



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



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

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

**WASHINGTON COUNTY  
TABLE OF CONTENTS**

FINANCIAL SECTION.....	1
Independent Auditor’s Report .....	2
FINANCIAL STATEMENTS .....	5
Statement of Net Position .....	6
Statement of Activities .....	7
Balance Sheet – Governmental Funds.....	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	11
Statement of Net Position – Proprietary Funds .....	12
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	13
Statement of Cash Flows – Proprietary Funds .....	14
Statement of Fiduciary Assets and Liabilities .....	15
Notes to Financial Statements .....	16
REQUIRED SUPPLEMENTARY INFORMATION .....	49
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) General Fund.....	50
Highway Maintenance Fund .....	51
Bridge and Culvert Fund .....	52
Schedule of Changes in the Net OPEB Liability and Related Ratios .....	53
Schedule of OPEB Contributions .....	54
Schedule of the County’s and Component Unit’s Proportionate Share of the Net Pension Liability .....	55
Delta Regional Medical Center Schedule of Changes in Net Pension Liability and Related Ratios.....	56
Schedule of the County’s and Component Unit’s Contributions .....	57
Delta Regional Medical Center Schedule of Employer Contributions.....	58
Notes to Required Supplementary Information.....	59
OTHER INFORMATION.....	62
Schedule of Surety Bonds for County Officials.....	63
SPECIAL REPORTS .....	64
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 <i>Government Auditing Standards</i> .....	65
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) .....	67
Limited Internal Control and Compliance Review Management Report .....	72
SCHEDULE OF FINDINGS AND RESPONSES .....	75

# **WASHINGTON COUNTY**

## **FINANCIAL SECTION**

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

## 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Delta Regional Medical Center or the Greenville Port Commission, component units, which represent 99.63 percent, 101.65 percent and 99.21 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. However, we did audit the Washington County Library System, component unit, which represents a deficit percentage of the assets, net position, and revenues of the aggregate discretely presented component units. Our audits and the component unit audits of the Delta Regional Medical Center and Greenville Port Commission 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.

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 audits 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of OPEB Contributions, 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 March 12, 2020, 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 effectiveness of Washington County, Mississippi's 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

March 12, 2020



## **WASHINGTON COUNTY**

## **FINANCIAL STATEMENTS**

**WASHINGTON COUNTY**  
**Statement of Net Position**  
**September 30, 2018**

**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
<b>ASSETS</b>							
Cash	\$ 17,473,562		\$ 17,473,562	\$ 33,654,236	\$ 2,622,131	\$ 256,240	\$ 36,532,607
Investments		\$ 1,336,254	1,336,254				
Property tax receivable	19,651,942	742,764	20,394,706				
Fines receivable, (net of allowance for uncollectibles of \$12,648,827)	464,334		464,334				
Intergovernmental receivables	223,691	283,878	507,569	12,889,692			12,889,692
Other receivables	250,094	8,600	258,694		145,555		145,555
Inventories and prepaid items		282,258	282,258	2,680,226			2,680,226
Capital lease receivable	490,598		490,598		9,752		9,752
Internal balances	3,808,106	(3,808,106)	-				
Capital assets:							
Land and construction in progress	11,173,599	28,030	11,201,629	6,742,380	152,882		6,895,262
Other capital assets, net	61,832,767	13,382,080	75,214,847	34,952,600	6,881,003	128,125	41,961,728
Other assets				3,970,986			3,970,986
Total Assets	115,368,693	12,255,758	127,624,451	94,890,120	9,811,323	384,365	105,085,808
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	1,234,014	217,765	1,451,779	692,559	125,170	20,604	838,333
Deferred outflows related to OPEB			-			1,177	1,177
Deferred amount on refunding		1,055,732	1,055,732				
Total Deferred Outflows of Resources	1,234,014	1,273,497	2,507,511	692,559	125,170	21,781	839,510
<b>LIABILITIES</b>							
Claims payable	1,003,819	102,498	1,106,317	12,402,981	6,541	16,767	12,426,289
Claims and judgments payable	664,166		664,166				
Intergovernmental payables	549,190		549,190				
Accrued interest payable	38,863	116,449	155,312				
Other payables	254,632		254,632		13,306		13,306
Long-term liabilities							
Other postemployment benefits	15,394,877	2,716,743	18,111,620			93,197	93,197
Net pension liability	24,317,404	4,291,305	28,608,709	9,131,126	1,190,755	1,047,878	11,369,759
Due within one year:							
Capital related debt	1,533,656	1,010,000	2,543,656	1,165,047			1,165,047
Non-capital debt	135,000		135,000				
Due in more than one year:							
Capital related debt	6,425,073	14,854,435	21,279,508	27,300,025			27,300,025
Non-capital debt	778,255	33,745	812,000		50,004	39,992	89,996
Total Liabilities	51,094,935	23,125,175	74,220,110	49,999,179	1,260,606	1,197,834	52,457,619
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property tax for future reporting period	19,651,942	742,764	20,394,706				
Capital leases for future reporting period	8,310		8,310				
Deferred inflows related to OPEB			-			8,935	8,935
Deferred inflows related to pensions	803,615	141,814	945,429	356,705	159,023	73,513	589,241
Total Deferred Inflows of Resources	20,463,867	884,578	21,348,445	356,705	159,023	82,448	598,176
<b>NET POSITION</b>							
Net investment in capital assets	65,047,637	(2,454,325)	62,593,312	15,904,908	7,033,885	128,125	23,066,918
Restricted for:							
Expendable:							
General government	182,987		182,987				
Public safety	588,815		588,815				
Public works	2,391,834		2,391,834				
Culture and recreation	124,931		124,931				
Debt service	353,152		353,152	5,539,023			5,539,023
Unrestricted	(23,645,451)	(8,026,173)	(31,671,624)	23,782,864	1,482,979	(1,002,261)	24,263,582
Total Net Position	\$ 45,043,905	\$ (10,480,498)	\$ 34,563,407	\$ 45,226,795	\$ 8,516,864	\$ (874,136)	\$ 52,869,523

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

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

**Exhibit 2**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	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
<b>Primary government:</b>											
Governmental activities:											
General government	\$ 12,447,324	\$ 1,437,707	\$ 500,248		\$ (10,509,369)		\$ (10,509,369)				
Public safety	5,538,288	614,337	88,700		(4,835,251)		(4,835,251)				
Public works	6,074,796	18,428	96,500	\$ 4,452,566	(1,507,302)		(1,507,302)				
Health and welfare	575,576		83,651		(491,925)		(491,925)				
Culture and recreation	541,604				(541,604)		(541,604)				
Conservation of natural resources	111,537				(111,537)		(111,537)				
Economic development and assistance	437,114				(437,114)		(437,114)				
Interest on long-term debt	379,567				(379,567)		(379,567)				
Pension expense	2,941,440				(2,941,440)		(2,941,440)				
OPEB expense	1,838,868				(1,838,868)		(1,838,868)				
Total Governmental Activities	30,886,114	2,070,472	769,099	4,452,566	(23,593,977)		(23,593,977)				
<b>Business-type activities:</b>											
Correctional facility	5,394,871	4,343,723				(1,051,148)	(1,051,148)				
Total Business-type Activities	5,394,871	4,343,723				(1,051,148)	(1,051,148)				
Total Primary Government	\$ 36,280,985	\$ 6,414,195	\$ 769,099	\$ 4,452,566	(23,593,977)	(1,051,148)	(24,645,125)				
<b>Component Units:</b>											
Delta Regional Medical Center	\$ 117,215,873	\$ 97,983,400						\$ (19,232,473)			\$ (19,232,473)
Greenville Port Commission	1,653,831	921,109		\$ 439,035					\$ (293,687)		(293,687)
Washington County Library System	821,499		\$ 792,476							\$ (29,023)	(29,023)
Total Component Units	\$ 119,691,203	\$ 98,904,509	\$ 792,476	\$ 439,035				(19,232,473)	(293,687)	(29,023)	(19,555,183)
General revenues:											
Property taxes					23,676,659	846,012	24,522,671				
Road & bridge privilege taxes					486,566		486,566				
Grants and contributions not restricted to specific programs					4,011,869		4,011,869	275,000			275,000
Unrestricted interest income					191,106	7,460	198,566		31,612		31,612
Unrestricted investment income							-	190,415			190,415
Gain (Loss) on disposal of capital assets					(67,112)		(67,112)				-
Miscellaneous					574,079		574,079		197,023		197,023
Total General Revenues					28,873,167	853,472	29,726,639	465,415	228,635	-	694,050
Changes in Net Position					5,279,190	(197,676)	5,081,514	(18,767,058)	(65,052)	(29,023)	(18,861,133)
Net Position - Beginning, as previously reported					36,207,738	(10,612,154)	25,595,584	63,993,853	8,581,916	(748,062)	71,827,707
Prior period adjustments					3,556,977	329,332	3,886,309			(97,051)	(97,051)
Net Position - Beginning, as restated					39,764,715	(10,282,822)	29,481,893	63,993,853	8,581,916	(845,113)	71,730,656
Net Position - Ending					\$ 45,043,905	\$ (10,480,498)	\$ 34,563,407	\$ 45,226,795	\$ 8,516,864	\$ (874,136)	\$ 52,869,523

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

**WASHINGTON COUNTY**  
**Balance Sheet – Governmental Funds**  
**September 30, 2018**

**Exhibit 3**

	<b>Major Funds</b>				
	<b>General Fund</b>	<b>Highway Maintenance Fund</b>	<b>Bridge &amp; Culvert Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash	\$ 13,973,595	\$ 1,587,953	\$ 928,085	\$ 983,929	\$ 17,473,562
Property tax receivable	15,143,799	1,022,806	2,364,247	1,121,090	19,651,942
Fines receivable (net of allowance for uncollectibles of \$12,648,827)	464,334				464,334
Capital lease receivable	490,598				490,598
Intergovernmental receivables	223,691				223,691
Advances to other funds	3,283,313				3,283,313
Due from other funds	729,380	45,840	31,583	11,007	817,810
Other receivable	118,409				118,409
Total Assets	<u>34,427,119</u>	<u>2,656,599</u>	<u>3,323,915</u>	<u>2,116,026</u>	<u>42,523,659</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Claims payable	689,897	87,017	114,610	112,295	1,003,819
Claims and judgments payable	664,166				664,166
Intergovernmental payables	549,190				549,190
Due to other funds	161,332				161,332
Other payables	254,632				254,632
Total Liabilities	<u>2,319,217</u>	<u>87,017</u>	<u>114,610</u>	<u>112,295</u>	<u>2,633,139</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	15,143,799	1,022,806	2,364,247	1,121,090	19,651,942
Unavailable revenue - fines	464,334				464,334
Unavailable revenue - capital leases	490,598				490,598
Total Deferred Inflows of Resources	<u>16,098,731</u>	<u>1,022,806</u>	<u>2,364,247</u>	<u>1,121,090</u>	<u>20,606,874</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Advances	3,283,313				3,283,313
Restricted for:					
General Government				182,987	182,987
Public safety				588,815	588,815
Public Works		1,546,776	845,058		2,391,834
Culture and recreation				124,931	124,931
Debt service				392,015	392,015
Unassigned	12,725,858			(406,107)	12,319,751
Total Fund Balances	<u>16,009,171</u>	<u>1,546,776</u>	<u>845,058</u>	<u>882,641</u>	<u>19,283,646</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 34,427,119</u>	<u>\$ 2,656,599</u>	<u>\$ 3,323,915</u>	<u>\$ 2,116,026</u>	<u>\$ 42,523,659</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, 2018**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 19,283,646
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 \$101,269,624.	73,006,366
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	464,334
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(8,871,984)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(15,394,877)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(24,317,404)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the Funds.	482,288
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	1,234,014
Deferred inflows of resources related to pensions	(803,615)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(38,863)
Total Net Position - Governmental Activities	<u>\$ 45,043,905</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, 2018**

	<b>Major Funds</b>				
	<b>General Fund</b>	<b>Highway Maintenance Fund</b>	<b>Bridge &amp; Culvert Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Property taxes	\$ 18,372,601	\$ 1,123,511	\$ 2,850,161	\$ 1,330,386	\$ 23,676,659
Road and bridge privilege taxes		486,566			486,566
Licenses, commissions and other revenue	1,157,198			29,155	1,186,353
Fines and forfeitures	174,007			90,078	264,085
Intergovernmental revenues	3,638,522	657,584		4,937,428	9,233,534
Charges for services	107,258			525,507	632,765
Interest income	191,106				191,106
Miscellaneous revenues	557,093			16,986	574,079
Total Revenues	24,197,785	2,267,661	2,850,161	6,929,540	36,245,147
<b>EXPENDITURES</b>					
Current:					
General government	12,716,314			109,517	12,825,831
Public safety	5,538,226			270,001	5,808,227
Public works		2,344,342	2,921,211	5,172,665	10,438,218
Health and welfare	523,677			90,872	614,549
Culture and recreation	419,236			48,730	467,966
Conservation of natural resources	111,537				111,537
Economic development and assistance	456,046				456,046
Debt service:					
Principal	665,866	157,134		890,358	1,713,358
Interest	76,220	61,847		247,665	385,732
Total Expenditures	20,507,122	2,563,323	2,921,211	6,829,808	32,821,464
Excess of Revenues over (under) Expenditures	3,690,663	(295,662)	(71,050)	99,732	3,423,683
<b>OTHER FINANCING SOURCES ( USES)</b>					
Lease principal payments	441,819				441,819
Transfers in	932			3,959	4,891
Transfers out	(3,959)			(932)	(4,891)
Total Other Financing Sources and Uses	438,792	-	-	3,027	441,819
Net Changes in Fund Balances	4,129,455	(295,662)	(71,050)	102,759	3,865,502
Fund Balances - Beginning	11,879,716	1,842,438	916,108	779,882	15,418,144
Fund Balances - Ending	\$ 16,009,171	\$ 1,546,776	\$ 845,058	\$ 882,641	\$ 19,283,646

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, 2018**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 3,865,502
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 \$5,148,029, exceeded depreciation of \$1,818,020 in the current period.	3,330,009
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 loss of \$67,112 in the current period.	(67,112)
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.	(12,731)
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 of debt repayments of \$1,713,358.	1,713,358
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	6,165
Compensated absences	6,030
Net amortization on bond premium and discount	1,336
Other postemployment benefits payable	(1,641,936)
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.	(441,819)
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	(2,941,440)
Recording of contributions made for the current fiscal year	1,461,828
Change in Net Position of Governmental Activities	<u>\$ 5,279,190</u>

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

**WASHINGTON COUNTY**  
**Statement of Net Position – Proprietary Fund**  
**September 30, 2018**

**Exhibit 5**

	<b>Business-type Activities Enterprise Fund WCRCF</b>
<b>ASSETS</b>	
Current assets:	
Investments	\$ 1,336,254
Property tax receivable	742,764
Intergovernmental receivables	283,878
Due from other funds	72,902
Other receivables	8,600
Inventories	47,252
Total Current Assets	<u>2,491,650</u>
Noncurrent assets:	
Prepaid bond insurance	235,006
Capital Assets:	
Land	28,030
Other capital assets, net	13,382,080
Total Noncurrent Assets	<u>13,645,116</u>
Total Assets	<u>16,136,766</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	217,765
Deferred amount on refunding	1,055,732
Total Deferred Outflows of Resources	<u>1,273,497</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	102,498
Accrued interest payable	116,449
Due to other funds	739,959
Advances from other funds	3,141,049
Capital debt:	
Other long-term liabilities	1,010,000
Total Current Liabilities	<u>5,109,955</u>
Noncurrent liabilities:	
Other postemployment benefits payable	2,716,743
Net pension liability	4,291,305
Capital related debt:	
Other long-term liabilities	14,854,435
Non-capital debt:	
Compensated absences payable	33,745
Total Non-Current Liabilities	<u>21,896,228</u>
Total Liabilities	<u>27,006,183</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	141,814
Deferred inflows related to property taxes	742,764
Total Deferred Inflows of Resources	<u>884,578</u>
<b>NET POSITION</b>	
Net investment in capital assets	(2,454,325)
Unrestricted	(8,026,173)
Total Net Position	<u>\$ (10,480,498)</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, 2018**

	Business-type Activities Enterprise Fund WCRCF
<b>Operating Revenues</b>	
Charges for services	\$ 4,343,723
Total Operating Revenues	<u>4,343,723</u>
<b>Operating Expenses</b>	
Personal services	2,115,448
Contractual services	579,868
Materials and supplies	709,924
Indirect cost allocation	23,706
Depreciation expense	593,233
Pension expense	519,077
OPEB expense	324,506
Total Operating Expenses	<u>4,865,762</u>
Operating Income (Loss)	<u>(522,039)</u>
<b>Non-operating Revenues (Expense)</b>	
Interest income	7,460
Property tax	846,012
Interest expense	(498,751)
Other income (expense)	(30,358)
Net Non-Operating Revenues (Expense)	<u>324,363</u>
Change in Net Position	<u>(197,676)</u>
Net Position - Beginning, as previously reported	(10,612,154)
Prior period adjustment	329,332
Net Position - Beginning, as restated	<u>(10,282,822)</u>
<b>Net Position - Ending</b>	<u><u>\$ (10,480,498)</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, 2018**

**Exhibit 7**

	<b>Business-type Activities Enterprise Fund WCRCF</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 4,365,462
Payments to employees	(2,425,448)
Payments to suppliers	(1,326,799)
Net Cash Provided ( Used ) by Operating Activities	<u>613,215</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Loans from other funds	707,298
Cash received from property taxes	837,786
Other receipts	51,600
Net Cash Provided ( Used ) by Non-Capital Financing Activities	<u>1,596,684</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal paid on debt	(1,050,000)
Interest paid on debt	(439,541)
Net Cash Provided ( Used ) by Capital and Related Financing Activities	<u>(1,489,541)</u>
<b>Cash Flows From Investing Activities</b>	
Interest on investments	9,232
Purchase of investment securities	(729,590)
Net Cash Provided (Used) by Investing Activities	<u>(720,358)</u>
Net Increase or Decrease in Cash and Cash Equivalents	<u>-</u>
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (522,039)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	593,233
Pension expense adjustment	270,967
OPEB expense adjustment	289,753
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(126)
(Increase) decrease in interfund receivables	13,638
(Increase) decrease in prepaid bond insurance	18,676
Increase (decrease) in claims payable	(33,609)
Increase (decrease) in compensated absences liability	(17,278)
Total Adjustments	<u>1,135,254</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 613,215</u>

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

**WASHINGTON COUNTY**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2018**

**Exhibit 8**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash	\$ 1,276,707
Due from other funds	10,579
Other receivables	142,264
Total Assets	<u>1,429,550</u>
<b>LIABILITIES</b>	
Intergovernmental payables	643,349
Advances from other funds	142,264
Other payables	643,937
Total Liabilities	<u>\$ 1,429,550</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, 2018**

**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, 2018**

**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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund 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, 2018**

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, 2018**

**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, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair market value.

**G. Receivables.**

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

**H. Interfund 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, 2018**

**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:

Asset Classification	Capitalization Thresholds	Estimated Useful Life
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, 2018**

**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, 2018**

**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, 2018**

*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, 2018**

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. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The provisions of this standard 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
Adjustment to record implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	\$ 3,556,977
Total prior period adjustments	<u>3,556,977</u>
Exhibit 2 - Statement of Activities: Business-Type Activities	
Explanation	Amount
Adjustment to record implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	329,332
Total prior period adjustments	<u>329,332</u>
Exhibit 6 - Statement of Revenues, Expenses, and Changes in Net Position: Proprietary Funds	
Explanation	Amount
Adjustment to record implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	329,332
Total prior period adjustments	<u>\$ 329,332</u>

**NOTE 3 - DEPOSITS AND INVESTMENTS.**

**Deposits:**

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$18,750,269 and the bank balance was \$18,859,770. 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

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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.

Investment balances at September 30, 2018, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury	Less than one year	1	\$ 1,336,254	N/A

The fair value hierarchy prioritizes the inputs used to measure fair value into three broad Levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3. All County investments are considered Level 1 investments.

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, 2018:

**A. Due From/To Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	W.C. Regional Correctional Facility	\$ 729,380
W. C. Regional Correctional Facility	General Fund	72,902
Highway Maintenance Fund	General Fund	45,840
Bridge and Culvert Fund	General Fund	31,583
Other Governmental Funds	General Fund	11,007
Agency	W.C. Regional Correctional Facility	10,579
Total		<u>\$ 901,291</u>

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Receivables represent: the general fund and enterprise fund are due to operating cash (\$705,674) and indirect cost allocation (\$23,706); property tax accrual (\$8,227) and prisoner housing (\$64,675); 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 2018. 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	W.C. Regional Correctional Facility	\$ 3,141,049
General Fund	Agency	142,264
Total		<u>\$ 3,283,313</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 \$3,141,049 is comprised of: indirect cost allocations (\$147,090) and operating cash (\$2,993,959) made in prior years that have not been paid.

**C. Transfers In/Out**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 3,959
General Fund	Other Governmental Funds	932
Total		<u>\$ 4,891</u>

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

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.**

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

<b>Governmental Activities</b>	
<u>Description</u>	<u>Amount</u>
State Legislative Tax Credit	\$ 206,905
VOCA/VAWA Grant	16,786
Total Governmental Activities	<u>\$ 223,691</u>
<b>Business-Type Activities</b>	
<u>Description</u>	<u>Amount</u>
MS Department of Corrections	\$ 216,378
City of Greenville	67,500
Total Business-Type Activities	<u>\$ 283,878</u>

**NOTE 6 - OTHER RECEIVABLE.**

The Governmental Activities other receivable of \$250,094 represents amounts due from the tax collector (\$41,159), 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, 2018**

**NOTE 7 - CAPITAL ASSETS.**

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

<b>Governmental activities:</b>	<b>Balance</b>				<b>Balance</b>
	<b>Oct. 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Sept. 30, 2018</b>
Non-depreciable capital assets:					
Land	\$ 4,704,445				\$ 4,704,445
Construction in progress	3,060,887	4,407,956		(999,689)	6,469,154
Total non-depreciable capital assets	<u>7,765,332</u>	<u>4,407,956</u>	<u>-</u>	<u>(999,689)</u>	<u>11,173,599</u>
Depreciable capital assets:					
Infrastructure	120,798,257			999,689	121,797,946
Buildings	20,976,024				20,976,024
Improvements other than buildings	3,840,567				3,840,567
Mobile equipment	8,468,302	675,821	671,123		8,473,000
Furniture and equipment	4,414,247	64,252			4,478,499
Leased property under capital leases	3,536,355				3,536,355
Total depreciable capital assets	<u>162,033,752</u>	<u>740,073</u>	<u>671,123</u>	<u>999,689</u>	<u>163,102,391</u>
Less accumulated depreciation for:					
Infrastructure	79,289,467	464,983			79,754,450
Buildings	8,642,560	287,570			8,930,130
Improvements other than buildings	318,814	153,624			472,438
Mobile equipment	7,104,375	377,365	604,011		6,877,729
Furniture and equipment	3,617,082	77,401			3,694,483
Leased property under capital leases	1,083,317	457,077			1,540,394
Total accumulated depreciation	<u>100,055,615</u>	<u>1,818,020</u>	<u>604,011</u>	<u>-</u>	<u>101,269,624</u>
Total depreciable capital assets, net	<u>61,978,137</u>	<u>(1,077,947)</u>	<u>67,112</u>	<u>999,689</u>	<u>61,832,767</u>
Governmental activities capital assets, net	<u>\$ 69,743,469</u>	<u>3,330,009</u>	<u>67,112</u>	<u>-</u>	<u>\$ 73,006,366</u>

Adjustments are due to reclassification of assets.

<b>Business-type activities:</b>	<b>Balance</b>				<b>Balance</b>
	<b>Oct. 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Sept. 30, 2018</b>
Non-depreciable capital assets:					
Land	\$ 28,030				\$ 28,030
Total non-depreciable capital assets	<u>28,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,030</u>
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	<u>17,750,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,750,145</u>
Less accumulated depreciation for:					
Buildings	1,821,768	303,628			2,125,396
Improvements other than buildings	27,132	4,522			31,654
Furniture and equipment	1,925,932	285,083			2,211,015
Total accumulated depreciation	<u>3,774,832</u>	<u>593,233</u>	<u>-</u>	<u>-</u>	<u>4,368,065</u>
Total depreciable capital assets, net	<u>13,975,313</u>	<u>(593,233)</u>	<u>-</u>	<u>-</u>	<u>13,382,080</u>
Business-type activities capital assets, net	<u>\$ 14,003,343</u>	<u>(593,233)</u>	<u>-</u>	<u>-</u>	<u>\$ 13,410,110</u>

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Depreciation expense was charged to the following functions:

<b>Governmental Activities:</b>	<b>Amount</b>
General government	\$ 472,187
Public safety	343,387
Public works	872,392
Culture and recreation	130,054
Total governmental activities depreciation expense	<u>\$ 1,818,020</u>
<b>Business-type Activities:</b>	
Public safety	\$ 593,233
Total business-type activities depreciation expense	<u>\$ 593,233</u>

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

<b>Description of Commitment</b>	<b>Remaining Financial Commitment</b>	<b>Expected Date of Completion</b>
Governmental activities:		
Infrastructure	Unknown	Fiscal 2019

**CAPITAL ASSETS – COMPONENT UNITS**

<b>Delta Regional Medical Center</b>	<b>Balance</b>				<b>Balance</b>
	<b>Oct. 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Sept. 30, 2018</b>
Non-depreciable capital assets:					
Land	\$ 4,677,347				\$ 4,677,347
Construction in progress	12,706,754	3,840,199		(14,481,920)	2,065,033
Total non-depreciated capital assets	<u>17,384,101</u>	<u>3,840,199</u>	<u>-</u>	<u>(14,481,920)</u>	<u>6,742,380</u>
Depreciable capital assets:					
Land improvements	860,754				860,754
Buildings	42,858,778			70,939	42,929,717
Fixed equipment	12,077,437				12,077,437
Equipment	67,016,207	835,996		14,410,981	82,263,184
Total depreciable capital assets	<u>122,813,176</u>	<u>835,996</u>	<u>-</u>	<u>14,481,920</u>	<u>138,131,092</u>
Less accumulated depreciation for:					
Land improvements	740,709	22,345			763,054
Buildings	28,047,595	1,566,598			29,614,193
Fixed equipment	11,118,332	65,660			11,183,992
Equipment	54,750,921	6,866,332			61,617,253
Total accumulated depreciation	<u>94,657,557</u>	<u>8,520,935</u>	<u>-</u>	<u>-</u>	<u>103,178,492</u>
Total depreciable capital assets, net	<u>28,155,619</u>	<u>(7,684,939)</u>	<u>-</u>	<u>14,481,920</u>	<u>34,952,600</u>
Total capital assets, net	<u>\$ 45,539,720</u>	<u>(3,844,740)</u>	<u>-</u>	<u>-</u>	<u>\$ 41,694,980</u>



**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

<b>Greenville Port Commission</b>	<b>Balance</b>				<b>Balance</b>
	<b>Oct. 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Sept. 30, 2018</b>
Non-depreciable capital assets:					
Land	\$ 152,882				\$ 152,882
Total non-depreciated capital assets	152,882	-	-	-	152,882
Depreciable capital assets:					
Building facilities	823,460				823,460
Improvements other than buildings	2,339,116	399,130			2,738,246
Machinery and equipment	9,763,314	51,558	44,183		9,770,689
Office furniture and fixtures	49,008				49,008
Total depreciable capital assets	12,974,898	450,688	44,183	-	13,381,403
Less accumulated depreciation for:					
Building facilities	203,075	22,178			225,253
Improvements other than buildings	904,003	140,028			1,044,031
Machinery and equipment	4,765,359	452,096	35,347		5,182,108
Office furniture and fixtures	46,137	2,871			49,008
Total accumulated depreciation	5,918,574	617,173	35,347	-	6,500,400
Total depreciable capital assets, net	7,056,324	(166,485)	8,836	-	6,881,003
Total capital assets, net	\$ 7,209,206	(166,485)	8,836	-	\$ 7,033,885

  

<b>Washington County Library System</b>	<b>Balance</b>				<b>Balance</b>
	<b>Oct. 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Sept. 30, 2018</b>
Depreciable capital assets:					
Equipment and fixtures	677,975	129			678,104
Other	284,491	599			285,090
Total depreciable capital assets	962,466	728	-	-	963,194
Less accumulated depreciation for:					
Equipment and fixtures	615,158	15,112			630,270
Other	191,551	13,248			204,799
Total accumulated depreciation	806,709	28,360	-	-	835,069
Total capital assets, net	\$ 155,757	(27,632)	-	-	\$ 128,125

**NOTE 8 - CLAIMS AND JUDGMENTS.**

**Risk Financing:**

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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 2017 and 2018:

	2017	2018
Unpaid Claims, Beginning of Fiscal Year	\$ 458,337	\$ 461,737
Plus: Incurred Claims ( Including IBNRs )	3,713,604	4,524,021
Less: Claims payments	3,710,204	4,321,592
Unpaid Claims, End of Fiscal Year	<u>\$ 461,737</u>	<u>\$ 664,166</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, 2018:

Class of Property	Amount
Buildings:	
MARS - Warehouse	\$ 5,894,901
Less: Accumulated depreciation	943,192
Total	<u>\$ 4,951,709</u>

The future minimum lease receivable and the present value of the net minimum lease receivable as of September 30, 2018, are as follows:

Year Ending September 30,	Principal	Interest
2019	455,257	8,243
2020	27,031	67
Total	<u>\$ 482,288</u>	<u>\$ 8,310</u>

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**As Lessee:**

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,857,245
Other furniture and equipment	\$ 650,110
Siemens energy project	1,029,000
Total	3,536,355
Less: Accumulated depreciation	1,540,394
Leased Property Under Capital Leases	<u>\$ 1,995,961</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 557,880	\$ 39,070
2020	441,903	27,219
2021	303,179	17,449
2022	76,965	13,128
2023	78,970	11,123
2024-2028	381,614	23,809
Total	<u>\$ 1,840,511</u>	<u>\$ 131,798</u>

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS.**

Plan Description

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 is self-insured through the Mississippi Public Entity Employee Benefit Trust (the Plan), with reinsurance purchased from a commercial carrier that is effective for claims in excess of \$55,000. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. Effective October 1, 2017, the County implemented GASB Statement 75, which requires reporting on an accrual basis the liability associated with other postemployment benefits as well as any related deferred outflows and inflows. The County does not issue a publicly available financial report of the Plan.

Funding Policy

The benefits of the Washington County, Mississippi Post Employment Benefits Other Than Pensions are funded on a pay-as-you-go basis. The County funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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, 2018, retiree premiums range from \$178 to \$652 depending on dependent coverage and Medicare eligibility.

Changes in Total OPEB Liability

The County's Total OPEB liability of \$18,111,620 was measured as of September 30, 2018 and was determined by an actuarial valuation date of October 1, 2019.

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

Salary Increases	3.00% per annum
Discount Rate	3.68% per annum for Statement 75, based on the S&P Municipal Bond 20-Year High Grade Index of June 30, 2017
Healthcare cost trend rates	7.25% graded uniformly to 6.50% over 3 years, afterwards, trend is set to follow the Getzen Model

	<u><b>Total OPEB Liability (a)</b></u>
Balance at September 30, 2017, as stated under GASB 45	\$ 20,066,240
Prior period adjustment	<u>(3,886,309)</u>
Balance at September 30, 2017, as restated under GASB 75	16,179,931
Changes for the Year:	
Service cost	1,520,523
Interest	642,851
Benefits paid	<u>(231,685)</u>
Net Changes	<u>1,931,689</u>
Balances at 09/30/2018	<u><u>\$ 18,111,620</u></u>

Changes in Assumptions

The following changes were made to the actuarial assumptions and methods effective October 1, 2019.

1. The discount rate is 3.68% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of October 1, 2019, compared to the prior discount rate of 4.00%.
2. The mortality improvement rates were updated to use MP2019, compared to MP2016.
3. The medical trend was updated to follow the Getzen model after a three year transition period starting at 7.25% and decreasing uniformly to 6.50%.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

4. The medical aging factors were updated to adjust for age and gender and are assumed to follow the Yamamoto aging assumptions.

*Sensitivity of the OPEB liability to changes in the medical trend rate*

The following represents the net OPEB liability calculated using the stated salary trend assumption, as well as what the OPEB liability would be if it were calculated using a salary trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	1% Decrease	Current	1% Increase
	6.25% decreasing to 2.68% over 75 years	7.25% decreasing to 3.68% over 75 years	8.25% decreasing to 4.68% over 75 years
Net OPEB liability September 30, 2018	\$ 14,770,943	18,111,620	22,538,767

*Sensitivity of the OPEB liability to changes in the discount rate*

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

	1% Decrease	Current Rate	1% Increase
	2.68%	3.68%	4.68%
Net OPEB liability September 30, 2018	\$ 14,889,709	18,111,620	22,322,873

**OPEB Expense and Deferred Outflows/Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2018, the County recognized OPEB expense of \$2,163,374. At September 30, 2018, the County reported no deferred outflows of resources and no deferred inflows of resources related to OPEB, therefore, there will be no amortization of changes of assumptions and experience losses (gains). Also, no amounts are reported as deferred outflows or inflows of resources related to OPEBs will be recognized in pension expense.

**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.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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, 2018, 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, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$1,719,796, \$1,692,615, and \$1,708,550, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the County reported a liability of \$28,608,709 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2018, the County's proportion was 0.172 percent, which was .0070 percent more than its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$3,460,517. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,562	\$ 115,690
Net difference between projected and actual earnings on investments		536,557
Changes of assumptions	16,193	15,343
Changes in the proportion and differences between actual contributions and proportionate share contributions	865,269	277,839
Contributions subsequent to the measurement date	447,755	
	<u>\$ 1,451,779</u>	<u>\$ 945,429</u>

The \$447,755 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Deferred Inflows Aging:	
Year ending September 30:	Amount
2019	\$ 409,259
2020	165,052
2021	(387,061)
2022	(128,655)
Total	<u>\$ 58,595</u>

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

Inflation 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected 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, 2018, are summarized in the following table:

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 37,669,462	28,608,709	21,078,029

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

**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, 2018, 2017 and 2016 were \$71,557, \$73,186, and \$74,814, respectively, equal to the required contributions for each year.



**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

At September 30, 2018 the Port Commission reported a liability of \$1,190,755 for its proportionate share of the net pension liability. At June 30, 2018, the Port's proportion was 0.007159 percent, which was a decrease of 0.000311 percent from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the Port Commission recognized pension expense of \$115,943. At September 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,862	\$ 5,238
Net difference between projected and actual earnings on investments	67,494	93,379
Changes of assumptions		643
Changes in the proportion and differences between actual contributions and proportionate share contributions	34,130	59,763
Contributions subsequent to the measurement date	17,684	
	<u>\$ 125,170</u>	<u>\$ 159,023</u>

The \$17,684 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows/Deferred Inflow Aging:</u>	
<u>Year ending September 30:</u>	<u>Amount</u>
2019	\$ 4,238
2020	(9,503)
2021	(40,919)
2022	(5,353)
Total	<u>\$ (51,537)</u>

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

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 1,567,882	1,190,755	877,312

**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, 2018, 2017 and 2016 were \$62,157, \$66,811, and \$66,047, respectively, equal to the required contributions for each year.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

At September 30, 2018 the System reported a liability of \$1,047,878 for its proportionate share of the net pension liability. At June 30, 2018, the System's proportion was 0.0063 percent, which was a decrease of 0.0003 percent from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the System recognized pension expense of \$91,156. At September 30, 2018, 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	\$ 4,765	\$ 4,627
Net difference between projected and actual earnings on investments		19,791
Changes of assumptions	647	607
Changes in the proportion and differences between actual contributions and proportionate share contributions		48,488
Contributions subsequent to the measurement date	15,192	
	<u>\$ 20,604</u>	<u>\$ 73,513</u>

The \$15,192 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Deferred Inflow Aging:	
Year ending September 30:	Amount
2019	\$ (9,828)
2020	(16,340)
2021	(37,221)
2022	(4,712)
Total	<u>\$ (68,101)</u>

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

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 1,379,754	1,047,878	772,044

**Delta Regional Medical Center**

The Medical Center contributes to the Delta Regional Medical Center Pension Plan (the "Plan"), a single-employer defined benefit pension plan covering substantially all employees.

Plan Description. The Plan is a single-employer defined benefit pension plan, administered by the Director of the Medical Center's Department of Human Resources. Benefit provisions are contained in the plan document and were established and can be amended by action of the Medical Center's Board of Trustees.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan.

Benefits Provided. The Plan provides retirement and death benefits to plan members and their beneficiaries 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.

Summary of Participant Data

<u>Employees Covered by the Plan at June 30, 2018</u>	<u>Number of</u>
Active Employees	353
Inactive employees entitled to but not yet receiving benefits	469
Inactive employees or beneficiaries currently receiving benefits	276
Total	<u>1,098</u>

Contributions. The Medical Center's Board of Trustees has the authority to establish and amend the contribution requirements of the Medical Center and active employees. The Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Medical Center is required to contribute 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. For the years ended September 30, 2018 and 2017, the Medical Center contributed \$995,969 and \$953,390, respectively, to the Plan.

**Net Pension Liability**

The Medical Center's net pension liability was measured as of June 30, 2018 for the year ended September 30, 2018 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2017 rolled forward to June 30, 2018.

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00%
Salary increases	5.00%
Ad hoc cost-of-living adjustments	None
Investment rate of return	6.50%, net of interest expense

Mortality rates were based on the RP-2000 Mortality for Employee, Healthy Annuitants and Disabled Annuitants with generational projection per Scale AA.

The Medical Center has not had a formal actuarial experience study performed.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Cash	4.71%	0.18%
US Core Fixed Income	47.21%	2.06%
US Large Caps	37.13%	4.30%
Global Equity	8.89%	4.95%
US REITs	2.06%	5.04%
	100.00%	

Discount Rate. The discount rate used to measure the total pension liability at September 30, 2018 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended September 30, 2018 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of July 1, 2017	\$ 28,126,880	\$ 18,259,530	\$ 9,867,350
Changes for the year:			
Service Cost	42,046	-	42,046
Interest	1,789,547	-	1,789,547
Differences between expected and actual experience	(572,890)	-	(572,890)
Benefit payments	(1,295,266)	(1,295,266)	-
Employer contributions	-	1,002,664	(1,002,664)
Net investment income	-	992,263	(992,263)
Net changes	(36,563)	699,661	(736,224)
Balance as of June 30, 2018	\$ 28,090,317	\$ 18,959,191	\$ 9,131,126

Sensitivity Analysis. The following presents the net position liability of the Medical Center as of September 30, 2018 calculated using the discount rate of 6.50 percent, as well as what the Medical Center's net

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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	Current	1% Increase
	5.50%	6.50%	7.50%
Net pension liability	\$ 12,567,053	\$ 9,131,126	\$ 6,286,032

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended September 30, 2018, the Medical Center recognized pension expense of \$1,578,539. At September 30, 2018, 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	\$ 513,941	\$ (356,705)
Net difference between projected and actual earnings on pension plan investments	178,618	-
Pension contributions subsequent to measurement date	-	-
Total	<u>\$ 692,559</u>	<u>\$ (356,705)</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
2019	\$ 441,202
2020	(112,807)
2021	(29,592)
2022	37,051
Total	<u>\$ 335,854</u>

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 12 - LONG TERM DEBT.**

Debt outstanding as of September 30, 2018, 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	\$ 180,000	1.50/3.75	05-19
GO Road and Bridge Refunding Bonds, Series 2011	565,000	2.00/3.00	07-22
GO Bonds, Series 2011	2,030,000	2.50/3.50	12-26
GO Recreational Facilities Bonds, Series 2013	2,475,000	3.625	09-28
Total General Obligation Bonds	<u>\$ 5,250,000</u>		
B. Capital Leases:			
2 Traverse Vehicles (BOS)	\$ 4,320	2.12	01-19
1 1500 Dodge Ram	2,907	2.29	05-19
1 1500 Dodge Ram	3,045	2.12	05-19
2 1500 Dodge Rams	6,093	2.12	05-19
15 Sheriff Vehicles	84,185	2.07	08-19
2015 Excavator	77,617	2.58	03-20
15 Sheriff Vehicles	231,568	2.07	03-21
4 2017 Mack GU713 Dump Trucks	254,273	2.29	03-21
E911 Console System	419,589	2.66	08-21
Suntrust energy savings project	756,914	2.03	03-28
Total Capital Leases	<u>\$ 1,840,511</u>		
C. Other Loans:			
Port Fund - ( CAP Loan )	\$ 3,089	5.18	10-18
2 Garbage Trucks	92,361	2.07	12-19
Warehouse Project - (CAP Loan)	1,338,075	3.00	05-22
Total Other Loans	<u>\$ 1,433,525</u>		
<u>Business-type Activities:</u>			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2017	<u>\$ 8,865,000</u>	3.00	07-31
B. Limited Obligation Bonds:			
Special Obligation Refunding Bonds, Series 2017	<u>\$ 6,740,000</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 the bonds are expected to require less than 15 percent of net revenues. The total principal and interest

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

remaining to be paid on the bonds is \$8,377,346. Principal and interest paid for the current year and total inmate housing revenues were \$643,636 and \$4,343,723, respectively.

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

<b>Governmental Activities:</b>	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
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	365,000	106,900		
2024-2028	2,825,000	342,701		
Total	<u>\$ 5,250,000</u>	<u>\$ 1,027,477</u>	<u>\$ 1,433,525</u>	<u>\$ 67,524</u>

  

<b>Business-type Activities:</b>	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
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	640,000	194,850	485,000	161,750
2024-2028	3,495,000	674,700	2,630,000	592,524
2029-2031	2,360,000	142,950	1,800,000	135,050
Total	<u>\$ 8,865,000</u>	<u>\$ 1,972,350</u>	<u>\$ 6,740,000</u>	<u>\$ 1,637,346</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, 2018, the amount of outstanding debt was equal to 3.26% of the latest property assessments.

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 348,122		\$ 6,030		\$ 342,092	
General obligation bonds	5,850,000		600,000		5,250,000	\$ 625,000
Add: Bond premium	7,806		1,643		6,163	
Less: Bond discount	(613)		(307)	(1)	(307)	
Capital leases	2,407,690		567,179		1,840,511	557,880
Other loans	1,979,704		546,179		1,433,525	485,776
Total	<u>\$ 10,592,709</u>	<u>-</u>	<u>1,720,724</u>	<u>(1)</u>	<u>\$ 8,871,984</u>	<u>\$ 1,668,656</u>

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
<b>Business-type Activities:</b>						
Compensated absences	\$ 51,023		17,278		33,745	
General Obligation Refunding Bonds	9,445,000		580,000		8,865,000	\$ 565,000
Special Obligation Refunding Bonds	7,210,000		470,000		6,740,000	\$ 445,000
Add: Bond premium	286,589		21,099		265,490	
Less: Bond discount	(6,536)		(481)		(6,055)	
Total	<u>\$ 16,986,076</u>	<u>-</u>	<u>1,087,896</u>	<u>-</u>	<u>\$ 15,898,180</u>	<u>\$ 1,010,000</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, 2018 is as follows:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
FHA - Insured Mortgage Revenue Bonds, Series 2007	\$ 26,615,000	4.70/6.25	08-33
Capital lease obligation	929,366	7.00	07-30
	<u>27,544,366</u>		
Less current portion of long-term debt	(1,165,047)		
Plus unamortized bond premium	920,706		
Long-term debt, excluding current portion	<u>\$ 27,300,025</u>		

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

Year Ending September 30,	Revenue Bonds		Capital Lease Obligations
	Principal	Interest	Principal & Interest
2019	1,125,000	1,331,537	103,824
2020	1,180,000	1,274,538	105,554
2021	1,245,000	1,214,788	114,204
2022	1,305,000	1,151,594	114,204
2023	1,380,000	1,082,775	114,204
2024-2028	8,090,000	4,241,856	607,196
2029-2033	12,290,000	1,952,750	227,279
			1,386,465
Less amount representing interest			457,099
	<u>\$ 26,615,000</u>	<u>12,249,838</u>	<u>929,366</u>



**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
Bonds payable						
Washington County FHA-insured Revenue Bond, Series 2007	\$ 27,680,000		1,065,000		26,615,000	\$ 1,125,000
Add: bond premium	\$ 1,021,874		101,168		920,706	
Capital lease obligations	969,708		40,342		929,366	40,047
Total	<u>\$ 29,671,582</u>	<u>-</u>	<u>1,206,510</u>	<u>-</u>	<u>28,465,072</u>	<u>\$ 1,165,047</u>

**Greenville Port Commission**

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018
Compensated absences	\$ 44,529	5,475			\$ 50,004
Total	<u>\$ 44,529</u>	<u>5,475</u>	<u>-</u>	<u>-</u>	<u>\$ 50,004</u>

**Washington County Library System**

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018
Compensated absences	\$ 39,075	917			\$ 39,992
Total	<u>\$ 39,075</u>	<u>917</u>	<u>-</u>	<u>-</u>	<u>\$ 39,992</u>

**NOTE 13 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.**

The following funds reported deficits in fund balances at September 30, 2018:

<b>Fund</b>	<b>Deficit Amount</b>
Garbage Collection Fund	\$ 299,486
State Aid	64,667
GO Recreation Facility Bond 2013	62,691
2012 Series \$1525M 5 YR Notes	39,265
Youth Drug Court JAG Grant Fund	29,350
E-911 Consoles and Radios	24,945
Waste Tire Grant Fund	21,600
Solid Waste Management	18,850
MS Tobacco Fund	18,222
Negotiable Notes 2013 Payoff WPP Corp	10,762
WCSO Seized Drug Funds	4,995
ATV Trail Grant Fund	2,159

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**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</u> <u>Sept. 30, 2018</u>
Industrial revenue bonds	\$ 7,935,000
Urban renewal notes	7,405,000
Total	<u>\$ 15,340,000</u>

**NOTE 16 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.**

The governmental activities' unrestricted net position deficit amount of \$(23,645,451) 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 \$380,592 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$853,422 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$803,615 balance of the deferred inflow of resources related to pension at September 30, 2018, 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 \$19,651,942 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2018, will be recognized as revenue in the next fiscal year.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The governmental activities' unrestricted net position deficit amount of \$(23,645,451) includes the effect of deferring the recognition of revenue resulting from capital leases receivable. The \$8,310 balance of deferred inflows of resources at September 30, 2018, will be recognized as revenue and will increase the unrestricted net position over the next 2 years.

The business-type activities' unrestricted net position deficit amount of \$(8,026,173) includes the effect of deferring the recognition of expenses resulting from an advance refunding of County debt. \$83,899 of the \$1,055,732 balance of deferred outflows of resources at September 30, 2018, will be recognized as an expense and will decrease the unrestricted net position over the next 13 years.

The business-type activities' net position amount includes the effect of recognition of revenue resulting from property tax receivable. The \$742,764 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2018, will be recognized as revenue in the next fiscal year.

The business-type activities' unrestricted net position deficit amount of \$(8,026,173) 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 \$67,163 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$150,602 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$141,814 balance of the deferred inflow of resources related to pension at September 30, 2018, 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 3.70 mils to the college for maintenance, improvement and enlargement in the fiscal year 2018.

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 2018.

**NOTE 18 - TAX ABATEMENT**

Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures*, 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.

**WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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 ten entities as of September 30, 2018.

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 2018	
	% of Taxes Abated	Ad Valorem Taxes Abated
Warehouses or manufacturing/operating facilities-real property	100.00%	\$ 149,624
Additions, expansions or equipment replacement-personal property	100.00%	1,063,151
Total ad valorem tax abated		<u>\$ 1,212,775</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 March 12, 2020 (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.

Subsequent to September 30, 2018, Washington County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
03/27/2019	3.99%	\$ 163,000	Lease Purchase	Ad valorem taxes
04/05/2019	3.28%	\$ 360,000	Lease Purchase	Ad valorem taxes
			Hospital Revenue & Limited Obligation Refunding Bonds,	
7/31/2019	4.25%	\$ 14,710,000	Series 2019	Hospital Revenues

## **WASHINGTON COUNTY**

### **REQUIRED SUPPLEMENTARY INFORMATION**

**WASHINGTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 18,003,220	18,405,056	18,405,056	\$ -
Licenses, commissions and other revenue	658,600	1,105,661	1,105,661	-
Fines and forfeitures	190,000	227,392	227,392	-
Charges for services	60,000	138,878	138,878	-
Intergovernmental revenues	2,595,135	3,842,297	3,842,297	-
Interest income	55,000	169,393	169,393	-
Miscellaneous revenues	712,500	869,764	869,764	-
Total Revenues	<u>22,274,455</u>	<u>24,758,441</u>	<u>24,758,441</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,606,924	11,937,803	11,937,803	-
Public safety	5,907,843	5,524,637	5,524,637	-
Health and welfare	587,840	518,509	518,509	-
Culture and recreation	445,814	420,670	420,670	-
Conservation of natural resources	122,700	117,836	117,836	-
Economic development and assistance	460,120	456,270	456,270	-
Debt Service	1,089,015	1,047,927	1,047,927	-
Total Expenditures	<u>22,220,256</u>	<u>20,023,652</u>	<u>20,023,652</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>54,199</u>	<u>4,734,789</u>	<u>4,734,789</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease principal payments	491,000	463,500	463,500	-
Sources	15,000	131,351	131,351	-
Uses	<u>(20,499)</u>	<u>(265,530)</u>	<u>(265,530)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>485,501</u>	<u>329,321</u>	<u>329,321</u>	<u>-</u>
Net Change in Fund Balance	539,700	5,064,110	5,064,110	-
Fund Balance - Beginning	<u>(7,338,389)</u>	<u>6,901,829</u>	<u>6,901,829</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (6,798,689)</u>	<u>11,965,939</u>	<u>11,965,939</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, 2018**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,092,341	1,114,142	1,114,142	\$ -
Intergovernmental revenues	512,000	657,584	657,584	-
Miscellaneous revenues	335,000	490,787	490,787	-
<b>Total Revenues</b>	<b>1,939,341</b>	<b>2,262,513</b>	<b>2,262,513</b>	<b>-</b>
<b>EXPENDITURES</b>				
Public works	2,685,041	2,378,960	2,378,960	-
Debt service	235,000	218,981	218,981	-
<b>Total Expenditures</b>	<b>2,920,041</b>	<b>2,597,941</b>	<b>2,597,941</b>	<b>-</b>
Excess of Revenues over (under) Expenditures	(980,700)	(335,428)	(335,428)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	-	-	-	-
Uses	-	-	-	-
<b>Total Other Financing Sources and Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(980,700)	(335,428)	(335,428)	-
Fund Balance - Beginning	(2,136,425)	1,920,670	1,920,670	-
<b>Fund Balance - Ending</b>	<b>\$ (3,117,125)</b>	<b>1,585,242</b>	<b>1,585,242</b>	<b>\$ -</b>

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, 2018**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,682,980	2,870,696	2,870,696	\$ -
Total Revenues	<u>2,682,980</u>	<u>2,870,696</u>	<u>2,870,696</u>	<u>-</u>
 <b>EXPENDITURES</b>				
Public works	<u>3,182,511</u>	<u>2,927,050</u>	<u>2,927,050</u>	<u>-</u>
 Total Expenditures	<u>3,182,511</u>	<u>2,927,050</u>	<u>2,927,050</u>	<u>-</u>
 Excess of Revenues over (under) Expenditures	<u>(499,531)</u>	<u>(56,354)</u>	<u>(56,354)</u>	<u>-</u>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Sources	-	-	-	-
Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	(499,531)	(56,354)	(56,354)	-
Fund Balance - Beginning	<u>(335,137)</u>	<u>1,008,461</u>	<u>1,008,461</u>	<u>-</u>
 Fund Balance - Ending	<u>\$ (834,668)</u>	<u>952,107</u>	<u>952,107</u>	<u>\$ -</u>

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



**WASHINGTON COUNTY**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS\***  
**September 30, 2018**

	<u><b>2018</b></u>
<b>Total OPEB Liability</b>	
<b>Changes for the Year:</b>	
Service Cost	\$ 1,520,523
Interest	642,851
Benefit payments/refunds	<u>(231,685)</u>
<b>Net Change in total OPEB liability</b>	1,931,689
<b>Total OPEB liability - beginning, as restated</b>	<u>16,179,931</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 18,111,620</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 231,685
Benefit payments/refunds	<u>(231,685)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	-
<b>Plan Fiduciary Net Position - beginning</b>	<u>-</u>
<b>Plan Fiduciary Net Position - ending (b)</b>	<u><u>-</u></u>
<b>Net OPEB Liability - ending (a) - (b)</b>	<u><u>\$ 18,111,620</u></u>
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	0.0%
<b>Covered-employee payroll</b>	\$ 10,159,977
<b>Net OPEB Liability as a percentage of covered-employee payroll</b>	178.3%

\*The amounts presented for each fiscal year were determined as of the measurement date of September 30 for the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**WASHINGTON COUNTY**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***  
**September 30, 2018**

	<u><b>2018</b></u>
Actuarially determined contribution	\$ 2,684,587
Contributions in relation to the actuarially determined contribution	<u>231,685</u>
Contribution deficiency (excess)	<u><u>\$ 2,452,902</u></u>
Covered employee payroll	\$ 10,159,977
Contributions as a percentage of covered employee payroll	2.3%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**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, 2018**

	2018	2017	2016	2015	2014
<b>WASHINGTON COUNTY</b>					
County's proportion of the net pension liability (asset)	0.172%	0.165%	0.167%	0.172%	0.172%
County's proportionate share of the net pension liability (asset)	\$ 28,608,709	\$ 27,428,604	\$ 29,830,369	\$ 26,587,808	\$ 20,877,651
County's covered payroll	\$ 10,965,025	\$ 10,603,668	\$ 10,675,319	\$ 10,716,121	\$ 10,254,113
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.91%	258.67%	279.43%	248.11%	203.60%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%
<b>COMPONENT UNIT - GREENVILLE PORT COMMISSION</b>					
Commission's proportion of the net pension liability (asset)	0.007159%	0.00747%	0.0070%	0.0080%	
Commission's proportionate share of the net pension liability (asset)	\$ 1,190,755	\$ 1,241,768	\$ 1,250,376	\$ 1,236,642	
Commission's covered payroll	\$ 464,673	\$ 479,486	\$ 460,990	\$ 498,616	
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	256.26%	258.98%	271.24%	248.01%	
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	
<b>COMPONENT UNIT - WASHINGTON COUNTY LIBRARY</b>					
Library's proportion of the net pension liability (asset)	0.0063%	0.0066%	0.0066%	0.0071%	0.0074%
Library's proportionate share of the net pension liability (asset)	\$ 1,047,878	\$ 1,097,145	\$ 1,178,924	\$ 1,097,520	\$ 898,225
Library's covered payroll	\$ 403,997	\$ 422,662	\$ 424,174	\$ 442,174	\$ 460,685
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.38%	259.58%	277.93%	248.21%	194.98%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

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

**DELTA REGIONAL MEDICAL CENTER – A COMPONENT UNIT OF WASHINGTON COUNTY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Year Ended September 30, 2018**

	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 42,046	\$ 56,525	\$ 441,695	490,706
Interest on total pension liability	1,789,547	1,751,794	1,598,830	1,547,795
Differences between expected & actual experience	(572,890)	1,782,929	(194,015)	(95,165)
Benefit payments	<u>(1,295,266)</u>	<u>(1,133,330)</u>	<u>(1,038,177)</u>	<u>(983,322)</u>
Net change in total pension liability	(36,563)	2,457,918	808,333	960,014
Total pension liability, beginning	<u>28,126,880</u>	<u>25,668,962</u>	<u>24,860,629</u>	<u>23,900,615</u>
Total pension liability, ending (a)	<u>28,090,317</u>	<u>28,126,880</u>	<u>25,668,962</u>	<u>24,860,629</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	1,002,664	1,083,329	1,338,128	838,590
Investment income net of investment expenses	992,263	1,428,854	752,788	429,704
Benefit payments	(1,295,266)	(1,133,330)	(1,038,177)	(983,322)
Administrative expenses	<u>-</u>	<u>-</u>	<u>(27,241)</u>	<u>(28,627)</u>
Net change in fiduciary net position	699,661	1,378,853	1,025,498	256,345
Fiduciary net position, beginning	<u>18,259,530</u>	<u>16,880,677</u>	<u>15,855,179</u>	<u>15,598,834</u>
Fiduciary net position, ending (b)	<u>18,959,191</u>	<u>18,259,530</u>	<u>16,880,677</u>	<u>15,855,179</u>
Net pension liability, ending (a) - (b)	<u>\$ 9,131,126</u>	<u>\$ 9,867,350</u>	<u>\$ 8,788,285</u>	<u>\$ 9,005,450</u>
Fiduciary net position as a percentage of the total pension liability	67.49%	64.92%	65.76%	63.78%
Covered payroll	N/A	\$ 18,481,088	\$ 20,365,267	\$ 22,586,180
Net pension liability as a percentage of covered payroll	N/A	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.

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, 2018**

	2018	2017	2016	2015
<b>WASHINGTON COUNTY</b>				
Contractually required contribution	\$ 1,719,796	\$ 1,692,615	\$ 1,708,550	\$ 1,694,754
Contributions in relation to the contractually required contribution	<u>1,719,796</u>	<u>1,692,615</u>	<u>1,708,550</u>	<u>1,694,754</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 10,919,320	\$ 10,746,762	\$ 10,847,934	\$ 10,760,346
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%
<b>COMPONENT UNIT - GREENVILLE PORT COMMISSION</b>				
Contractually required contribution	\$ 71,557	\$ 73,186	\$ 74,814	\$ 79,665
Contributions in relation to the contractually required contribution	<u>71,557</u>	<u>73,186</u>	<u>74,814</u>	<u>79,665</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 454,330	\$ 464,673	\$ 475,010	\$ 505,810
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%
<b>COMPONENT UNIT - WASHINGTON COUNTY LIBRARY</b>				
Contractually required contribution	\$ 62,157	\$ 66,811	\$ 66,047	\$ 68,685
Contributions in relation to the contractually required contribution	<u>62,157</u>	<u>66,811</u>	<u>66,047</u>	<u>68,685</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Library's covered payroll	\$ 394,651	\$ 424,198	\$ 419,347	\$ 436,096
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County 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 EMPLOYER CONTRIBUTIONS**  
**September 30, 2018**  
**UNAUDITED**

Fiscal Year Ended June 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 655,860	\$ 995,969	\$(340,109)	N/A	N/A
2017	953,390	1,083,329	(129,939)	18,481,088	5.86%
2016	969,968	1,338,128	(368,160)	20,365,267	6.57%
2015	939,446	939,446	-	22,586,180	4.16%
2014	944,920	944,920	-	23,831,513	3.97%
2013	1,071,487	1,071,487	-	25,120,081	4.27%
2012	1,082,409	1,082,409	-	27,546,026	3.93%
2011	931,812	931,812	-	26,593,764	3.50%
2010	746,189	746,189	-	25,730,054	2.90%
2009	1,403,396	1,403,396	-	26,112,402	5.37%

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, 2018**  
**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 )	\$ 5,064,110	(335,428)	\$ (56,354)
Increase (Decrease)			
Net adjustments for revenue accruals	(712,755)	5,148	(20,534)
Net adjustments for expenditure accruals	(221,900)	34,618	5,838
GAAP Basis	<u>\$ 4,129,455</u>	<u>(295,662)</u>	<u>\$ (71,050)</u>

**WASHINGTON COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

**Pension Schedules**

**A. Changes of assumptions.**

**County, Port Commission, and Library System**

**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 rather than projected with Scale BB to 2016, which was used prior to 2017. 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 6.00% to 7.00%.

**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.**

**County, Port Commission, and Library System.**

**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, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**Delta Regional Medical Center**

The following actuarial methods and assumptions were used to determine the Center's most recent contribution rates:

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed periods
Amortization period	18 years
Amortization growth rate	3.50 percent
Asset valuation method:	
Smoothing record	3 years
Recognition method	Non-asymptotic
Corridor	80.00 to 120.00 percent
Inflation	3.00 percent
Salary increases, including inflation	5.00 percent
Investment rate of return	6.50 percent
Retirement age	65
Mortality	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per scale AA

## **WASHINGTON COUNTY**

## **OTHER INFORMATION**

**WASHINGTON COUNTY**  
**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS**  
**For the Year Ended September 30, 2018**  
**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	Travelers Casualty & Surety	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
Mary Jane McCain	Deputy Tax Collector	Western Surety	50,000
Vicki Uppal	Purchase Clerk	Travelers Casualty & Surety	75,000
Lori Howard	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
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
Johmarra L. Jackson	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Willie A. Pilgrim	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Nathaniel Watkins, Jr.	Constable	Travelers Casualty & Surety	50,000
Lester Walker	Constable	Travelers Casualty & Surety	50,000
Malcolm Kent	Constable	Travelers Casualty & Surety	50,000

## **WASHINGTON COUNTY**

### **SPECIAL REPORTS**

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
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, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 12, 2020. We audited the financial statements of the Washington County Library System, a component unit, but other auditors audited the financial statements of Delta Regional Medical Center and the Greenville Port Commission, component units, as described in our report on Washington County's financial statements. This report does not include the results of our testing of internal control over financial reporting and on compliance and other matters of the Library System or the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those audits.

**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 March 12, 2020 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  
March 12, 2020

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

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

Members of the Board of Supervisors  
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, 2018. 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, 2018.

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  
March 12, 2020



**WASHINGTON COUNTY**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For the Year Ended September 30, 2018**

**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, 2018**

**Schedule 2**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
4/2/2018	Repairs on extension service building roof	\$ 229,000	Santucci & Son's	Leaking roof due to wind & hail, insurance to reimburse
8/22/2018	Repair radio tower	28,232	Jackson Communications	Unable to communicate with 911 system
	Total	<u>\$ 257,232</u>		

**WASHINGTON COUNTY**

**Schedule 3**

**Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2018**

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

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

## 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, 2018, 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 March 12, 2020, 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:

<b>Fund</b>	<b>Deficit Amount</b>
Garbage Collection Fund	\$ 299,486
State Aid	64,667
GO Recreation Facility Bond 2013	62,691
2012 Series \$1525M 5 YR Notes	39,265
Youth Drug Court JAG Grant Fund	29,350
E-911 Consoles and Radios	24,945
Waste Tire Grant Fund	21,600
Solid Waste Management	18,850
MS Tobacco Fund	18,222
Negotiable Notes 2013 Payoff WPP Corp	10,762
WCSO Seized Drug Funds	4,995
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

As reported in the prior year's audit report, 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  
March 12, 2020

## **WASHINGTON COUNTY**

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

**WASHINGTON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2018**

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: |               |
| Governmental activities   | Unmodified    |
| Business-type activities  | Unmodified    |
| Aggregate discretely presented component units                  | Unmodified    |
| General Fund  | Unmodified    |
| Highway Maintenance Fund  | Unmodified    |
| Bridge & Culvert Fund   | Unmodified    |
| Washington County Regional Correctional Facility 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*.