund WCRCF
Cash Flows from Operating Activities	
Receipts from customers	\$ 4,422,232
Payments to employees	(2,278,820)
Payments to suppliers	(1,344,886)
Net Cash Provided (Used) by Operating Activities	<u>798,526</u>
Cash Flows From Non-Capital Financing Activities	
Loans from other funds	314,456
Other receipts	51,600
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>366,056</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	16,936,771
Accretion of bond premium/discount	131,826
Principal paid on debt	(17,480,000)
Interest paid on debt	(757,530)
Deferred amount on refunding	(1,139,632)
Issue cost related to long-term debt	(875,706)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,184,271)</u>
Cash Flows From Investing Activities	
Interest on investments	8,774
Proceeds from sale and maturities of investments	1,764,956
Net Cash Provided (Used) by Investing Activities	<u>1,773,730</u>
Net Increase or Decrease in Cash and Cash Equivalents	<u>(245,959)</u>
Cash and Cash Equivalents at Beginning of Year	<u>245,959</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (670,012)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	622,681
Other	43
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	22,340
(Increase) decrease in interfund receivables	14,435
(Increase) decrease in other receivables	(8,600)
(Increase) decrease in prepaid bond insurance	(34,287)
Increase (decrease) in claims payable	33,949
Increase (decrease) in OPEB liability	510,677
Increase (decrease) in net pension liability	(360,264)
Increase (decrease) in deferred inflows related to pensions	28,706
(Increase) decrease in deferred outflows related to pensions	635,684
Increase (decrease) in compensated absences liability	3,174
Total Adjustments	<u>1,468,538</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 798,526</u>

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

WASHINGTON COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 1,036,682
Due from other funds	10,579
Other receivables	142,264
Total Assets	<u>1,189,525</u>
LIABILITIES	
Intergovernmental payables	543,097
Advances from other funds	142,264
Other payables	504,164
Total Liabilities	<u>\$ 1,189,525</u>

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

Washington 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 Washington County to present these financial statements on the primary government and its component units which have 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.

Discretely Presented Component Unit

The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County.

Delta Regional Medical Center provides inpatient, outpatient and emergency care for residents of Washington County, Mississippi and surrounding areas. The facility is governed by a Board of Trustees appointed by the Board of Supervisors of Washington County, Mississippi.

Greenville Port Commission was established pursuant to Section 59-7-125 of the Mississippi Code Ann. (1972) and was organized to supervise and operate terminal and dockside activities. The Commission is governed by a five-member Board of Commissioners, two of which are appointed by the Washington County Board of Supervisors.

Washington County Library System serves the residents of Washington County with locations in Greenville, Leland, Hollandale, Arcola, Glen Allen and Avon, Mississippi. The System is governed by a five-member Board of Trustees, which are appointed by the Board of Supervisors of Washington County, Mississippi.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

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, liabilities, deferred inflows, fund balance/net position, 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.

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.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

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 fund 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.

Highway Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for highway maintenance.

Bridge and Culvert Fund – This fund is used to account for monies from specific revenue sources that are restricted for repairs and bridge maintenance.

The County reports the following major Enterprise Fund:

Washington County Regional Correctional Facility (WCRCF) – This fund is used to account for the County's activities of operating the correctional facility.

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.

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.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

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 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.

G. Receivables.

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

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 inter-fund 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 non-spendable 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."

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

I. Inventories and Prepaid Items.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

J. 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 assets, other than infrastructure, have been estimated, and the methods of estimation, are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Infrastructure	0	20 to 50 years
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
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.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

K. 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.

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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 will not be recognized as an inflow of resources (revenue) 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.

Capital leases for future reporting period/unavailable revenue – capital leases – 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 as the revenue becomes available.

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 as the revenue becomes available.

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

L. Pensions.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

M. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

N. 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 or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

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

Non-spendable 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 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.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

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 or unassigned) resources are available, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

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

P. 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.

Q. 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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

statements, Government Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

R. Changes in Accounting Standards.

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

NOTE 2 - PRIOR PERIOD ADJUSTMENTS.

A summary of significant equity adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities.	
Explanation	Amount
To adjust capital assets schedule to county asset records	\$ 16,393
Total prior period adjustments	\$ 16,393

NOTE 3 - DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$14,829,741 and the bank balance was \$15,198,021. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Washington County Regional Correctional Facility.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Investment balances at September 30, 2017, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury	Less than one year	\$ 606,664	N/A

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk.

NOTE 4 - INTER-FUND TRANSACTIONS AND BALANCES.

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Washington County Regional Correctional Facility	\$ 314,456
Washington County Regional Correctional Facility	General Fund	86,540
Bridge and Culvert Fund	General Fund	52,118
Highway Maintenance Fund	General Fund	40,693
Other Governmental Funds	General Fund	11,589
Agency	Washington County Regional Correctional Facility	10,579
Total		<u>\$ 515,975</u>

Receivables represent: the general fund and enterprise fund are due to prisoner housing (\$86,540), operating cash (\$275,853) and indirect cost allocation (\$38,603); the agency fund and enterprise fund are amounts due to the inmate welfare fund (\$10,579). All other receivables represent the tax revenue collected but not settled until October 2017. All inter-fund 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	Washington County Regional Correctional Facility	\$ 2,826,592
General Fund	Agency	142,264
Total		<u>\$ 2,968,856</u>

The General Fund receivable of \$142,264 is the amount owed in settlement of a prior years' theft. This amount has not been paid in several years. The advance of \$2,826,592 is comprised of: indirect cost allocations (\$115,971) and operating cash (\$2,710,621) made in prior years that have not been paid.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

C. Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	65,861
Total		<u>\$ 65,861</u>

The transfer represents the consolidation of cash balances to eliminate negative cash balances.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

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

Governmental Activities	
<u>Description</u>	<u>Amount</u>
Homestead reimbursement	\$ 235,850
State Legislative Tax Credit	213,185
Sales tax - Sportsplex	46,093
MDOC receivable	31,620
Youth court JAG Grant	15,736
VOCA/VAWA Grant	12,452
Total Governmental Activities	<u>\$ 554,936</u>
Business-Type Activities	
<u>Description</u>	<u>Amount</u>
MS Department of Corrections	\$ 214,002
City of Greenville	69,750
Total Business-Type Activities	<u>\$ 283,752</u>

NOTE 6 - OTHER RECEIVABLE.

The Governmental Activities other receivable of \$253,694 represents amounts due from the tax collector (\$44,759), MARS warehouse rent (\$77,250) and Agency Funds (\$131,685). The other receivable of \$8,600 for Business-type Activities represents amounts due for nurse reimbursement.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

NOTE 7 - CAPITAL ASSETS.

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

Governmental activities:	Balance				Balance
	Oct. 1, 2016	Additions	Deletions	Adjustments	Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 4,704,445				\$ 4,704,445
Construction in progress	2,332,574	4,419,927		(3,691,614)	3,060,887
Total non-depreciable capital assets	7,037,019	4,419,927	-	(3,691,614)	7,765,332
Depreciable capital assets:					
Infrastructure	120,121,289			676,968	120,798,257
Buildings	20,976,024				20,976,024
Improvements other than buildings	825,921			3,014,646	3,840,567
Mobile equipment	8,629,101	261,421	422,220		8,468,302
Furniture and equipment	4,215,364	28,900		169,983	4,414,247
Leased property under capital leases	2,483,787	1,234,830	32,272	(149,990)	3,536,355
Total depreciable capital assets	157,251,486	1,525,151	454,492	3,711,607	162,033,752
Less accumulated depreciation for:					
Infrastructure	78,816,261	473,206			79,289,467
Buildings	8,354,990	287,570			8,642,560
Improvements other than buildings	165,190	153,624			318,814
Mobile equipment	6,862,124	470,257	228,006		7,104,375
Furniture and equipment	3,451,473	46,299		119,310	3,617,082
Leased property under capital leases	728,378	482,267	11,618	(115,710)	1,083,317
Total accumulated depreciation	98,378,416	1,913,223	239,624	3,600	100,055,615
Total depreciable capital assets, net	58,873,070	(388,072)	214,868	3,708,007	61,978,137
Governmental activities capital assets, net	\$ 65,910,089	4,031,855	214,868	16,393	\$ 69,743,469

Adjustments are due to reclassification of assets and reconciliation of capital assets to county records.

Business-type activities:	Balance				Balance
	Oct. 1, 2016	Additions	Deletions	Adjustments	Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 28,030				\$ 28,030
Total non-depreciable capital assets	28,030	-	-	-	28,030
Depreciable capital assets:					
Buildings	15,181,373				15,181,373
Improvements other than buildings	113,001				113,001
Furniture and equipment	2,455,771				2,455,771
Total depreciable capital assets	17,750,145	-	-	-	17,750,145
Less accumulated depreciation for:					
Buildings	1,518,140	303,628			1,821,768
Improvements other than buildings	22,610	4,522			27,132
Furniture and equipment	1,611,401	314,531			1,925,932
Total accumulated depreciation	3,152,151	622,681	-	-	3,774,832
Total depreciable capital assets, net	14,597,994	(622,681)	-	-	13,975,313
Business-type activities capital assets, net	\$ 14,626,024	(622,681)	-	-	\$ 14,003,343

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 456,606
Public safety	359,654
Public works	966,909
Culture and recreation	130,054
Total governmental activities depreciation expense	<u>\$ 1,913,223</u>
Business-type Activities:	
Public safety	\$ 622,681
Total business-type activities depreciation expense	<u>\$ 622,681</u>

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Governmental activities:		
Infrastructure	Unknown	Fiscal 2018

CAPITAL ASSETS – COMPONENT UNITS

Delta Regional Medical Center	Balance				Balance
	Oct. 1, 2016	Additions	Deletions	Adjustments	Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 3,531,832				\$ 3,531,832
Land under capital lease	1,145,500				1,145,500
Construction in progress	1,199,622	11,671,779	164,645		12,706,756
Total non-depreciated capital assets	<u>5,876,954</u>	<u>11,671,779</u>	<u>164,645</u>	<u>-</u>	<u>17,384,088</u>
Depreciable capital assets:					
Land improvements	860,754				860,754
Buildings	42,575,026	283,766			42,858,792
Fixed equipment	20,855,266				20,855,266
Equipment	59,426,325	2,281,030			61,707,355
Total depreciable capital assets	<u>123,717,371</u>	<u>2,564,796</u>	<u>-</u>	<u>-</u>	<u>126,282,167</u>
Less accumulated depreciation for:					
Land improvements	716,924	23,785			740,709
Buildings	26,431,305	1,616,290			28,047,595
Fixed equipment	14,424,461	2,817,273			17,241,734
Equipment	49,549,886	2,546,611			52,096,497
Total accumulated depreciation	<u>91,122,576</u>	<u>7,003,959</u>	<u>-</u>	<u>-</u>	<u>98,126,535</u>
Total depreciable capital assets, net	<u>32,594,795</u>	<u>(4,439,163)</u>	<u>-</u>	<u>-</u>	<u>28,155,632</u>
Total capital assets, net	<u>\$ 38,471,749</u>	<u>7,232,616</u>	<u>164,645</u>	<u>-</u>	<u>\$ 45,539,720</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Greenville Port Commission	Balance				Balance
	Oct. 1, 2016	Additions	Deletions	Adjustments	Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 5,000	147,882			\$ 152,882
Total non-depreciated capital assets	5,000	147,882	-	-	152,882
Depreciable capital assets:					
Building facilities	823,460				823,460
Improvements other than buildings	1,939,186	399,930			2,339,116
Machinery and equipment	9,319,950	443,364			9,763,314
Office furniture and fixtures	49,008				49,008
Total depreciable capital assets	12,131,604	843,294	-	-	12,974,898
Less accumulated depreciation for:					
Building facilities	180,897	22,178			203,075
Improvements other than buildings	783,931	120,072			904,003
Machinery and equipment	4,310,674	454,685			4,765,359
Office furniture and fixtures	43,266	2,871			46,137
Total accumulated depreciation	5,318,768	599,806	-	-	5,918,574
Total depreciable capital assets, net	6,812,836	243,488	-	-	7,056,324
Total capital assets, net	\$ 6,817,836	391,370	-	-	\$ 7,209,206

Washington County Library System	Balance				Balance
	Oct. 1, 2016	Additions	Deletions	Adjustments	Sept. 30, 2017
Depreciable capital assets:					
Equipment and fixtures	657,612	20,363			677,975
Other	286,127	11,364	13,000		284,491
Total depreciable capital assets	943,739	31,727	13,000	-	962,466
Less accumulated depreciation for:					
Equipment and fixtures	601,755	13,403			615,158
Other	189,455	15,096	13,000		191,551
Total accumulated depreciation	791,210	28,499	13,000	-	806,709
Total capital assets, net	\$ 152,529	3,228	-	-	\$ 155,757

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity 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. The coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$55,000. Claim expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

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

	2016	2017
Unpaid Claims, Beginning of Fiscal Year	\$ 769,345	\$ 458,337
Plus: Incurred Claims (Including IBNRs)	3,769,217	3,713,604
Less: Claims payments	4,080,225	3,710,204
Unpaid Claims, End of Fiscal Year	<u>\$ 458,337</u>	<u>\$ 461,737</u>

NOTE 9 - CAPITAL LEASES.

As Lessor:

On October 23, 2009, the County entered into a capital lease agreement with the MARS Corporation for the lease of a warehouse owned by the County. The capital lease stipulated that the lessee would pay approximately \$38,625 per month in lease payments commencing October 23, 2009 for a term of 10 years. At the end of the term, the lessee has the option to return the property or continue leasing an additional 10-year term.

The County leases the following property with varying terms and options as of September 30, 2017:

Class of Property	Amount
Buildings:	
MARS - Warehouse	\$ 5,894,901
Less: Accumulated depreciation	825,293
Total	<u>\$ 5,069,608</u>

The future minimum lease receivable and the present value of the net minimum lease receivable as of September 30, 2017, are as follows:

Year Ending September 30,	Principal	Interest
2018	\$ 441,819	\$ 21,681
2019	455,257	8,243
2020	27,030	68
Total	<u>\$ 924,106</u>	<u>\$ 29,992</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

As Lessee:

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,857,245
Other furniture and equipment	\$ 650,110
Siemens energy project	1,029,000
Total	3,536,355
Less: Accumulated depreciation	1,083,317
Leased Property Under Capital Leases	<u>\$ 2,453,038</u>

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2018	567,179	52,255
2019	557,882	39,070
2020	441,903	27,219
2021	303,179	17,449
2022	76,965	13,128
2023-2027	415,965	34,500
2028	44,617	432
Total	<u>\$ 2,407,690</u>	<u>\$ 184,053</u>

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS.

The Washington County Board of Supervisors administers the County's health insurance plan which is authorized by Section 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Washington County Board of Supervisors. The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public 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. The County has reinsurance which functions on a specific stop loss coverage of \$55,000, after which, the County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit care plan. Effective October 1, 2015, the County implemented GASB Statement 45, which requires reporting, on an accrual basis, the liability associated with other postemployment benefits. The County does not issue a publicly available financial report for the Plan.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan. Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2017, retiree premiums range from \$211 to \$563 depending on dependent coverage and Medicare eligibility.

Actuarial Valuation

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

Annual OPEB Cost and Net OPEB Obligation

The county's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is determined assuming the plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC of \$3,629,239 is 34.70 percent of annual covered payroll.

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

		2017	2016
Annual required contribution	\$	3,629,239	3,380,796
Interest on prior year net OPEB obligation		670,786	546,855
Adjustment to annual required contribution		(702,712)	(563,953)
Annual OPEB cost		3,597,313	3,363,698
Contributions made		(276,031)	(265,414)
Actuary computational adjustment		83,233	-0-
Increase in net OPEB obligation		3,404,515	3,098,284
Net OPEB obligation – beginning of year		16,661,725	13,563,441
Net OPEB obligation – end of year	\$	20,066,240	16,661,725

The following table provides the county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2017 and 2016:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB obligation
2017	\$3,597,313	7.67%	\$20,066,240
2016	\$3,363,698	7.89%	\$16,661,725

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Funding Status and Funding Progress

The following table provides funding information for the most recent actuarial valuation date:

Actuarial Valuation Date		2017	2016
Actuarial Value of Plan Assets		\$-0-	\$-0-
Actuarial Accrued Liability (AAL) Entry Age Normal		\$26,634,907	\$23,579,254
Unfunded AAL (UAAL)		\$26,634,907	\$23,579,254
Funded Ratio		-0-%	-0-%
Annual Covered Payroll		\$10,457,644	\$10,153,052
UAAL as a Percentage of Annual Covered Payroll		254.69%	232.24%

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

Actuarial Methods and Assumptions

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

Actuarial valuation date		October 1, 2016
Actuarial cost method		Entry Age
Amortization method		30 Year Level Percentage
Remaining amortization period		Twenty-eight Years
Asset valuation method		None Assumed
Actuarial assumptions:		
Investment rate of return		4.0%
Projected salary increases		3% per annum
Healthcare cost trend rate		8% graded down to 5% over 6 years
Ultimate trend rate		5%
Year of ultimate trend rate		2045

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

Benefit Provided. Membership in PERS is a condition of employment granted upon hiring for qualified 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 granted to those who qualify upon hiring. Participating members who are vested and retire at or after age of 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 the average compensation for each year of creditable service up to and including 30 years (25 years for those became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service for 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 before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2017, PERS members are required to contribute 9% of their annual covered salary, and the County is required to contribute an actuarially determined rate. The employer's rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$1,692,615, \$1,708,550, and \$1,694,754, 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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

At September 30, 2017, the County reported a liability of \$27,428,604 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2017, the County's proportion was 0.165 percent, which was .0020 percent less than its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$3,720,119. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 401,986	\$ 200,138
Net difference between projected and actual earnings on investments	426,469	
Changes of assumptions	634,307	47,306
Changes in the proportion and differences between actual contributions and proportionate share contributions		603,301
Contributions subsequent to the measurement date	454,950	
	<u>\$ 1,917,712</u>	<u>\$ 850,745</u>

The \$454,950 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Deferred Inflows Aging:	
Year ending September 30:	Amount
2018	\$ 913,355
2019	236,344
2020	(7,863)
2021	(529,819)
Total	<u>\$ 612,017</u>

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

Inflation percentage	3.00%
Salary increases, including inflation	3.25% - 18.50%
Investment rate of return	
net of pension plan investment expense, including inflation	7.75%

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 rate of return for each major asset class as of June 30, 2017, 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 Estate	10.00%	3.50%
Private Equity	8.00%	5.10%
Emerging Debt	2.00%	2.25%
Cash	1.00%	0.00%
	<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 of (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%	Current Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 35,974,440	\$ 27,428,604	\$ 20,333,696

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

DEFINED BENEFIT PENSION PLAN - COMPONENT UNITS

Greenville Port Commission

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

Contributions. The Port Commission contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$73,186, \$74,814, and \$79,665 respectively, equal to the required contributions for each year.

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

At September 30, 2017 the Port Commission reported a liability of \$1,241,768 for its proportionate share of the net pension liability. At June 30, 2017, the Port's proportion was 0.0075 percent, which was an increase of 0.0005 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2017, the Port Commission recognized pension expense of \$163,118. At September 30, 2017, 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	\$ 18,615	9,061
Net difference between projected and actual earnings on investments	110,284	\$ 95,946
Changes of assumptions	28,201	\$ 1,983
Changes in the proportion and differences between actual contributions and proportionate share contributions	59,042	65,740
Contributions subsequent to the measurement date	18,134	
	<u>\$ 234,276</u>	<u>\$ 172,730</u>

The \$18,134 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows/Deferred Inflow Aging:</u>	
<u>Year ending September 30:</u>	<u>Amount</u>
2018	\$ 36,223
2019	22,457
2020	8,716
2021	(23,984)
Total	<u>\$ 43,412</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	\$ 1,628,661	\$ 1,241,768	\$ 920,562

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Washington County Library

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

Contributions. The System's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$66,811, \$66,047, and \$68,685, respectively, equal to the required contributions for each year.

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

At September 30, 2017 the System reported a liability of \$1,097,145 for its proportionate share of the net pension liability. At June 30, 2017, the System's proportion was 0.0066 percent, which was no change in percentage from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the System recognized pension expense of \$131,359. At September 30, 2017, the System 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	\$ 16,076	\$ 8,006
Net difference between projected and actual earnings on investments	101,979	84,771
Changes of assumptions	26,149	1,870
Changes in the proportion and differences between actual contributions and proportionate share contributions		40,864
Contributions subsequent to the measurement date	16,664	
	<u>\$ 160,868</u>	<u>\$ 135,511</u>

The \$16,664 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Deferred Inflow Aging:	
Year ending September 30:	Amount
2018	\$ 21,480
2019	7,458
2020	946
2021	(21,191)
Total	<u>\$ 8,693</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	\$ 1,438,978	\$ 1,097,145	\$ 813,348

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Delta Regional Medical Center

The Medical Center pension plan (the "Plan") is a single-employer noncontributory defined benefit pension plan covering all covered employees as defined by the Plan. The Medical Center elected to freeze the Plan to new entrants as of June 30, 2009. Information about the plan follows:

Plan Description. The Plan is a single-employer noncontributory defined benefit retirement pension plan, administered by the Director of the Medical Center's Department of Human Resources. The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. Benefit provisions are established by the Hospital's Board of Trustees. The Plan issues a financial report, available for all participants, that includes financial statements and required supplementary information. That information may be obtained by writing to Chief Financial Officer, Delta Regional Medical Center, 1400 East Union Street, Greenville, Mississippi 38704.

Benefits Provided. For the Plan participating members who are vested and retire at or after age 65 or those who retire at age 55 with at least 5 years of creditable service are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 1.10 percent of their average monthly earnings. Average compensation is the average of the employee's earnings for the highest 60 consecutive calendar months preceding retirement or termination, limited as required by internal revenue code section 401(a)(17). A member may elect a reduced retirement benefit at age 55 with at least 5 years of consecutive service. Benefits vest upon completion of 5 years of continuous service. The Plan also provides certain death and disability benefits.

Prior to the adoption of the Provisions of GASB Statement No. 68 in 2015, contributions to the pension plans were actuarially determined and approximated annual pension expense.

Summary of Participant Data

<u>Data as of July 1, 2016:</u>	<u>Number of</u>
Inactive employees or beneficiaries currently receiving benefits	260
Inactive employees entitled to but not yet receiving benefits	480
Active Employees	372
Total	1,112

Funding Policy. Although a formal funding policy has not been established, the Medical Center contributes amounts necessary to fund the Plan at an actuarially determined rate. The current actuarially required minimum rate is 3.5 percent of annual covered payroll.

Long-term Expected Rate of Return

The long-term expected rate of return and actual allocation as of June 30, 2017 is as follows:

<u>Asset Class</u>	<u>Index</u>	<u>Actual Allocation</u>	<u>Long-term Expected Arithmetic Real Rate of Return</u>
US Cash	BAM 3-Mon T-Bill	6.63%	0.36%
US Core Fixed Income	Barclays Aggregate	47.08%	2.17%
US Large Caps	S&P 500	38.05%	4.55%
Global Equity	MSCI ACWI NR	7.70%	5.20%
US REITs	FTSE NAREIT Equity REIT	0.54%	5.04%
Long-term Expected Rate of Return			6.50%

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Discount Rate. The discount rate used to measure the total pension liability at September 30, 2017 was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate and that contributions from the Medical Center will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to always be sufficient to cover benefit payments and administrative expense. 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.

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

Net investment yield	6.50 percent
Inflation	3.00 percent
Salary increases including inflation	5.00 percent

Mortality rates were based on the RP-2000 Mortality Table projected with generational projection per Scale AA.

The Plan has not had a formal actuarial experience study preformed.

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 rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation

Net Pension Liability. The total net pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 67 and GASB 68.

Changes in Net Pension Liability

Changes in the net pension liability for the year ended September 30, 2017 were as follows:

	Total Pension Liability (a)	Increase(Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of June 30, 2016	\$ 25,668,962	\$ 16,880,677	\$ 8,788,285
Changes for the year:			
Service Cost	56,525	-	56,525
Interest on total pension liability	1,751,794	-	1,751,794
Effect on plan changes	-	-	-
Effect on economic/demographic gains or losses	1,782,929	-	1,782,929
Effect on assumptions, changes or inputs	-	-	-
Benefit payments	(1,133,330)	(1,133,330)	-
Employer contributions	-	1,083,329	(1,083,329)
Member contributions	-	-	-
Net investment income	-	1,428,854	(1,428,854)
Administrative expenses	-	-	-
Balance as of June 30, 2017	<u>\$ 28,126,880</u>	<u>\$ 18,259,530</u>	<u>\$ 9,867,350</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Sensitivity Analysis. The following presents the net position liability of the Medical Center as of September 30, 2017 calculated using the discount rate of 6.50 percent, as well as what the Medical Center's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50 percent) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 13,383,590	\$ 9,867,350	\$ 18,259,530

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended September 30, 2017, the Medical Center recognized pension expense of \$1,341,188. At September 30, 2017, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,817	\$ 1,967
Net difference between projected and actual earnings on pension plan investments	1,148,435	-
Pension contributions subsequent to measurement date	166,667	-
Total	<u>\$ 1,451,919</u>	<u>\$ 1,967</u>

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

Year Ending June 30,	Amount
2018	\$ 738,924
2019	620,338
2020	(9,336)
2021	(66,641)
Total	<u>\$ 1,283,285</u>

Amortization Period. Investment gains or losses are amortized over 5 years. Changes in actuarial assumptions and experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is 2.0 years.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

NOTE 12 - LONG TERM DEBT.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
GO Industrial Development Refunding Bonds, Series 2011	\$ 355,000	1.50/3.75	05-19
GO Road and Bridge Refunding Bonds, Series 2011	695,000	2.00/3.00	07-22
GO Bonds, Series 2011	2,210,000	2.50/3.50	12-26
GO Recreational Facilities Bonds, Series 2013	2,590,000	3.625	09-28
Total General Obligation Bonds	<u>\$ 5,850,000</u>		
B. Capital Leases:			
2 Traverse Vehicles (BOS)	\$ 17,096	2.12	01-19
1 1500 Dodge Ram	7,186	2.29	05-19
1 1500 Dodge Ram	7,535	2.12	05-19
2 1500 Dodge Rams	15,073	2.12	05-19
15 Sheriff Vehicles	174,222	2.07	08-19
2015 Excavator	128,065	2.58	03-20
15 Sheriff Vehicles	324,055	2.07	03-21
4 2017 Mack GU713 Dump Trucks	351,979	2.29	03-21
E911 Console System	556,124	2.66	08-21
Suntrust energy savings project	826,355	2.03	03-28
Total Capital Leases	<u>\$ 2,407,690</u>		
C. Other Loans:			
Port Fund - (CAP Loan)	\$ 39,162	5.18	10-18
U S Corp of Engineers Note	41,000	2.43	04-18
2 Garbage Trucks	164,621	2.07	12-19
Warehouse Project - (CAP Loan)	1,734,921	3.00	05-22
Total Other Loans	<u>\$ 1,979,704</u>		
<u>Business-type Activities:</u>			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2017	<u>\$ 9,445,000</u>	3.00	07-31
B. Limited Obligation Bonds:			
Special Obligation Refunding Bonds, Series 2017	<u>\$ 7,210,000</u>	1.85/3.75	07-31

Pledge of Future Revenues – The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$7,210,000 in Taxable Special Obligation Urban Renewal Revenue Refunding Bonds, Series 2017 issued in Washington County, Mississippi. Proceeds from the bonds provided partial financing of the refunding of limited obligation bonds, series 2009 used for the construction of the Washington County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through Trustmark National Bank. Annual principal and interest payments on

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

the bonds are expected to require less than 15 percent of net revenues. The total principal and interest to be paid on the bonds is \$9,020,982. Principal and interest paid for the current year and total inmate housing revenues were \$-0- and \$4,406,957, respectively.

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

Governmental Activities:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
2018	\$ 600,000	\$ 187,544	\$ 546,179	\$ 51,523
2019	625,000	169,594	485,776	35,774
2020	460,000	149,969	439,945	22,177
2021	475,000	136,238	434,170	9,297
2022	500,000	122,075	73,634	276
2023-2027	2,005,000	406,644		
2028-2032	1,185,000	42,956		
Total	<u>\$ 5,850,000</u>	<u>\$ 1,215,020</u>	<u>\$ 1,979,704</u>	<u>\$ 119,047</u>

Business-type Activities:	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
2018	\$ 580,000	\$ 252,654	\$ 470,000	\$ 173,636
2019	565,000	265,950	445,000	200,152
2020	585,000	249,000	450,000	191,920
2021	600,000	231,450	460,000	182,920
2022	620,000	213,450	470,000	173,030
2023-2027	3,395,000	776,550	2,555,000	668,624
2028-2032	3,100,000	235,950	2,360,000	220,700
Total	<u>\$ 9,445,000</u>	<u>\$ 2,225,004</u>	<u>\$ 7,210,000</u>	<u>\$ 1,810,982</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 3.62% of the latest property assessments.

Advance Refunding - On August 31, 2017, the County issued \$9,445,000 in general obligation refunding bonds and \$7,210,000 in special obligation refunding bonds with an average interest rate of 3% and 2.675%, respectively, to advance refund \$16,610,000 of the following outstanding bond issue(s):

Issue	Average Interest Rate	Outstanding Amount Refunded
Special Obligation Bonds, Series 2009	3.875%	\$16,610,000

The net proceeds of the general obligation bond, series 2017, \$9,347,007 and the special obligation bonds, series 2017, \$6,820,841 (including net original issue premium of \$288,347 and after payment of \$386,340 and \$389,159 in underwriting fees and other issuance costs, respectively) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 14 years by almost \$2,036,442 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$528,785.

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

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 355,094		\$ 6,972		\$ 348,122	
General obligation bonds	6,430,000		580,000		5,850,000	\$ 600,000
Add: Premiums	9,449		1,643		7,806	
Less: Discount	(920)		(307)		(613)	
Capital leases	1,843,772	1,100,000	536,082		2,407,690	567,179
Other loans	3,180,814		1,201,110		1,979,704	546,179
Total	<u>\$ 11,818,209</u>	<u>1,100,000</u>	<u>2,325,500</u>	<u>-</u>	<u>\$ 10,592,709</u>	<u>\$ 1,713,358</u>
Business-type Activities:						
Compensated absences	\$ 47,849	3,174			51,023	
Limited Obligation Bonds	17,480,000		17,480,000		-	
General Obligation Refunding Bonds	-	9,445,000			9,445,000	\$ 580,000
Special Obligation Refunding Bonds	-	7,210,000			7,210,000	\$ 470,000
Add: Premiums	-	288,347	1,758		286,589	
Less: Discount	(133,544)	(6,576)	(133,584)		(6,536)	
Total	<u>\$ 17,394,305</u>	<u>16,939,945</u>	<u>17,348,174</u>	<u>-</u>	<u>\$ 16,986,076</u>	<u>\$ 1,050,000</u>

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Co-Wide Road Maintenance Fund, Bridge and Culvert Fund and WCRCF Fund.

LONG TERM DEBT - COMPONENT UNITS

Delta Regional Medical Center

A summary of long-term debt, including capital lease obligations at September 30, 2017 is as follows:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
FHA - Insured Mortgage Revenue Bonds, Series 2007	\$ 27,680,000	4.70/6.25	08-33
Capital lease obligation	969,708	7.00	07-30
	<u>28,649,708</u>		
Less current portion of long-term debt	(1,102,347)		
Plus unamortized bond premium	1,021,874		
Long-term debt, excluding current portion	<u>\$ 28,569,235</u>		

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

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

Year Ending September 30,	Long-Term Debt		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2018	1,065,000	1,385,537	37,347	66,478
2019	1,125,000	1,331,537	40,038	63,779
2020	1,180,000	1,274,538	44,668	60,881
2021	1,245,000	1,214,788	56,882	57,317
2022	1,305,000	1,151,594	60,994	53,206
2023-2027	7,680,000	4,642,756	404,443	191,280
2028-2032	9,920,000	2,455,125	325,336	33,996
2033	4,160,000	179,500		
	<u>\$ 27,680,000</u>	<u>13,635,375</u>	<u>969,708</u>	<u>\$ 526,937</u>

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

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Bonds payable						
Washington County FHA-insured Revenue Bond, Series 2007	\$ 28,695,000		1,015,000		27,680,000	\$ 1,065,000
Capital lease obligations	1,001,543		31,835		969,708	37,347
Total	<u>\$ 29,696,543</u>	<u>-</u>	<u>1,046,835</u>	<u>-</u>	<u>28,649,708</u>	<u>\$ 1,102,347</u>

Greenville Port Commission

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

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017
Compensated absences	\$ 36,631	7,898			\$ 44,529
Total	<u>\$ 36,631</u>	<u>7,898</u>	<u>-</u>	<u>-</u>	<u>\$ 44,529</u>

Washington County Library System

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

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017
Compensated absences	\$ 36,231	2,844			\$ 39,075
Total	<u>\$ 36,231</u>	<u>2,844</u>	<u>-</u>	<u>-</u>	<u>\$ 39,075</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

NOTE 13 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

The following funds reported deficits in fund balances at September 30, 2017:

<u>Fund</u>	<u>Deficit Amount</u>
Garbage Collection Fund	\$ 53,988
Waste tire grant fund	45,600
Negotiable Note - Warfield Park	18,234
2012 Series \$1525M 5 YR Notes	16,317
Youth Drug Court JAG Grant Fund	13,645
MS Tobacco Fund	11,002
State Aid	10,166
Solid Waste Management	9,759
ATV Trail Grant Fund	2,159

NOTE 14 - 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 purposes. 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 the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

NOTE 15 - 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 that the absence of obligation of 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 is disclosed as follows:

<u>Description</u>	<u>Balance at Sept. 30, 2017</u>
Industrial revenue bonds	\$ 7,935,000
Urban renewal notes	7,940,000
Total	<u>\$ 15,875,000</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

NOTE 16 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(27,856,082) 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 \$386,708 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$1,243,348 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years. The \$723,133 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

The governmental activities' net position amount includes the effect of recognition of revenue resulting from property tax receivable. The \$19,426,723 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2017, will be recognized as revenue in the next fiscal year.

The governmental activities' unrestricted net position deficit amount of \$(27,856,082) includes the effect of deferring the recognition of revenue resulting from capital leases receivable. The \$29,992 balance of deferred inflows of resources at September 30, 2017, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The business-type activities' unrestricted net position deficit amount of \$(7,680,444) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$6,992 of the \$1,139,632 balance of deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease the unrestricted net position over the next 14 years.

The business-type activities' net position amount includes the effect of recognition of revenue resulting from property tax receivable. The \$718,764 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2017, will be recognized as revenue in the next fiscal year.

The business-type activities' unrestricted net position deficit amount of \$(7,680,444) 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 \$68,242 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$219,414 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years. The \$127,612 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

NOTE 17 -JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Washington County Board of Supervisors appoints two of the 20 members of the College Board of Trustees. The County appropriated 3.50 mils to the college for maintenance, improvement and enlargement in the fiscal year 2017.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The Washington County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$74,375 to the entity in fiscal year 2017.

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Washington County Board of Supervisors appoints five of the 22 members of the board of trustees. The County appropriated \$24,000 to the organization in the fiscal year 2017.

NOTE 18 - TAX ABATEMENT

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 Washington 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 eleven entities as of September 30, 2017.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies: 27-31-105, Miss. Code (Ann.) 1972. All allowable property tax levies:

Category	Fiscal Year 2017	
	% of Taxes Abated	Ad Valorem Taxes Abated
Warehouses or manufacturing/operating facilities-real property	100.00%	\$ 153,883
Additions, expansions or equipment replacment-personal property	100.00%	1,093,127
Total ad valorem tax abated		<u>\$ 1,247,010</u>

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 19 - 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 Washington County evaluated the activity of the County through December 19, 2019 (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Subsequent to September 30, 2017, Washington County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/27/2019	3.99%	\$ 163,000	Lease Purchase	Advalorem taxes
04/05/2019	3.28%	\$ 360,000	Lease Purchase	Advalorem taxes

WASHINGTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
For the Year Ended September 30, 2017
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 16,961,307	18,932,984	18,932,984	\$ -
Licenses, commissions and other revenue	697,495	772,328	772,328	-
Fines and forfeitures	240,000	196,059	196,059	-
Charges for services	122,000	70,235	70,235	-
Intergovernmental revenues	2,309,831	2,939,468	2,939,468	-
Interest income	500	122,142	122,142	-
Miscellaneous revenues	941,000	865,598	865,598	-
Total Revenues	<u>21,272,133</u>	<u>23,898,814</u>	<u>23,898,814</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	13,484,762	10,713,083	10,713,083	-
Public safety	5,833,343	5,581,947	5,581,947	-
Public works	-	-	-	-
Health and welfare	875,526	573,135	573,135	-
Culture and recreation	398,248	402,422	402,422	-
Conservation of natural resources	255,742	219,751	219,751	-
Economic development and assistance	521,480	450,772	450,772	-
Debt Service	831,482	740,936	740,936	-
Total Expenditures	<u>22,200,583</u>	<u>18,682,046</u>	<u>18,682,046</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(928,450)</u>	<u>5,216,768</u>	<u>5,216,768</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Lease principal payments	501,135	463,500	463,500	-
Sources	172,056	13,564	13,564	-
Uses	<u>(151,172)</u>	<u>(593,978)</u>	<u>(593,978)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>522,019</u>	<u>(116,914)</u>	<u>(116,914)</u>	<u>-</u>
Net Change in Fund Balance	(406,431)	5,099,854	5,099,854	-
Fund Balance - Beginning	<u>(6,931,958)</u>	<u>1,801,975</u>	<u>1,801,975</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (7,338,389)</u>	<u>6,901,829</u>	<u>6,901,829</u>	<u>\$ -</u>

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

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
HIGHWAY MAINTENANCE FUND
For the Year Ended September 30, 2017
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 310,181	686,564	686,564	\$ -
Intergovernmental revenues	510,200	666,118	666,118	-
Interest income	-	617	617	-
Miscellaneous revenues	540,000	502,133	502,133	-
Total Revenues	1,360,381	1,855,432	1,855,432	-
EXPENDITURES				
Public works	1,079,031	988,520	988,520	-
Debt service	658,150	651,974	651,974	-
Total Expenditures	1,737,181	1,640,494	1,640,494	-
Excess of Revenues over (under) Expenditures	(376,800)	214,938	214,938	-
OTHER FINANCING SOURCES (USES)				
Sources	-	133,983	133,983	-
Uses	-	-	-	-
Total Other Financing Sources and Uses	-	133,983	133,983	-
Net Change in Fund Balance	(376,800)	348,921	348,921	-
Fund Balance - Beginning	(1,759,625)	1,571,749	1,571,749	-
Fund Balance - Ending	\$ (2,136,425)	1,920,670	1,920,670	\$ -

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

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
BRIDGE & CULVERT FUND
For the Year Ended September 30, 2017
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,941,229	4,014,981	4,014,981	\$ -
Intergovernmental revenues		4,888	4,888	-
Interest income		6,171	6,171	-
Total Revenues	<u>3,941,229</u>	<u>4,026,040</u>	<u>4,026,040</u>	<u>-</u>
 EXPENDITURES				
Public works	<u>3,945,566</u>	<u>3,715,601</u>	<u>3,715,601</u>	<u>-</u>
 Total Expenditures	<u>3,945,566</u>	<u>3,715,601</u>	<u>3,715,601</u>	<u>-</u>
 Excess of Revenues over (under) Expenditures	<u>(4,337)</u>	<u>310,439</u>	<u>310,439</u>	<u>-</u>
 OTHER FINANCING SOURCES (USES)				
Sources	-	162,755	162,755	-
Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources and Uses	<u>-</u>	<u>162,755</u>	<u>162,755</u>	<u>-</u>
 Net Change in Fund Balance	(4,337)	473,194	473,194	-
Fund Balance - Beginning	<u>(330,800)</u>	<u>535,267</u>	<u>535,267</u>	<u>-</u>
 Fund Balance - Ending	<u>\$ (335,137)</u>	<u>1,008,461</u>	<u>1,008,461</u>	<u>\$ -</u>

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

WASHINGTON COUNTY
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS
September 30, 2017

Plan Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (ACR) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2016-2017	\$-0-	\$26,634,907	\$26,634,907	0.0%	\$10,457,644	254.69%
2015-2016	\$-0-	\$23,579,254	\$23,579,254	0.0%	\$10,153,052	232.24%

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

WASHINGTON COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2017

	2017	2016	2015
WASHINGTON COUNTY			
County's proportion of the net pension liability (asset)	0.165%	0.167%	0.172%
County's proportionate share of the net pension liability (asset)	\$ 27,428,604	\$ 29,830,369	\$ 26,587,808
County's covered payroll	\$ 10,603,668	\$ 10,675,319	\$ 10,716,121
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	258.67%	279.43%	248.11%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%
COMPONENT UNIT - GREENVILLE PORT COMMISSION			
Commission's proportion of the net pension liability (asset)	0.0075%	0.0070%	0.0080%
Commission's proportionate share of the net pension liability (asset)	\$ 1,241,768	\$ 1,250,376	\$ 1,236,642
Commission's covered payroll	\$ 479,486	\$ 460,990	\$ 498,616
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	258.98%	271.24%	248.01%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%
COMPONENT UNIT - WASHINGTON COUNTY LIBRARY			
Library's proportion of the net pension liability (asset)	0.0066%	0.0066%	0.0071%
Library's proportionate share of the net pension liability (asset)	\$ 1,097,145	\$ 1,178,924	\$ 1,097,520
Library's covered payroll	\$ 422,662	\$ 424,174	\$ 442,174
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.58%	277.93%	248.21%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal for years 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 and Components have 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.

WASHINGTON COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2017

	2017	2016	2015
WASHINGTON COUNTY			
Contractually required contribution	\$ 1,692,615	\$ 1,708,550	\$ 1,694,754
Contributions in relation to the contractually required contribution	<u>1,692,615</u>	<u>1,708,550</u>	<u>1,694,754</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 10,746,762	\$ 10,847,934	\$ 10,760,346
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%
COMPONENT UNIT - GREENVILLE PORT COMMISSION			
Contractually required contribution	\$ 73,186	\$ 74,814	\$ 79,665
Contributions in relation to the contractually required contribution	<u>73,186</u>	<u>74,814</u>	<u>79,665</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 464,673	\$ 475,010	\$ 505,810
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%
COMPONENT UNIT - WASHINGTON COUNTY LIBRARY			
Contractually required contribution	\$ 66,811	\$ 66,047	\$ 68,685
Contributions in relation to the contractually required contribution	<u>66,811</u>	<u>66,047</u>	<u>68,685</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Library's covered payroll	\$ 424,198	\$ 419,347	\$ 436,096
Contributions as a percentage of covered payroll	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 and the Components have 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.

DELTA REGIONAL MEDICAL CENTER – A COMPONENT UNIT OF WASHINGTON COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended September 30, 2017

	2017	2016	2015
Total Pension Liability			
Service cost	\$ 56,525	\$ 441,695	490,706
Interest on total pension liability	1,751,794	1,598,830	1,547,795
Effect of economic/demographic gains (losses)	1,782,929	(194,015)	(95,165)
Benefit payments	(1,133,330)	(1,038,177)	(983,322)
Net change in total pension liability	2,457,918	808,333	960,014
Total pension liability, beginning	25,668,962	24,860,629	23,900,615
Total pension liability, ending (a)	28,126,880	25,668,962	24,860,629
Plan Fiduciary Net Position			
Employer contributions	1,083,329	1,338,128	838,590
Investment income net of investment expenses	1,428,854	752,788	429,704
Benefit payments	(1,133,330)	(1,038,177)	(983,322)
Administrative expenses	-	(27,241)	(28,627)
Net change in fiduciary net position	1,378,853	1,025,498	256,345
Fiduciary net position, beginning	16,880,677	15,855,179	15,598,834
Fiduciary net position, ending (b)	18,259,530	16,880,677	15,855,179
Net pension liability, ending (a) - (b)	\$ 9,867,350	\$ 8,788,285	9,005,450
Fiduciary net position as a percentage of the total pension liability	64.92%	65.76%	63.78%
Covered payroll	\$ 18,481,088	\$ 20,365,267	22,586,180
Net pension liability as a percentage of covered payroll	53.39%	43.15%	39.87%

Note to Schedule: This schedule is intended to show a 10-year trend and is presented on the measurement date of the net pension liability. Additional years will be reported as they become available.

Summary of Assumptions and Methods

The following actuarial methods and assumptions were used in the July 1, 2016 funding valuation:

Valuation timing	Actuarially determined contribution rates are calculated as of June 30
Actuarial cost method	Entry age normal
Amortization method:	
Level percent dollar	Level dollar
Closed, open, or layered periods	Closed
Remaining Amortization period	18 years
Amortization growth rate	5.00%
Asset valuation method:	
Smoothing period	3 years
Recognition method	Non-asymptotic
Corridor	80% - 120%
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	6.50%
Cost of living adjustments	None
Retirement age	65
Turnover	Table of rates
Mortality	RP-2000 Mortality for Employees, Health Annuitants, and Disabled Annuitants with Generational Projection per Scale AA

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

DELTA REGIONAL MEDICAL CENTER – A COMPONENT UNIT OF WASHINGTON COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
September 30, 2017

<u>Fiscal Year Ended June 30:</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2008	1,077,494	1,077,494	-	23,228,344	4.64%
2009	1,403,396	1,403,396	-	26,112,402	5.37%
2010	746,189	746,189	-	25,730,054	2.90%
2011	931,812	931,812	-	26,593,764	3.50%
2012	1,082,409	1,082,409	-	27,546,026	3.93%
2013	1,071,487	1,071,487	-	25,120,081	4.27%
2014	944,920	944,920	-	23,831,513	3.97%
2015	939,446	939,446	-	22,586,180	4.16%
2016	969,968	1,338,128	(368,160)	20,365,267	6.57%
2017	953,390	1,083,329	(129,939)	18,481,088	5.86%

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

WASHINGTON COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2017
UNAUDITED

Budgetary Comparison Schedule

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	Highway Maintenance Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ 5,099,854	348,921	\$ 473,194
Increase (Decrease)			
Net adjustments for revenue accruals	22,434	266,223	(156,690)
Net adjustments for expenditure accruals	471,864	(436,563)	(33,866)
GAAP Basis	<u>\$ 5,594,152</u>	<u>178,581</u>	<u>\$ 282,638</u>

WASHINGTON COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2017
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2017

- The expectation of retired life mortality was changed to the 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 assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

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

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.

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.

WASHINGTON COUNTY

OTHER INFORMATION

WASHINGTON COUNTY
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS
For the Year Ended September 30, 2017
"Unaudited"

Name	Position	Company	Amount
Lee Gordon	Supervisor District 1	Travelers Casualty & Surety	100,000
Tommy L. Benson, III	Supervisor District 2	Travelers Casualty & Surety	100,000
Carl McGee	Supervisor District 3	Travelers Casualty & Surety	100,000
Jesse Amos	Supervisor District 4	Travelers Casualty & Surety	100,000
Jerry Redmond, Sr.	Supervisor District 5	Travelers Casualty & Surety	100,000
Vicki Uppal	County Administrator	Travelers Casualty & Surety	100,000
Marilyn Hansell	Chancery Clerk	St. Paul Travelers	100,000
Barbara Esters-Parker	Circuit Clerk	Travelers Casualty & Surety	100,000
Milton M. Gaston, Sr.	Sheriff	Travelers Casualty & Surety	100,000
Patricia Ann Lee	Tax Collector	Western Surety	100,000
Patricia D. Hays	Deputy Tax Collector	Western Surety	50,000
Marketa D. Nash	Deputy Tax Collector	Western Surety	50,000
Monique T. Ford	Deputy Tax Collector	Western Surety	50,000
Katrina M. Voss	Deputy Tax Collector	Western Surety	50,000
Frederick Guidry	Deputy Tax Collector	Western Surety	50,000
Keevia Flakes	Deputy Tax Collector	Western Surety	50,000
Bennie McCain	Deputy Tax Collector	Western Surety	50,000
Qadriyyah L. Franklin	Deputy Tax Collector	Western Surety	50,000
Kimberly L. Robinson	Deputy Tax Collector	Western Surety	50,000
Gloria J. Phillips	Deputy Tax Collector	Western Surety	50,000
Vicki Uppal	Purchase Clerk	Travelers Casualty & Surety	75,000
Judy Brown	Receiving Clerk	Travelers Casualty & Surety	75,000
Roderick Montgomery	Inventory Control Clerk	Travelers Casualty & Surety	75,000
Arthur Perry	Road Manager	Travelers Casualty & Surety	50,000
Mark K. Seard	Tax Assessor	Travelers Casualty & Surety	50,000
Davida Johnson	Assistant Receiving Clerk	Travelers Casualty & Surety	50,000
Laverne Holmes	Justice Court Judge	Travelers Casualty & Surety	50,000
Cedric C. Bush	Justice Court Judge	Travelers Casualty & Surety	50,000
Laverne Simpson	Justice Court Judge	Travelers Casualty & Surety	50,000
Eloise H. Brooks	Justice Court Clerk	St. Paul Travelers	50,000
Sharon D. Taliaferro	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Paulette Rhymes	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Anglyn Robinson	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Babette Larry	Deputy Justice Court Clerk	St. Paul Travelers	50,000
Geraldine Johnson	Deputy Justice Court Clerk	St. Paul Travelers	50,000
Johmarra L. Jackson	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
RC Anderson	Constable	Travelers Casualty & Surety	50,000
Nathaniel Watkins, Jr.	Constable	Travelers Casualty & Surety	50,000
Lester Walker	Constable	Travelers Casualty & Surety	50,000

WASHINGTON COUNTY

SPECIAL REPORTS

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AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
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
Washington County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Washington County, Mississippi, as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 19, 2019. Other auditors audited the financial statements of the Delta Regional Medical Center, the Washington County Library System and the Greenville Port Commission, as described in our report on Washington County's financial statements. However, the financial statements of the Washington County Library System were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington County, Mississippi's internal control over financial reporting 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 the County'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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington 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*.

We noted certain matters that we reported to the management of Washington County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 19, 2019 included within this document.

Purpose of this Report

This 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
December 19, 2019

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

Members of the Board of Supervisors
Washington County, Mississippi

We have examined Washington County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Washington County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Washington County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section

31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating Washington County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
December 19, 2019

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

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
1/6/2017	Repairs on extension service building roof	\$ 99,100	Santucci & Son's	Leaking roof due to wind & hail, insurance to reimburse
1/6/2017	Steel pipe	15,300	Greenville Steel Sales	To provide access to homes due to washout of road surface
	Total	<u>\$ 114,400</u>		

WASHINGTON COUNTY

Schedule 3

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

Our test results did not identify any purchases made noncompetitively from a sole source.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Washington County, Mississippi

In planning and performing our audit of the financial statements of Washington County, Mississippi for the year ended September 30, 2017, we considered Washington County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Washington County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 19, 2019, on the financial statements of Washington County, Mississippi.

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

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

Board of Supervisors

1. Finding

As reported in the prior year's report, we noted various negative fund balances. They are as follows:

<u>Fund</u>	<u>Deficit Amount</u>
Garbage Collection Fund	\$ 53,988
Waste tire grant fund	45,600
Negotiable Note - Warfield Park	18,234
2012 Series \$1525M 5 YR Notes	16,317
Youth Drug Court JAG Grant Fund	13,645
MS Tobacco Fund	11,002
State Aid	10,166
Solid Waste Management	9,759
ATV Trail Grant Fund	2,159

Recommendation

The Board of Supervisors should determine the reasons for the deficit fund balances and take the appropriate actions to reduce the deficits.

Board of Supervisors Response

We will monitor individual fund balances to ensure that cash is available to meet expected cash requirements.

2. Finding

The County has not maintained financial records and documentation so that they are readily retrievable and accessible. During the course of our audit, financial records and supporting documentation stored in alternate facilities hindered the conduct of the audit due to the lack of organization encountered when county personnel were asked to retrieve information requested by audit staff related to audit procedures.

Recommendation:

The County should develop a system of record retention and filing so financial information is readily retrievable and accessible.

Response:

The County is working to develop a system that maintains financial records and documentation in a readily retrievable and accessible way.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC

Certified Public Accountants

Vicksburg, Mississippi

December 19, 2019

WASHINGTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component units | Unmodified |
| General Fund | Unmodified |
| Highway Maintenance Fund | Unmodified |
| Bridge & Culvert Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

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