

DESOTO COUNTY, MISSISSIPPI
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2019



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**DESOTO COUNTY
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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
DeSoto County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of DeSoto County, Mississippi (the County), as of and for the year ended September 30, 2019, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the DeSoto County Convention and Visitor Bureau and the Emergency Communication District of DeSoto County, discretely presented component units, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the DeSoto County Convention and Visitor Bureau and the Emergency Communication District of DeSoto County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the County as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows 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 management's discussion and analysis, the schedule of the County's proportionate share of the net pension liability and contributions, and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the County'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 the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
May 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

INTRODUCTION

The discussion and analysis of DeSoto County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2019. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

FINANCIAL HIGHLIGHTS

DeSoto County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

DeSoto County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase.

Total net position increased \$19,375,687 which represents a 77% increase from the prior fiscal year.

The County had \$103,718,961 in total revenues. Property tax and road and bridge tax revenues account for \$72,693,847 and 2,558,916, respectively, or 70% and 2%, respectively, of total revenues. Intergovernmental Revenues in the form of reimbursements, shared revenue or grants, account for \$2,822,416, or 3% of total revenues. Charges for services account for \$20,852,028 or 20% of total revenue. Other revenues such as fines, fees, interest income etc. account for the remaining 5% of total revenues.

The County had \$84,343,274 in total expenses; \$23,674,445 of these expenses were offset by charges for services, grants or outside contributions. General revenues of \$80,044,516 were adequate to cover the remaining amount of expenses.

Among major funds, the General Fund had \$63,521,775 in revenues and \$47,893,074 in expenditures. The General Fund also had net other financing uses of \$13,214,344. The General fund balance increased \$2,414,357 from the prior year.

Among major funds, the Road Maintenance Fund had \$7,865,443 in revenues and \$7,121,139 in expenditures. The Road Maintenance Fund also had net other financing uses of \$23,694. The Road Maintenance fund balance increased \$720,610 from the prior year.

Among major funds, the Bridge and Culvert Fund had \$7,783,629 in revenues and \$7,790,492 in expenditures. The Bridge and Culvert Fund also had net other financing sources of \$5,477,701. The Bridge and Culvert fund balance increased \$5,470,838 from the prior year.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Among major funds, the Debt Service Fund had \$12,521,329 in revenues and \$9,811,206 in expenditures. The Debt Service Fund also had net other financing uses of \$177,900. The Debt Service Fund fund balance increased \$2,532,223 from the prior year. Debt service fund was presented as a minor fund for fiscal year ending September 30, 2018.

Capital Assets, net of accumulated depreciation, increased by \$5,221,622, or 3% from the prior year.

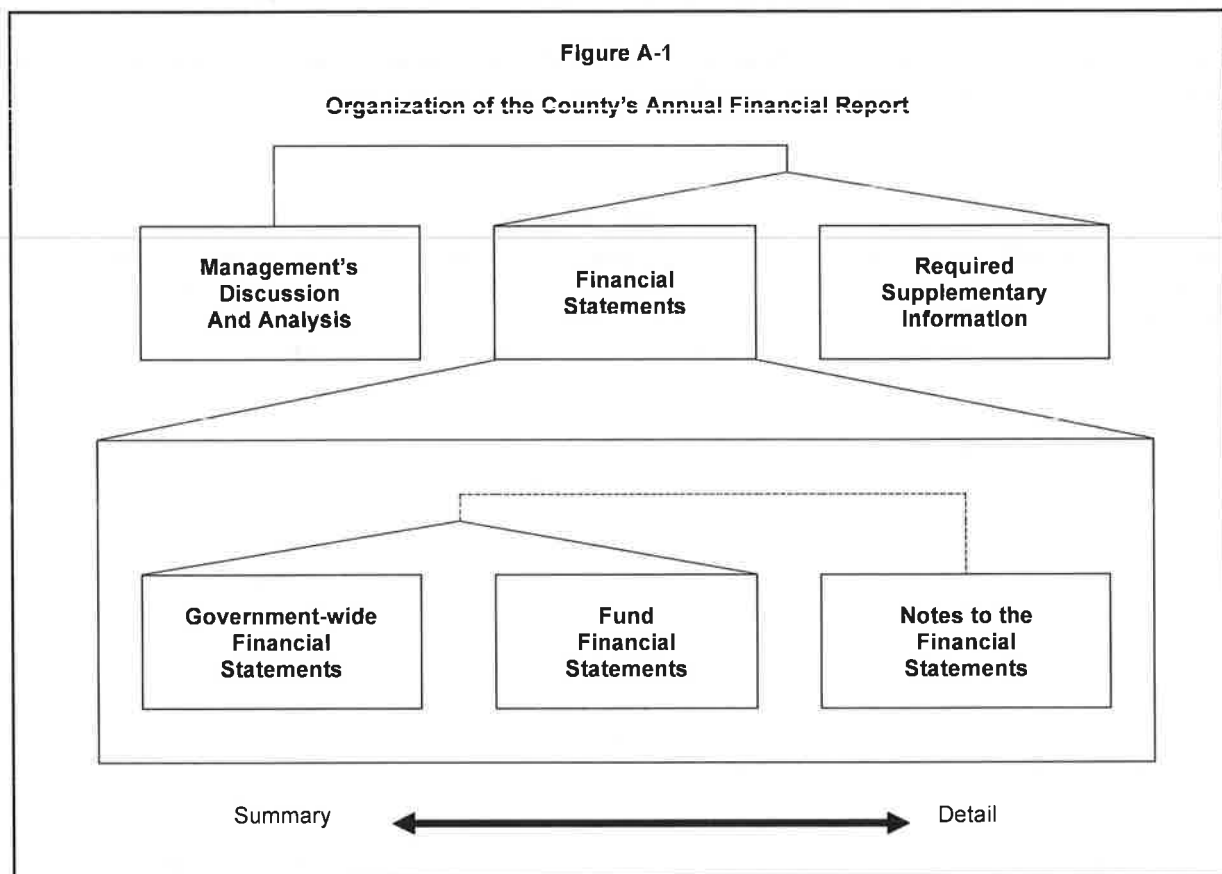
Long-term liabilities decreased by \$ 3,816,225 or 3% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 – Required Components of the County's Annual Report

Figure 1 shows how required parts of this annual report are arranged and relate to one another.



**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 – Major Features of the County's Government-Wide and Fund Financial Statements

FIGURE A-2				
Major Features of the County's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Fiduciary Funds	Proprietary Fund
Scope	Entire County (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the County administers resources on behalf of someone else, such as student activities and scholarship monies	The County has one type of Proprietary fund, which is the Internal Service Fund type. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various activities
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows, liability, deferred inflows information	All assets, deferred outflows, liabilities, deferred inflows and both financial and capital, short-term and long-term	Generally assets, deferred outflows expected to be used up and liabilities, deferred inflows that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows and liabilities, deferred inflows and both short-term and long-term; funds do not currently contain capital assets although they can	All assets, deferred outflows and liabilities, deferred inflows
Type of inflow/outflow information	All revenues earned and expenses incurred during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid	All revenues earned and expenses incurred during the year, regardless of when cash is received or paid

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The statement of net position presents information of the all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the remainder reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements present functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, interest on long-term debt, and pension expense.

The proprietary fund activities of the County are for the self-funded health insurance plan for county employees and are accounted for within governmental activities.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same County as the County or provide services entirely to the County.

The component units are as follows:

- DeSoto County Emergency Communications District
- DeSoto County Convention and Visitors Bureau

Further information may be obtained from the County's of the various component units as follows:

Emergency Communications District:	P.O. Box 156 Nesbit, MS 38651
DeSoto County Convention and Visitors Bureau:	4560 Venture Drive Southaven, MS 38671

The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 20 and 22, respectively.

The County maintains individual governmental funds in accordance with the Mississippi County Financial Accounting Manual. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 18 and 21 of this report.

The Proprietary Fund is maintained in two ways. The Internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its self-funded health insurance plan for county employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail. The self-funded health insurance fund is considered the only proprietary fund of the County. The proprietary fund financial statements can be found on pages 23-25 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The county's fiduciary activities are presented in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position on pages 26 and 27.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 30-61 of this report.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules and pension data as required supplementary information.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 81-83 of this report.

This report also presents a schedule of the County's proportionate share of the net pension liability of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. This schedule is presented to show trending data over the most recent ten fiscal year period as required by the Governmental Accounting Standards County. This required supplementary information can be found on page 84 of this report.

This report also presents a schedule of County contributions to PERS over the most recent ten fiscal year period as required by the Governmental Accounting Standards County. This required supplementary information can be found on page 85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of government's financial position. In the case of DeSoto County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$190,261,401 as of September 30, 2019.

By far, the largest portion of the County's net position \$134,096,459 (70%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net position at September 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets			
Current Assets	\$ 225,633,699	\$ 207,556,209	9%
Capital Assets, Net	160,495,569	155,273,947	3%
Total Assets	<u>386,129,268</u>	<u>362,830,156</u>	6%
Deferred Outflows of resources	<u>3,263,892</u>	<u>5,479,842</u>	-40%
Liabilities			
Current Liabilities	8,863,299	9,844,724	-10%
Long-Term Liabilities	54,521,632	63,970,295	-15%
Net Pension Liability	76,645,412	71,012,973	7%
Total Liabilities	<u>140,030,343</u>	<u>144,827,992</u>	-3%
Deferred Inflows of Resources	<u>59,101,416</u>	<u>52,596,292</u>	11%
Net Position			
Net Investment in Capital Assets	134,096,459	122,851,909	8%
Restricted	80,325,752	55,187,335	46%
Unrestricted	(24,160,810)	(7,153,530)	-238%
Total Net Position	<u>\$ 190,261,401</u>	<u>\$ 170,885,714</u>	11%

Additional information on net position:

In connection with standards on accounting and financial reporting for pensions, management presents the following additional information:

	<u>2019</u>	<u>2018</u>
Total Unrestricted Net Position - Governmental Activities	\$ (24,160,810)	\$ (7,153,530)
Unrestricted Decrease in Net position Resulting from Recognition of the Net pension Liability		
Unrestricted Net Position, Exclusive of the Net Pension Liability Effect	75,620,272	69,105,531
Total	<u>\$ 51,459,462</u>	<u>\$ 61,952,001</u>

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Changes in Net Position – DeSoto County's total revenues for the fiscal year ended September 30, 2019 were \$103,718,961. The total cost for all services provided was \$84,343,274. The increase in net position was \$19,375,687.

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 20,852,028	\$ 13,423,669	55%
Operating Grants	2,182,983	4,489,240	-51%
Capital Grants	639,434	4,117,481	-84%
General Revenues:			
Property Taxes	72,693,847	64,791,754	12%
Road and Bridge Privilege Taxes	2,558,916	2,287,536	12%
Unrestricted Grants and Contributions	1,270,268	2,408,632	-47%
Other General Revenue	3,521,485	2,184,926	61%
Total Revenues	<u>103,718,961</u>	<u>93,703,238</u>	11%
Expenses			
General Government	24,725,513	22,027,525	12%
Public Safety	26,342,309	26,555,455	-1%
Public Works	19,423,244	17,606,916	10%
Health and Welfare	2,255,273	2,416,565	-7%
Culture and Recreation	1,391,789	1,786,819	-22%
Conservation of Natural Resources	1,202,171	299,186	302%
Economic Development	365,547	599,078	-39%
Interest on Long-Term Debt	1,237,688	1,315,103	-6%
Pension Expense	7,399,740	10,166,516	-27%
Total Expenses	<u>84,343,274</u>	<u>82,773,163</u>	2%
Change in Net Position	<u>\$ 19,375,687</u>	<u>\$ 10,930,075</u>	77%

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

Governmental Activities – The following table presents the cost of nine major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture & Recreation, Conservation of Natural Resources, Economic Development and Assistance, Interest on Long-term Debt, and Pension Expense.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on DeSoto County's taxpayers by each of these functions.

	Total Costs	Net Costs
General Government	\$ 24,725,513	\$ 8,437,767
Public Safety	26,342,309	20,929,552
Public Works	19,423,244	17,712,908
Health and Welfare	2,255,273	2,224,311
Culture and Recreation	1,391,789	1,159,145
Conservation of Natural Resources	1,202,171	1,202,171
Economic Development	365,547	365,547
Interest on Long-Term Debt	1,237,688	1,237,688
Pension Expense	7,399,740	7,399,740
Total	<u>\$ 84,343,274</u>	<u>\$ 60,668,829</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the 2019 fiscal year, its governmental funds reported a combined fund balance of \$139,784,887 an increase of \$17,818,633 or 15% from the previous year.

The General Fund is the principal operating fund of the County. The fund balance in the General Fund increased \$2,414,357 for fiscal year 2019. This increase was similar to the prior year and is a function of budgetary control by the County.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, the County revised the annual operating budget whenever actual expenditures in a line item exceeded the budgeted expenditures. The amendments were approved by the County of Supervisors and then posted to the accounting records by the Finance Director.

At least once a month the budgetary reports are sent to each department head for their review. The County requires a budget amendment for any line items that exceed the budget. Also, when a purchase order is requested by the various departments, the procurement department verifies that the funds are available in that budget line item to cover the requested purchase. If funds are not available, the department who requested the purchase is required to submit a budget amendment to the Office of Finance and Accounting to present to the County of Supervisors and post to the accounting records to ensure that the funds are available in the appropriate line item. This ensures that the county complies with state law and State Audit Department guidelines.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets – As of September 30, 2019, DeSoto County's total capital assets was \$293,296,200. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, and construction in progress. This amount represents an increase from the previous year of \$8,400,723 or 3%.

Total accumulated depreciation as of September 30, 2019 was \$132,800,631, including \$6,225,051 of depreciation expense for the year. The balance in total net capital assets was \$160,495,569 at year-end.

Additional information on DeSoto County's capital assets can be found in note 6 on page 43 of this report.

Long-term Liabilities – At September 30, 2019, DeSoto County had \$52,926,287 in long-term debt outstanding. This includes general obligation bonds of \$50,755,000, unamortized premiums of \$1,906,822, a note payable of \$264,465, of which, \$8,495,827 is due within one year.

The remaining long-term liability, \$78,240,757, consisted of compensated absences, \$1,595,345, and net pension liability, \$76,645,412.

The County maintains an AA bond rating from Standard & Poors and an Aa2 rating from Moody's Investors. Additional information on DeSoto County's long-term debt can be found in note 8 on pages 46 to 48 of this report.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

CURRENT ISSUES

The DeSoto County Board of Supervisors has always strived to ensure that the county is financially stable and has accomplished this by committing itself to financial excellence for many years. DeSoto County has been experiencing phenomenal growth over the past several years, and while the amount of growth in 2019 was less than previous years, it is still steady and the trend is for continued growth for the next several years. The County's population has grown over the past 30 years and that growth is expected to continue as follows:

Between seven and ten companies locate to DeSoto County each year. The County averages several industrial expansions annually. Unemployment is at 4.0%, one of the lowest in the state of Mississippi. This growth has been complemented by conservative, yet progressive leadership. The catalyst of the growth is a strong school system and pro-active leadership from the County of Supervisors that has allowed the county to keep the tax millage rate low from year to year. In the 2018 fiscal year, the County of Supervisors financed the County's operations without raising the tax rate. Due to the County of Supervisors' conservative financial approach, the County has been able to establish substantial cash reserves to ensure the County remains in a good position to endure the economic cycles that come and go from year to year.

De Soto County Tax Millage Rates 2008-2018

<u>Fiscal Year</u>	<u>General County</u>	<u>Road/ Bridge</u>	<u>Debt Service</u>	<u>Solid Waste</u>	<u>Total</u>
2009	25.28	8.84	5.58	1.32	41.02
2010	25.28	8.84	5.58	1.32	41.02
2011	26.28	7.84	5.58	1.32	41.02
2012	26.88	7.54	5.38	1.22	41.02
2013	27.42	7.00	5.38	1.22	41.02
2014	26.92	7.00	5.88	1.22	41.02
2015	26.65	6.97	6.18	1.22	41.02
2016	26.65	6.97	6.03	1.37	41.02
2017	27.09	6.97	5.59	1.37	41.02
2018	27.09	6.97	5.59	1.37	41.02
2019	27.09	6.97	5.59	1.37	41.02

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Office of Finance and Accounting, 365 Loshier Street, Suite 320, Hernando, MS 38632. The telephone number is 662-469-8001 and the fax number is 662-469-8275.

BASIC FINANCIAL STATEMENTS

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Cash	\$ 134,569,728	\$ 18,003,369
Property Tax Receivable, Net	60,380,376	-
Receivable from Component Unit	18,105,000	-
Accounts Receivable, Net	107,630	1,401,535
Fines Receivable, Net	1,337,469	-
Loans Receivable	9,089,527	-
Intergovernmental Receivables	1,562,269	-
Other Receivables	36,068	-
Inventories	-	75,517
Prepaid Items	445,632	519,865
Capital Assets:		
Land and Construction in Progress	13,895,440	-
Other Capital Assets, Net	<u>146,600,129</u>	<u>40,694,438</u>
Subtotal Capital Assets	<u>160,495,569</u>	<u>40,694,438</u>
Total Assets	<u>386,129,268</u>	<u>60,694,724</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	1,946,180	607,717
Deferred Amount on Refunding	<u>1,317,712</u>	<u>87,695</u>
Total Deferred Outflows of Resources	<u>3,263,892</u>	<u>695,412</u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019

	Primary Government	
	Governmental Activities	Component Units
LIABILITIES		
Accounts Payable and Accrued Payroll	\$ 3,363,093	\$ 2,320,362
Accrued Liabilities	-	144,884
Intergovernmental Payables	2,318,395	-
Accrued Interest Payable	520,663	410,070
Unearned Revenue	-	84,610
Amounts Held in Custody for Others	2,661,148	-
Long-Term Liabilities:		
Compensated Absence	1,595,345	154,032
Net Pension Liability	76,645,412	4,551,219
Due With One Year:		
Capital	5,420,474	2,859,546
Non-Capital	3,075,353	249,820
Due in More than One Year:		
Capital	22,296,348	25,027,519
Non-Capital	22,134,112	5,245,871
Total Liabilities	<u>140,030,343</u>	<u>41,047,933</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	921,040	42,011
Property Tax for Future Reporting Period	<u>58,180,376</u>	-
Total Deferred Inflows of Resources	<u>59,101,416</u>	<u>42,011</u>
NET POSITION		
Net Investment in Capital Assets	134,096,459	17,956,266
Restricted:		
General Government	18,064,622	-
Public Safety	1,419,415	-
Public Works	48,959,162	-
Health and Welfare	131,743	-
Culture and Recreation	618,794	-
Debt Service	11,132,016	-
Unrestricted	<u>(24,160,810)</u>	<u>2,343,926</u>
Total Net Position	<u>\$ 190,261,401</u>	<u>\$ 20,300,192</u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

					Primary Government	
					Net (Expense) Revenue and Changes in Net Position	
		Program Revenues				
			Operating	Capital		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Component Units
Primary Government.						
Governmental Activities:						
General Government	\$ 24,725,513	\$ 15,607,077	\$ 677,779	\$ 2,890	\$ (8,437,767)	\$ -
Public Safety	26,342,309	4,463,937	735,200	213,620	(20,929,552)	-
Public Works	19,423,244	781,014	515,232	414,090	(17,712,908)	-
Health and Welfare	2,255,273	-	22,128	8,834	(2,224,311)	-
Culture and Recreation	1,391,789	-	232,644	-	(1,159,145)	-
Conservation of Natural Resources	1,202,171	-	-	-	(1,202,171)	-
Economic Development and Assistance	365,547	-	-	-	(365,547)	-
Interest on Long-Term Debt	1,237,688	-	-	-	(1,237,688)	-
Pension Expense	7,399,740	-	-	-	(7,399,740)	-
Total Governmental Activities	<u>84,343,274</u>	<u>20,852,028</u>	<u>2,182,983</u>	<u>639,434</u>	<u>(60,668,829)</u>	
Component Units:						
Emergency Communications District	1,497,533	1,757,839	-	-		260,306
Convention and Visitors Bureau	15,151,191	9,540,188	19,593	-		(5,591,410)
Total	<u>\$ 16,648,724</u>	<u>\$ 11,298,027</u>	<u>\$ 19,593</u>	<u>\$ -</u>		<u>\$ (5,331,104)</u>
General Revenues:						
Property Taxes					72,693,847	-
Road and Bridge Privilege Taxes					2,558,916	-
Tourism Tax					-	9,706,077
Grants and Contributions Not Restricted to Specific Programs					1,270,268	-
Unrestricted Interest Income					2,316,752	109,014
Loss on disposal of assets					-	(296,509)
Miscellaneous					1,204,733	349,139
Total General Revenues					<u>80,044,516</u>	<u>9,867,721</u>
Changes in Net Position					19,375,687	4,536,617
Net Position - Beginning					<u>170,885,714</u>	<u>15,763,575</u>
Net Position - Ending					<u>\$ 190,261,401</u>	<u>\$ 20,300,192</u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund	Bridge and Culvert Fund	Debt Service		
ASSETS						
Cash	\$ 63,241,019	\$ 13,665,109	\$ 30,477,370	\$ 10,993,211	\$ 15,879,998	\$ 134,256,707
Property Tax Receivable	40,518,952	2,827,528	6,333,690	8,678,827	2,021,379	60,380,376
Due from Component Unit	-	-	-	18,105,000	-	18,105,000
Accounts Receivable, Net of Allowance for Uncollectibles of \$438,227	105,935	-	-	-	-	105,935
Fines Receivable, Net of Allowance for Uncollectibles of \$4,741,933	1,337,469	-	-	-	-	1,337,469
Intergovernmental Receivables	1,419,398	-	-	-	142,871	1,562,269
Loans Receivable	9,089,527	-	-	-	-	9,089,527
Other Receivables	36,068	-	-	-	-	36,068
Due from Other Funds	-	430,326	99,452	138,805	637,989	1,306,572
Prepaid Items	445,632	-	-	-	-	445,632
Total Assets	\$ 116,194,000	\$ 16,922,963	\$ 36,910,512	\$ 37,915,843	\$ 18,682,237	\$ 226,625,555

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds				Other	Total
	General	Road	Bridge and		Governmental	Governmental
	Fund	Maintenance	Culvert Fund	Debt Service	Funds	Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Payroll	\$ 1,471,408	\$ 215,699	\$ 299,004	\$ -	\$ 839,662	\$ 2,825,773
Intergovernmental Payables	2,275,395	43,000	-	-	-	2,318,395
Due to Other Funds	1,306,572	-	-	-	-	1,306,572
Amounts Held in Custody for Others	2,606,579	-	-	-	54,569	2,661,148
Total Liabilities	7,659,954	258,699	299,004	-	894,231	9,111,888
Deferred Inflows of Resources:						
Unavailable Revenue:						
Property Taxes	38,318,952	2,827,528	6,333,690	8,678,827	2,021,379	58,180,376
Fines Receivable	1,337,469	-	-	-	-	1,337,469
Accounts Receivable	105,935	-	-	-	-	105,935
Accounts Receivable- Component Unit	-	-	-	18,105,000	-	18,105,000
Total Deferred Inflows of Resources	39,762,356	2,827,528	6,333,690	26,783,827	2,021,379	77,728,780
Fund Balances:						
Nonspendable:						
Loans Receivable	9,089,527	-	-	-	-	9,089,527
Prepaid Insurance	445,632	-	-	-	-	445,632
Restricted for:						
General Government	-	-	-	-	8,752,067	8,752,067
Public Safety	-	-	-	-	1,419,415	1,419,415
Public Works	-	13,836,736	30,277,818	-	4,844,608	48,959,162
Health and Welfare	-	-	-	-	131,743	131,743
Culture and Recreation	-	-	-	-	618,794	618,794
Debt Service	-	-	-	11,132,016	-	11,132,016
Unassigned	59,236,531	-	-	-	-	59,236,531
Total Fund Balances	68,771,690	13,836,736	30,277,818	11,132,016	15,766,627	139,784,887
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 116,194,000	\$ 16,922,963	\$ 36,910,512	\$ 37,915,843	\$ 18,682,237	\$ 226,625,555

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total Fund Balances for Governmental Funds		\$ 139,784,887
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation of \$132,800,631		160,495,569
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Due from Component Unit	18,105,000	
Accounts Receivable	105,935	
Fines Receivable	<u>1,337,469</u>	19,548,404
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Long-term debt	(52,926,287)	
Compensated absences	<u>(1,595,345)</u>	(54,521,632)
Net pension obligations not due and payable in the current period and, therefore, are not reported in the funds.		(76,645,412)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(520,663)
Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position		(222,604)
Deferred amounts on refunding of debt is not a financial resource and therefore not reported in the funds		1,317,712
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	1,946,180	
Deferred Inflows of Resources	<u>(921,040)</u>	<u>1,025,140</u>
Total Net Position of Governmental Activities		<u><u>\$ 190,261,401</u></u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund	Bridge and Culvert Fund	Debt Service		
REVENUES						
Property Taxes	\$ 48,984,897	\$ 3,261,200	\$ 7,246,809	\$ 10,140,645	\$ 3,060,296	\$ 72,693,847
Road and Bridge Privilege Taxes	-	2,558,916	-	-	-	2,558,916
Licenses, Commissions, and Other Revenue	3,786,218	8,531	-	-	716,492	4,511,241
Fines and Forfeitures	1,646,973	-	-	-	104,958	1,751,931
Intergovernmental Revenues	5,464,056	1,574,077	-	2,185,000	3,136,235	12,359,368
Charges for Services	1,837,182	1,300	-	-	212,869	2,051,351
Interest Income	1,075,150	247,457	488,574	195,684	302,113	2,308,978
Miscellaneous Revenues	727,299	213,962	48,246	-	371,632	1,361,139
Total Revenues	63,521,775	7,865,443	7,783,629	12,521,329	7,904,595	99,596,771
EXPENDITURES						
Current:						
General Government	16,070,980	-	-	-	2,112,252	18,183,232
Public Safety	26,613,072	-	-	-	3,283,910	29,896,982
Public Works	1,362,214	7,121,139	7,790,492	-	3,908,582	20,182,427
Health and Welfare	1,760,240	-	-	-	576,013	2,336,253
Culture and Recreation	1,395,000	-	-	-	734	1,395,734
Conservation of Natural Resources	295,667	-	-	-	950,736	1,246,403
Economic Development and Assistance	365,547	-	-	-	-	365,547
Debt Service:						
Principal	22,949	-	-	8,480,000	-	8,502,949
Interest	7,405	-	-	1,331,206	-	1,338,611
Total Expenditures	47,893,074	7,121,139	7,790,492	9,811,206	10,832,227	83,448,138
Excess of Revenues Over (Under) Expenditures	15,628,701	744,304	(6,863)	2,710,123	(2,927,632)	16,148,633
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Capital Assets	-	-	-	-	3,000,000	3,000,000
Transfers In	1,327,699	70,825	5,605,000	2,171,144	7,101,271	16,275,939
Transfers Out	(14,542,043)	(94,519)	(127,299)	(2,349,044)	(493,034)	(17,605,939)
Total Other Financing Sources (Uses)	(13,214,344)	(23,694)	5,477,701	(177,900)	9,608,237	1,670,000
NET CHANGE IN FUND BALANCES	2,414,357	720,610	5,470,838	2,532,223	6,680,605	17,818,633
Fund Balances - Beginning of Year	66,357,333	13,116,126	24,806,980	8,599,793	9,086,022	121,966,254
FUND BALANCES - END OF YEAR	<u>\$ 68,771,690</u>	<u>\$ 13,836,736</u>	<u>\$ 30,277,818</u>	<u>\$ 11,132,016</u>	<u>\$ 15,766,627</u>	<u>\$ 139,784,887</u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 17,818,633

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 outlay of \$11,446,673 exceeded depreciation of \$6,225,051 5,221,622

Certain revenues 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.

Accounts Receivable	(129,037)	
Fines Receivable	(95,246)	(224,283)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount of repayments of \$8,502,949 (of which \$2,145,206 was paid by the Desoto Convention and Visitor Bureau) and amortization of \$679,886, 9,182,835

Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the funds. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Decrease in Long-Term Receivables	(156,406)	
Decrease in Prepaid Insurance	(499,761)	
Decrease in Receivable from Component Unit	(5,115,000)	
Increase in Accrued Interest Payable	(99,080)	
Decrease in Compensated Absences	265,829	
Amortization of Deferred Amounts on Refunding	(499,371)	(6,103,789)

An internal service fund is used by management to charge the cost of health insurance to individual funds. The net loss is reported within governmental activities (4,591)

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:

Decrease in Deferred Outflow of Resources- Pension	(1,716,579)	
Decrease in Deferred Inflow of Resources- Pension	834,277	
Increase in Net Pension Liability	(5,632,439)	(6,514,741)

Difference due to rounding 1

Change in Net Position of Governmental Activities \$ 19,375,687

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2019**

	<u>Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 313,021
Accounts Receivable	1,695
Total Assets	<u>314,716</u>
LIABILITIES	
Current Liabilities:	
Claims and Judgements Payable	<u>537,320</u>
Total Liabilities	<u>537,320</u>
NET POSITION	
Restricted for:	
Health Insurance	(222,604)
Total Net Position	<u>\$ (222,604)</u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2019

	Internal Service Fund
OPERATING REVENUES	
Premiums	5,832,879
OPERATING EXPENSES	
Claim Payments	7,175,244
Total Operating Expenses	<u>7,175,244</u>
OPERATING LOSS	(1,342,365)
NONOPERATING REVENUES	
Interest Income	7,774
Total Nonoperating Revenues	<u>7,774</u>
TRANSFERS IN	<u>1,330,000</u>
CHANGE IN NET POSITION	<u>(4,591)</u>
NET POSITION	
Beginning of Year	(218,013)
End of Year	<u><u>\$ (222,604)</u></u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2019**

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Receipts/Premiums from Customers	\$ 5,832,879
Cash Payments for Claims and Benefits	(7,618,118)
Net Cash Used by Operating Activities	<u>(1,785,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Deposits	7,774
Net Cash Provided by Investing Activities	<u>7,774</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers In	1,330,000
Net Cash Provided by Financing Activities	<u>1,330,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(447,465)
Cash and Cash Equivalents - Beginning of Year	<u>760,486</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 313,021</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Loss	(1,342,365)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided (Used) by Operating Activities:	
Effect of Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	(1,695)
Decrease in Claims Payable	(441,179)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,785,239)</u></u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash	\$ 71,993	\$ 483,735
Due From Other Fund	-	314,922
Intergovernmental Receivable	872,072	-
Total Assets	<u>944,065</u>	<u>798,657</u>
LIABILITIES		
Due to Other Government	872,072	-
Amounts Held in Custody for Others	-	798,657
Total Liabilities	<u>872,072</u>	<u>\$ 798,657</u>
NET POSITION		
Reserved for Liability Insurance	26,597	
Held in Trust for Individuals, Organizations, and Other Governments	45,396	
Total Net Position	<u>\$ 71,993</u>	

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Interest Income	<u>\$ 1,253</u>
Total Additions	<u>1,253</u>
 CHANGES IN NET POSITION	 1,253
Net Position - Beginning of Year	<u>70,740</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 71,993</u></u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT NET POSITION
SEPTEMBER 30, 2019**

	Emergency Communications District	Convention and Visitors Bureau	Total
ASSETS			
Cash	\$ 3,825,483	\$ 14,177,886	\$ 18,003,369
Accounts Receivable	347,849	1,053,686	1,401,535
Inventories	-	75,517	75,517
Prepaid Items	497,230	22,635	519,865
Capital Assets:			
Other Capital Assets, Net	-	40,694,438	40,694,438
Total Assets	<u>4,670,562</u>	<u>56,024,162</u>	<u>60,694,724</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	-	607,717	607,717
Deferred Amount on Refunding	-	87,695	87,695
Total Deferred Outflows of Resources	<u>-</u>	<u>695,412</u>	<u>695,412</u>
LIABILITIES			
Claims Payable	566,463	1,753,899	2,320,362
Accrued Liabilities	-	144,884	144,884
Accrued Interest Payable	12,195	397,875	410,070
Unearned Revenue	-	84,610	84,610
Compensated Absence	-	154,032	154,032
Long-Term Liabilities:			
Due With One Year:			
Capital Debt	397,626	2,461,920	2,859,546
Noncapital Debt	-	249,820	249,820
Due in More than One Year:			
Capital Debt	4,751,267	20,276,252	25,027,519
Noncapital Debt	-	5,245,871	5,245,871
Net Pension Liability	-	4,551,219	4,551,219
Total Liabilities	<u>5,727,551</u>	<u>35,320,382</u>	<u>41,047,933</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	-	42,011	42,011
Total Deferred Inflows of Resources	<u>-</u>	<u>42,011</u>	<u>42,011</u>
NET POSITION			
Net Investment in Capital Assets	-	17,956,266	17,956,266
Unrestricted	(1,056,989)	3,400,915	2,343,926
Total Net Position	<u>\$ (1,056,989)</u>	<u>\$ 21,357,181</u>	<u>\$ 20,300,192</u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019**

Component Units	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Emergency Communication District	Convention and Visitors Bureau	
Emergency Communication District	\$ 1,497,533	\$ 1,757,839	\$ -	\$ 260,306	\$ -	\$ 260,306
Convention and Visitors Bureau	15,151,191	9,540,188	19,593	-	(5,591,410)	(5,591,410)
Total Governmental Activities	<u>16,648,724</u>	<u>11,298,027</u>	<u>19,593</u>	<u>260,306</u>	<u>(5,591,410)</u>	<u>(5,331,104)</u>
General Revenues:						
Tourism Tax				-	9,706,077	9,706,077
Unrestricted Interest Income				18,592	90,422	109,014
Loss on disposal of assets				-	(296,509)	(296,509)
Miscellaneous				-	349,139	349,139
Total General Revenues				<u>18,592</u>	<u>9,849,129</u>	<u>9,867,721</u>
Changes in Net Position				278,898	4,257,719	4,536,617
Net Position - Beginning				<u>(1,335,887)</u>	<u>17,099,462</u>	<u>15,763,575</u>
Net Position - Ending				<u>\$ (1,056,989)</u>	<u>\$ 21,357,181</u>	<u>\$ 20,300,192</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements of Desoto County (hereinafter referred to as "Desoto County" or "the County") have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the County's more significant accounting policies follows:

Financial Reporting Entity

The County is a political subdivision of the state of Mississippi. The County is governed by an elected five-member County of Supervisors. Accounting principles generally accepted in the United States of America require Desoto 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.

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

Individual Component Unit Disclosures

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government. DeSoto County has one blended component unit – The DeSoto County, Mississippi Public Improvement Corporation.

The DeSoto County, Mississippi Public Improvement Corporation is comprised solely of the five members of the County of Supervisors and the Chancery Clerk. Although it is legally separate from DeSoto County, Mississippi, the corporation is reported as if it were part of the primary government, as it is a pass-through corporation whose sole purpose is to finance, renovate and construct County buildings.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units

The component unit 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. The majority of the members of the governing bodies of these component units were not appointed by the County Board of Supervisors.

The County reports the following discretely presented component units. Complete financial statements for these component units can be obtained through the DeSoto County Board of Supervisors.

- DeSoto County Convention and Visitors Bureau
- DeSoto County Emergency Communications District

DeSoto County Convention and Visitors Bureau (The Bureau) was created in 1998 by the DeSoto County Board of Supervisors under the provisions of House Bill 1831, under Chapter 1001 of the Local and Private Laws of 1996 of the State of Mississippi. The Bureau promotes tourism locally through revenues derived from a 2% tourism tax levied by the DeSoto County Board of Supervisors. The Bureau is governed by a seven-member County appointed with five members appointed by the DeSoto County Board of Supervisors.

DeSoto County Emergency Communications District (The District) was created in 1988 by the DeSoto County Board of Supervisors under Section 19-5-305, Miss. Code Ann. (1972) to manage the emergency communications system and related infrastructure in order to provide E-911 services to DeSoto County residents. The seven-member County of Commissioners is appointed by the DeSoto County Board of Supervisors and local municipalities. DeSoto County provides financial support for the District through the collection of E-911 revenues received from communications utilities.

Certified public accounting firms other than the primary government auditor prepare audited financial statements information for the DeSoto County Convention and Visitors Bureau and DeSoto County Emergency Communications District, component units listed above and provided to the County as the primary government. Financial information may be obtained from the DeSoto County Chancery Clerk's office at 2535 Highway 51 South Room 104, Hernando, MS 38632.

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.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements

The Statement of Net Position and 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 nonexchange revenues. 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 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, 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 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, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

Measurement Focus and Basis of Accounting

The Government-wide 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 assets 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.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. 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 nonoperating.

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

The County reports the following major governmental funds:

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

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

Bridge and Culvert Fund – This fund is used to account for bridge and culvert construction and repair.

Debt Service Funds – This fund is used to account for the principal and interest payments for long-term debt.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund Type

Internal Service Fund – This fund is used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The County's internal service fund reports on the self-insurance programs for employee medical benefits.

Fiduciary Fund Types

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.

Private-purpose Trust Funds – These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

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.

Deposits and Investments

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of 14 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 value. However, the County did not invest in any governmental securities during the fiscal year.

Receivables

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

The County's receivables include related party transactions with the DeSoto Convention Center and Visitor Bureau (the Bureau), component unit. As of September 30, 2019, the following transactions existed:

- Outstanding long term debt for 2009 bonds issued by the County on behalf of the Bureau. The Bureau is contractually obligated to repay the long-term debt. As of September 30, 2019, the outstanding debt was \$18,105,000.
- Outstanding loan receivable with the Bureau. As of September 30, 2019, the outstanding loan balance was \$5,516,510. (see note 3)

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Inventories and Prepaid Items

Inventories in component units 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 activities column in the government-wide financial statement. 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, costs have been estimated and the methods of estimation are not readily available.

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

Capitalization thresholds (dollar value above which individual 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.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A
Infrastructure	-	20 to 50 Years
Buildings	50,000	40 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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 Amount on Refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental 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.

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.

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

Property Tax for Future Reporting Period/Unavailable Revenue – Property Taxes – Deferred inflows of resources are reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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

Court Fines
Ambulance Charges
Due from Component Unit- 2009 Bonds

Deferred Inflows Related to Pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates.

Pensions

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

Long-Term Liabilities

Long-term liabilities are the unmatured 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, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 improvements 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.”

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 nonspendable, restricted, committed, assigned, or unassigned. The following are descriptions of fund classifications used by the County:

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

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

Fund Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses/expenditures are incurred for purposes for which unrestricted 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.

Property Tax Revenues

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

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 original purchase occurs.

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.

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The County has adopted a policy of compensation for accumulated unpaid employee personal leave for eligible employees. The maximum amount of personal leave allowed to be accrued for compensating absence is 240 hours. Employee personal leave exceeding 240 hours is counted towards the employee's retirement days. The County allows employees to accrue sick leave but does not pay-out sick leave upon the employee's separation from the County. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

NOTE 2 DEPOSITS

Primary Government

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$135,125,456 and the bank balance was \$141,781,715. 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 a 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 – Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

NOTE 3 LOANS RECEIVABLE

At September 30, 2019, the DeSoto County Convention and Visitors Bureau had \$5,516,510 in loans payable for previous loans the County made to the Bureau for acquisition and construction costs related to the DeSoto County Convention and Visitors Bureau. During October 2013, the County and Bureau entered into an agreement to repay the original loan totaling \$7,494,614 with no interest. Agreement terms include monthly payments of \$20,818.37 beginning November 1, 2013 and concluding October 1, 2043.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3 LOANS RECEIVABLE (CONTINUED)

At September 30, 2019, the DeSoto County Regional Utility Authority had \$3,119,952 in loans payable for a previous loan the County made to the Authority for acquisition and construction costs designed to facilitate county growth. During July 2013, the County and Authority entered into an agreement to repay the original loan totaling \$3,900,000 with no interest. Agreement terms include monthly payments of \$10,834 paid beginning October 1, 2014 and concluding September 1, 2044.

On September 30, 2019, the Fairhaven Fire Department had \$74,028 in loans payable for a previous loan the County made to the Department. On August 20, 2015, DeSoto County entered into an agreement with Fairhaven Fire Department to construct a fire facility. The County loaned \$204,820 to be paid back annually beginning July 1, 2016. Agreement terms indicate no interest annual payments of \$13,548.03 to conclude with a final payment to be made July 1, 2030.

On September 30, 2019, The City of Horn Lake had \$379,037 in loans payable for a loan the County made to the city for refunding of voided tax sale. During August 2018, the County and the City entered into an agreement to repay the original loan totaling \$479,403 with no interest. Agreement terms include annual payments of \$119,851 beginning February 2019 and concluding February 2022.

The following is a summary of loan repayments, equal to the annual debt service requirements of the County:

Description	Date of Loan	Maturity Date	Amount
DeSoto County Convention and Visitors Bureau	10-2013	10-2043	\$ 5,516,510
DeSoto County Regional Utility Authority	07-2013	09-2044	3,119,952
Fairhaven Fire Department Project	08-2015	07-2030	74,028
City of Horn Lake	08-2018	02-2022	379,037
Total			<u>\$ 9,089,527</u>

NOTE 4 INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2019:

Due From/To Other Funds:

	Due From	Due To
General Fund	1,306,572	-
Special Revenue	-	637,989
Road Maintenance	-	430,326
Bridges and Culvert	-	99,452
Debt Service	-	138,805
Total	<u>1,306,572</u>	<u>1,306,572</u>

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4 INTERFUND TRANSACTIONS AND BALANCES (CONTINUED)

The payables from the General Fund represent the revenue collected but not settled until after year-end. All interfund balances are expected to be repaid within one year from the date of the financial statements.

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer From</u>	<u>Amount</u>
Governmental funds:		Governmental funds:	
General Fund	\$ 881,010	General Fund- Special Levy	\$ 881,010
General Fund	46,971	Other Governmental Funds	46,971
General Fund	177,900	Debt Service	177,900
General Fund	127,299	Bridges and Culvert	127,299
General Fund	94,519	Roads Maintenance	94,519
Roads Maintenance	11,583	General Fund	11,583
Roads Maintenance	59,242	Other Governmental Funds	59,242
Bridges and Culvert	5,605,000	General Fund	5,605,000
Debt Service	2,171,144	Debt Service	2,171,144
Other Governmental Funds	6,714,450	General Fund	6,714,450
Other Governmental Funds	386,821	Other Governmental Funds	386,821
Total Governmental Funds	16,275,939		
Internal Service Fund	1,330,000	General Fund	1,330,000
Total Governmental and Internal Service Fund	\$ 17,605,939	Total Governmental Funds	\$ 17,605,939

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

NOTE 5 INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables at September 30, 2019 consisted of the following:

Primary Government

	<u>Amount</u>
Governmental Funds:	
Due from State Government:	
State of Mississippi	\$ 792,236
Due From Local Government:	532,607
Due From Federal Government:	
Federal DUI Grant	74,823
Federal EMPG Grant	120,021
Federal Youth Drug Court Grants	19,732
Federal Occupant Protection Grant	7,961
Federal Public Safety Grants	14,889
Total Governmental Funds	<u>\$ 1,562,269</u>

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2019:

	Balance Beginning of Year	Increases	Decreases	Transfer	Balance End of Year
<u>Primary Government</u>					
Governmental Activities:					
Nondepreciable:					
Land	\$ 4,395,734	\$ -	\$ -	\$ -	\$ 4,395,734
Construction in Progress	6,038,294	3,617,958	-	(156,546)	9,499,706
Total Nondepreciable	10,434,028	3,617,958	-	(156,546)	13,895,440
Depreciable:					
Infrastructure	158,564,727	752,699	9,850	156,546	159,464,122
Buildings	78,568,979	4,010,389	1,577,788	-	81,001,580
Improvements Other Than Buildings	1,065,084	40,871	-	-	1,105,955
Mobile Equipment	36,262,659	3,024,756	1,458,312	-	37,829,103
Total Depreciable	274,461,449	7,828,715	3,045,950	156,546	279,400,760
Accumulated Depreciation:					
Buildings	19,193,836	1,518,292	1,577,788	-	19,134,340
Improvements Other Than Buildings	458,661	4,573	-	-	463,234
Mobile Equipment	20,868,018	2,243,068	1,458,312	-	21,652,774
Infrastructure	89,101,015	2,459,118	9,850	-	91,550,283
Total Accumulated Depreciation	129,621,530	6,225,051	3,045,950	-	132,800,631
Total Depreciable Capital Assets, Net	144,839,919	1,603,664	-	156,546	146,600,129
Total Capital Assets, Net	<u>\$ 155,273,947</u>	<u>\$ 5,221,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,495,569</u>

Depreciation expense was charged to the following functions:

<u>Governmental Activities</u>	
General Government	\$ 241,772
Public Safety	2,151,272
Public Works	3,819,887
Health and Welfare	678
Culture and Recreation	3,917
Conservation of Natural Resources	7,525
Total	<u>\$ 6,225,051</u>

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 CAPITAL ASSETS (CONTINUED)

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
ACI Volunteer Fire Department	16,000	Not Determined
Starlanding Road Bridge	62,407	Not Determined
Feasibility study- Phase 1: Nail Road	74,510	Not Determined
Fogg Road Bridge	78,215	Not Determined
Hawks Crossing Park	80,135	Not Determined
Ingrams Mill Road Bridge	80,408	FY 2020
Sheriff's Office Firing Range	140,478	FY 2020
Ingrams Mill Road	179,500	Not Determined
Craft Rod Box Bridge Replacement	217,124	Not Determined
Commerce Street	224,186	Not Determined
Lewisburg Sidewalk	254,579	Not Determined
New Road & Bridge Building/Shop	271,534	Not Determined
Starlanding Road Project	343,102	Not Determined
Armory Road	993,201	Not Determined
Craft at Bethel Widening	1,134,788	Not Determined
Johnson Creek Greenway	1,355,230	Not Determined
IT Software Upgrade	3,892,494	Not Determined
Swinnea Road	4,791,536	Not Determined
Craft Road- Hawks to Polk Lane	5,947,779	FY 2020
Agriculture Education Project	8,800,000	Not Determined
Nail Road Hawks Crossing	9,249,153	Not Determined
Holly Springs Road Bridge	17,753,705	FY 2022
Total	<u>\$ 55,940,064</u>	

NOTE 7 CLAIMS AND JUDGEMENTS

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 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 Lipscomb and Pitts effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 CLAIMS AND JUDGMENTS (CONTINUED)

Risk Financing (Continued)

The County finances its exposure to risk of loss relating to employee health and accident coverage. Beginning in 1992 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. The DeSoto County Board of Supervisors has extended coverage to the employees of the following public entities:

- Horn Lake Creek Basin
- DeSoto County Regional Utility Authority
- DeSoto County Emergency Communications District
- 17th Circuit Court District – District Attorney's Office

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. DeSoto County pays the premium on a single coverage policy for its employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for the County, to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions as two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$110,000, and the aggregate policy covers all submitted claims in excess of \$5,905,122.

Claims expenditures 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). At September 30, 2019, the amount of these liabilities was \$537,320. An analysis of claims activities is presented below:

	Beginning of Year	Claims and Changes	Payments	End of Year
2017 to 2018	\$ 974,504	\$ 5,034,269	\$ 5,030,274	\$ 978,499
2018 to 2019	978,499	7,176,939	7,618,118	537,320

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 LONG-TERM LIABILITIES

Debt outstanding as of September 30, 2019, consisted of the following:

Primary Government Governmental Activities	Amount Outstanding	Interest Rate Percentage	Final Maturity Date
General Obligation Bonds:			
2009 Refunding Bonds	\$ 1,415,000	3.25-4.00%	October 2020
2009 Refunding Bonds	18,105,000	2.50-5.00%	November 2028
2012 Refunding Bonds	7,480,000	2.00-4.00%	July 2024
2013 General Obligation Bonds	7,970,000	2.50-3.13%	June 2033
2015 General Obligation Refunding Bonds	8,945,000	2.00-5.00%	July 2024
2016 General Obligation Refunding Bonds			November 2028
(Noncap)	6,840,000	2.00-4.00%	November 2028
Total General Obligation Bonds	\$ 50,755,000		
Other Loans:			
Civic Center Tourism Center	\$ 264,465	2.00%	April 2029

Annual debt service requirements to maturity for the following debt reported in the statement of net position are as follows:

Governmental Activities Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	7,945,000	3,427,557	30,353	4,617
2021	6,800,000	2,827,783	30,353	4,127
2022	7,560,000	2,778,290	30,353	4,028
2023	7,420,000	1,878,957	30,353	3,597
2024	6,440,000	1,291,170	30,353	2,954
2025-2029	11,970,000	3,156,130	112,700	6,290
2030-2033	2,620,000	202,924	-	-
Total	\$ 50,755,000	\$ 15,562,811	\$ 264,465	\$ 25,613

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, 2019, the amount of outstanding debt was equal to 3.29% of the latest property assessments.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

Governmental Activities	Beginning of Year	Increases	Decreases	End of Year	Due Within One Year
Bond Payable	\$ 59,235,000	\$ -	\$ 8,480,000	\$ 50,755,000	\$ 7,945,000
Unamortized Premiums	2,586,708	-	679,886	1,906,822	520,474
Other Loans	287,414	-	22,949	264,465	30,353
Compensated Absences	1,861,174	-	265,829	1,595,345	-
Net Pension Liability	71,012,973	5,632,439	-	76,645,412	-
Total	<u>\$ 134,983,269</u>	<u>\$ 5,632,439</u>	<u>\$ 9,448,664</u>	<u>\$ 131,167,044</u>	<u>\$ 8,495,827</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road and Maintenance Fund and Bridge and Culvert Fund.

Component Units

DeSoto County provides to the Emergency Communications District (E-911) the Bond funds for erecting, equipping, repairing, reconstructing, remodeling, and enlarging County buildings and related facilities and the purchase and installation of the Emergency Communications District equipment. DeSoto County is ultimately responsible for the \$6,500,000 bonds issue included in the Emergency Communications District's financial statements. DeSoto County maintains a bond fund in its name for the payment of the principal and interest on the Bonds, and the payment of Agent's fees in connection with this. The Emergency Communications District shall for as long as any principal of and interest on the Bonds remain outstanding, provide to the County adequate and sufficient funds which may be lawfully used for the payment of the principal of and interest on the Bonds. The Emergency Communications District has included this debt issuance and resulting liability in their financial statements and shall annually take such action as necessary to include its payment of the debt service payments on the Bonds, as a part of its annual budget year.

DeSoto County provides to the Convention and Visitors Bureau refunding bond funds for improvements at the DeSoto Civic Center in Southaven. DeSoto County is ultimately responsible for the Series 2009B bonds issue included in the Convention and Visitors Bureau's financial statements. DeSoto County maintains a bond fund in its name for the payment of the principal and interest on the Bonds, and the payment of Agent's fees in connection with this. The Convention and Visitors Bureau shall for as long as any principal of and interest on the Bonds remain outstanding, provide to the County adequate and sufficient funds which may be lawfully used for the payment of the principal of and interest on the Bonds. The Convention and Visitors Bureau has included this debt issuance and resulting liability in their financial statements and shall annually take such action as necessary to include its payment of the debt service payments on the Bonds, as a part of its annual budget year. For FY 2019, the Convention and Visitors Bureau total bond principal payments was \$2,185,000.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in component units' long-term liabilities and obligations for the year ended September 30, 2019:

Combined Component Units	Beginning of Year	Increases	Decreases	End of Year	Due Within One Year
Bonds Payable	\$ 28,660,000	\$ -	\$ 2,560,000	\$ 26,100,000	\$ 2,675,000
Unamortized Premiums	1,674,053	-	151,494	1,522,559	151,493
Capital Leases	1,201,521	-	937,015	264,506	33,053
Loans Payable	5,745,512	-	249,821	5,495,691	249,820
Compensated Absences	150,935	3,097	-	154,032	-
Net Pension Liability	3,837,559	713,660	-	4,551,219	-
Total	<u>\$ 41,269,580</u>	<u>\$ 716,757</u>	<u>\$ 3,898,330</u>	<u>\$ 38,088,007</u>	<u>\$ 3,109,366</u>

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information About the Pension Plan

Plan Description. DeSoto 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. Benefit provisions are established by state law 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.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' County of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% 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, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. The rate increase from 15.75% effective July 1, 2019. 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, 2019, 2018 and 2017 were \$4,611,088, \$4,336,581, and \$4,158,765, respectively, equal to the required contributions for each year.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

At September 30, 2019, the County reported a liability for its proportionate share of the net pension liability of \$76,645,412. The net pension liability was measured as of June 30, 2019, 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 September 30, 2019, the County's proportion was 0.43568%, which was an increase of 0.00874% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$7,399,740.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 45,342	\$ 82,501
Changes in Assumptions	751,437	-
Change in Proportion		
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	838,539
County's Contributions Subsequent		
to the Measurement Date	1,149,401	-
Total	<u>\$ 1,946,180</u>	<u>\$ 921,040</u>

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date consisting of \$1,149,401 will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 383,459
2021	(1,085,406)
2022	227,771
2023	349,915
Total	<u>\$ (124,261)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75% general, 3.10% wage
Salary increases	3.00-18.25% including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Amortization period	38.4 yers
Asset valuation method	5-year smoothed market

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy." The actuarial assumptions used in the valuation were based on the results of an actuarial experience study ending June 30, 2018.

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

Actuarial Assumptions (Continued). The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22%	4.75%
Global Equity	12%	5.00%
Debt Securities	20%	1.50%
Real Estate	10%	4.00%
Private Equity	8%	6.25%
Cash Equivalents	1%	0.25%
Total	<u>100 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). 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%, 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%) or 1- percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
County's Proportionate Share of Net Pension Liability	\$ 100,753,049	\$ 76,645,412	\$ 56,746,721

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10 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 statements.

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 11 NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS)

No commitment debt is repaid only by the entities for which the 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 absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in event of default.

DeSoto County and the Mississippi Transportation Commission (Mississippi Department of Transportation) entered into an Interlocal Cooperative Agreement, dated May 5, 2004 and amended June 27, 2011 which among other things allowed the County to provide funds necessary to the Commission (MDOT) for the construction of various highway construction projects. The funds come from the following:

- \$136,780,000 Mississippi Development Bank Special Obligation Bonds, Series 2010B (DeSoto County, Mississippi Highway Construction Project)
- \$82,940,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (DeSoto County, Mississippi Highway Construction Project)
- \$24,155,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2015A (DeSoto County, Mississippi Highway Refunding Project)
- \$43,785,000 Mississippi Development Bank Special Obligation Bonds, Series 2017A (DeSoto County, Mississippi Highway Construction Project)

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

**NOTE 11 NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS)
(CONTINUED)**

Under the Cooperative Agreement, the Commission (MDOT) agrees to pay to the Trustee amounts sufficient to pay the principal and interest on the bonds listed. Nothing in the bonds or any other document executed by the County will obligate the County financially in any way or be a charge against its general credit or taxing powers. The total amount outstanding as of September 30, 2019 is as follows:

<u>Issue</u>	<u>Outstanding Amount</u>
Mississippi Development Bank, Series 2010B Taxable	\$ 136,780,000
Mississippi Development Bank, Series 2014	61,955,000
Mississippi Development Bank, Series 2015 Refunding	22,960,000
Mississippi Development Bank, Series 2017A	<u>39,480,000</u>
Total Outstanding Amount	<u>\$ 261,175,000</u>

NOTE 12 RELATED ORGANIZATIONS

The DeSoto County, Mississippi County of Supervisors is responsible for appointing a voting majority of the Members of the County of the Horn Lake Creek Watershed Drainage District. However, the County's accountability for this organization does not exceed beyond making the appointments. During the year, the County did not appropriate any funds to this organization.

NOTE 13 JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURES

The county participates in the following jointly governed organizations:

DeSoto County is a participant with Lafayette, Panola, Tate and Tunica counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free library service to the citizens of the respective counties. First Regional Library is governed by a five-member County appointed by the County of Supervisors of the participating counties, one from each county. Each County appropriates funds annually as determined by each County of Supervisors for the ongoing support of the First Regional Library. DeSoto County, Mississippi's appropriations from the General Fund this year to the joint venture amounted to \$1,395,000. Complete financial statements for the First Regional Library can be obtained from P.O. Box 386, Hernando, Mississippi 38632.

North Delta Planning and Development District operates in a district composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The DeSoto County Board of Supervisors appoints 4 of 30 members of the County of directors. DeSoto County appropriated \$210,935 for the operation of the district in fiscal year 2019, and \$126,208 for the cost of the county- wide transportation service for disabled and elderly citizens.

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 13 JOINTLY GOVERNED ORGANIZATIONS

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The DeSoto County Board of Supervisors appoint one of the 21 members of the County of commissioners. DeSoto County levied a .75 mill tax, which resulted in \$19,619 to help support the district in fiscal year 2019.

Region IV Community Mental Health District, composed of Alcorn, DeSoto, Prentiss, Tippah, Tishomingo counties, provides community based health programming for both youth and adults and provides an array of counseling services for anyone in need. Region IV Community Mental Health District currently operates within the DeSoto County School District and provides in-school counseling and therapy to students in need of services. In accordance with state law, the DeSoto County Board of Supervisors allocated \$200,000 in fiscal year 2019 in order to participate as a member of Region IV and for countywide services from the mental health care provider. Region IV is managed by an appointed five member County of Directors, with each Director appointed by the participating Countys of Supervisors from each county.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The DeSoto County Board of Supervisors appoints two of the 23 members of the college County of trustees. DeSoto County levied 4.11 mills of tax, which resulted in \$7,407,888 for maintenance and support of the college in fiscal year 2019.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The DeSoto County Board of Supervisors appoints one of the 30 County members. DeSoto County did not appropriate any funds for support of the agency in fiscal year 2019.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 14 EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of (\$24,160,810) includes the effect of deferring the recognition of differences between expected and actual experience relating to the defined benefit pension plan. The \$45,342 of deferred outflows of resources at September 30, 2019 will be recognized as expense and decrease unrestricted net position over the next two years, and the \$82,501 balance of deferred inflows of resources at September 30, 2019 will be recognized as revenue and increase unrestricted net position over the next three years.

Unrestricted net position also includes the effect of deferring the recognition of the net difference between projected and actual earnings on pension plan investments. The \$838,539 balance of the net deferred inflows of resources at September 30, 2019 will be recognized as revenue and increase unrestricted net position over the next four years.

Unrestricted net position also includes the effect of deferring the recognition of changes in actuarial assumptions utilized in developing the net pension liability. The \$751,437 balance of deferred outflows of resources at September 30, 2019 will be recognized as expense and decrease unrestricted net position over the next three years.

NOTE 15 TAX ABATEMENTS

There are currently a number of agencies and chambers of commerce with economic development directives and targeted industries in DeSoto County, Mississippi. These efforts to bring businesses and industries into DeSoto County afford the County the opportunity to develop these partnerships that help raise the prominence of the region and attract prospective projects. Some of the largest industrial development sites in the County are nearing capacity and the I-69/269 corridor will provide the opportunity to develop sites with the access and visibility that have made other sites in DeSoto County very successful at attracting new companies. Due to the pro-business attitude and wise infrastructure planning of the local elected officials as well as the ability to offer various incentives to entice businesses and industries to locate in DeSoto County, the County operates strongly with a well diverse base of approximately 185 manufacturers and distributors.

Facts and Assumptions

DeSoto County provides tax incentives and abatements under four programs: Property tax reductions not to exceed 10 years for new enterprises, property tax reductions not to exceed 10 years for additions to or expansions of facilities or properties, fee in lieu of personal and real property taxes and tax increment financing. Various Mississippi Code sections allow the County to offer the before mentioned incentives. In order to qualify for any incentive there is an application process, presentation to the County of Supervisors and ultimately a recommendation by the County of Supervisors to grant the incentive.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 15 TAX ABATEMENTS (CONTINUED)

- Mississippi Code Section 27-31-101, allows County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation, however they do not have the authority to exempt ad valorem taxes for school districts and shall not exceed a period longer than 10 years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: Warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3 and telecommunications enterprises meeting minimum criteria.
- Mississippi Code Section 27-31-105, allows County Board of Supervisors, at their discretion, to grant tax exemptions for any enterprise who makes additions to or expansions of the facilities or properties or replaces equipment used in conjunction with or necessary to the operation of such enterprises from ad valorem taxation with the exception of school district taxes and not to exceed a period longer than 10 years. The initial request for exemption must be made in writing by June 1st of the year immediately following the year in which the additions, expansions or replacements are completed. The time of the exemption shall commence from the date of completion of the additions, expansions or replacements and shall extend for a period not to exceed 10 years, however the County of Supervisors in lieu of granting the exemption for one period of 10 years, may grant the exemption in consecutive periods of five years each, not to exceed 10 years.
- Mississippi Code Section 27-31-104, allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The County of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the County of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 15 TAX ABATEMENTS (CONTINUED)

Facts and Assumptions (Continued)

Mississippi Code Section 21-45-1, allows County Board of Supervisors, at their discretion, to enter into agreements with municipalities and enterprises for tax increment financing incentives. Any redevelopment project may contain a provision that county ad valorem taxes, if any, levied upon taxable property in a redevelopment project shall be divided according to a tax increment financing plan. After adoption of a redevelopment plan containing a tax increment financing plan, property taxable at the time of the certification shall be included in the assessed value at its most recently determined valuation, the "original assessed value." Each year thereafter the assessed value of the real and personal property within the redevelopment area will be captured and will either show an increase or decrease from the original assessed value. This new value will be the "current assessed value." Any amount by which the current assessed value exceeds the original assessed value is the amount for purposes of tax increment financing that a portion will be captured and used for retiring redevelopment bonds. Only a portion of the current assessed value is authorized to be utilized for the redevelopment project, the remainder of the taxes will be settled to the various County tax levy funds.

These incentives have served many purposes, including but not limited to: the amount of dollars through infrastructure improvements, the overall number of new businesses and industries that have located or relocated to DeSoto County, the number of jobs that have been and continue to be created in DeSoto County which in turn allows us to boast one of the lowest unemployment rates throughout the nation, and most importantly an excellent quality of life for all citizens throughout the County while maintaining a low tax bill with no increase in taxes for over 15 years.

The charts below identifies the total tax abatements issued during fiscal year 2019 and details of specific abatements determined as significant to the County:

Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year	Company Reported Capital in Investment	Employees Retained or New	Estimated Overall Payroll
Personal/Real Tax Exemptions	\$ 5,216,068	\$ 910,482,668	8,568	\$ 286,019,805
Fee in Lieu	\$ 3,531,906	\$ 75,278,087	475	\$ 10,500,000
Tax Increment Financing	\$ 10,420	\$ 5,800,000	30	\$ 250,000

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 15 TAX ABATEMENTS (CONTINUED)

Tax Abatement: Schedule of Personal and Property Tax Exemptions

<u>Company Name</u>	<u>Abatement Effect on Tax Revenue</u>			<u>Abatement Criteria</u>	<u>County Code Section</u>	<u>Abatement Value Based On</u>
	<u>Personal</u>	<u>Real</u>	<u>Total</u>			
Amerisourcebergen Drug Corporation	\$ 158,656	\$ 60,293	\$ 218,949	Distribution	New	Approved Value
Kaz USA, Inc.	7,314	143,424	150,738	Distribution	New	Approved Value
Sephora USA, Inc.	48,177	94,514	142,691	Distribution	New	Approved Value
Synnex Corporation	28,576	97,936	126,512	Distribution	New	Approved Value
Milwaukee Electric Tool	1,774	115,945	117,719	Distribution	Expanded	Approved Value
Prologis	-	100,851	100,851	Distribution	New	Approved Value
Intuitive Surgical Inc.	9,058	89,270	98,328	Manufacturing/ Distribution	New	Approved Value
Genco-Nortex Security and Control	-	95,514	95,514	Distribution	New	Approved Value
Syncreon technology (America)	4,617	88,186	92,803	Distribution	New	Approved Value
Remainder (*)	-	-	4,071,963			
Total Tax Abatements: Reduction of Personal and Property Taxes	<u>\$ 557,616</u>	<u>\$ 1,832,493</u>	<u>\$ 5,216,068</u>			

Notes to the Schedule:

1. Type of Abatement: Personal and Property Tax Exemptions

2. County Code Section: 27-31-105 (expanded), 27-31-101 (new)

(*) the County did not list all abatements issued during the fiscal year to the volume. Contact the County for a full listing of abatements issued during fiscal year 2019.

Tax Abatement: Schedule of Fee In Lieu of Taxes Personal and Property Taxes

<u>Company Name</u>	<u>Abatement Effect on Tax Revenue</u>			<u>Abatement Criteria</u>	<u>Abatement Value Based On</u>
	<u>Personal</u>	<u>Real</u>	<u>Total</u>		
View, Inc.	\$ 353,677	\$ 108,871	\$ 462,548	Minimum Capital Investment	Not less than 1/3 of the assessed value
View, Inc.	197,790	-	197,790		
McKesson Corporation	128,133	166,192	294,325		
Teleflex Medical Inc.	17,184	156,852	174,036		
Remainder (*)	-	-	2,403,207		
Total Tax Abatements: Fee In Lieu of Personal and Property Taxes	<u>\$ 696,784</u>	<u>\$ 431,915</u>	<u>\$ 3,531,906</u>		

Notes to the Schedule:

1. Type of Abatement: Fee In Lieu of Taxes Personal and Property Taxes

2. County Code Section: 27-31-104

(*) the County did not list all abatements issued during the fiscal year to the volume. Contact the County for a full listing of abatements issued during fiscal year 2019.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 15 TAX ABATEMENTS (CONTINUED)

Tax Abatement: Schedule of Tax Increment Financing

<u>Company Name</u>	<u>Abatement Effect on Tax Revenue</u>	<u>Abatement Criteria</u>	<u>Abatement Value Based On</u>
Hampton Inn	\$ 10,420	Improved Amounts	The difference between the original and improved

Notes to the Schedule:

1. Type of Abatement: Tax Increment Financing
2. County Code Section: 21-45-1

NOTE 16 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 DeSoto County evaluated the activity of the County through May 13, 2021.

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

During the period from January 1, 2020 through July 31, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended September 30, 2019 as these events occurred subsequent to year end and are still developing.

DeSoto County refunded Series 2009 General Obligation Refunding Bonds on behalf of the Convention and Visitors Bureau. The bonds refunding was for \$15,335,000 with an interest rate of 2.5% - 5.0%. The Series 2019 Bonds were issued under the Act for the purpose of (a) currently refunding and defeasing a portion of County's outstanding \$37,205,000 (original principal amount) General Obligation Refunding Bonds, Series 2009B, dated December 14, 2009, and (b) paying the costs incident to the sale and issuance of the Series 2019 Bonds, as authorized by the Act. The Convention and Visitors Bureau is primarily responsible for repaying the debt. The bonds proceeds were issued October 31, 2019, after fiscal year 2019.

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS**

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Emergency Communications District of DeSoto County, Mississippi (the District) was created April 6, 1988 in accordance with Section 19-5-301 Miss. Code Ann. (1972), as amended. The District operates under a County of Commissioners appointed by the County of Supervisors of DeSoto County, Mississippi (the County) and provides emergency communications referred to as "911". The personnel of the District are employed by DeSoto County. All costs associated with the personnel salaries and benefits are reimbursed to the County.

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, establishes standards for defining and reporting on state and local government financial reporting entities and reporting participation in joint ventures. It defines the governmental financial reporting entity as the primary government, organizations for which the primary government is "financially accountable", and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists when a primary government has appointed a voting majority of the governing body of a legally separate organization and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment to GASB Statement No. 14* provides additional guidance in determining if the entity should be a component unit based on the nature and significance of their relationship to the primary government.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34* provides additional criteria to consider if an entity should be reported as a component unit. A financial benefit or burden relationship needs to exist between the primary government and the entity.

Based on these criteria, the District is a component unit of DeSoto County, Mississippi. There are no component units that should be included in the District's reporting entity. The District is a legally separate entity; therefore, it is considered a special-purpose government.

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, states that for special-purpose governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined. The District's business-type activities statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

Government-Wide Financial Statements

The statement of net position and the statement of revenues, expenses and changes in net position and the statement of cash flows report information on all activities of the District.

The statement of net position presents the District's assets and liabilities, with the difference reported as net position. Net position for the District is reported as unrestricted net position, which often has constraints on resources imposed by management which can be removed or modified.

The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific activity. Activity revenues include charges to customers or applicants who directly benefit from the services provided by the District.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

The Districts financial statements are reported 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 assets used, regardless of when the related cash flows take place. Revenues and expenses are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with the District's primary operations. All other revenues and expenses are reported as nonoperating.

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements on the accrual basis of accounting, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand and demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Capital Assets

As a component unit of DeSoto County, Mississippi, all capital assets purchased by the District are the property of DeSoto County. The County reports capital assets in its financial records.

Compensated Absences

As a component unit of DeSoto County, Mississippi, all employees of the District are considered employees of DeSoto County. The County reports unpaid vacation leave as compensated absences in its financial records.

Long-Term Liabilities

Long-term liabilities are the unmatured 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 long-term debt and other long-term obligations are reported as liabilities in the 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.

Budgetary Comparison

A budgetary comparison schedule is not presented since the budget is not required to be legally adopted by the district.

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is classified as follows:

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 improvements 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.”

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the District’s general policy to use restricted resources first.

NOTE 2 CASH AND CASH EQUIVALENTS

The carrying amount of the District’s total deposits with financial institutions at September 30, 2019 was \$3,825,483 and the bank balance was \$3,830,447. 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 District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3 ACCOUNTS RECEIVABLE

The District has accounts receivable in the amount of \$347,849 which consists of telephone service charges to multiple telephone service providers in the DeSoto County area. These receivables are generally collected with 60 to 90 days of the month for which the service is provided.

NOTE 4 PREPAID EXPENSES

The District has prepaid expenses in the amount of \$497,230. These prepaid expenses are amounts paid in advance for the annual service contract's pertaining to the District's Emergency communications equipment.

NOTE 5 LONG-TERM LIABILITY

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

Component Units	Beginning of Year	Increases	Decreases	End of Year	Due Within One Year
Bonds Payable	\$ 5,440,000	\$ -	\$ 375,000	\$ 5,065,000	\$ 390,000
Unamortized Premiums	91,520		7,627	83,893	7,626
Total	<u>\$ 5,531,520</u>	<u>\$ -</u>	<u>\$ 382,627</u>	<u>\$ 5,148,893</u>	<u>\$ 397,626</u>

Annual debt service requirements to maturity for the debt reported in the statement of net position are as follows:

<u>Year Ending September 30,</u>	Principal	Interest	Total
2020	\$ 390,000	\$ 140,488	\$ 530,488
2021	400,000	128,637	528,637
2022	415,000	116,413	531,413
2023	430,000	103,738	533,738
2024	445,000	92,281	537,281
2025-2029	2,445,000	268,038	2,713,038
2030	540,000	8,100	548,100
Total	<u>\$ 5,065,000</u>	<u>\$ 857,695</u>	<u>\$ 5,922,695</u>

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description. The District 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. Benefit provisions are established by state law 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.

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' County of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% 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, 2019, PERS members were required to contribute 9% of their annual covered salary, and the District is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.4%, increased from 15.75% on July 1, 2019. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

The District's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018, and 2017 were \$14,539, \$14,155, and \$13,876, respectively, equal to the required contributions for each year.

The corresponding proportionate share of the net pension liability for the District is accounted for with the primary government's (DeSoto County, Mississippi) financial statements.

**DESCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

It is the policy of the District to purchase commercial insurance for the risks of employee dishonesty and injuries to employees. The county provided commercial insurance coverage for the property and equipment. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year.

NOTE 8 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 the Emergency Communications District of DeSoto County evaluated the activity of the District through March 18, 2020, (the date the financial statements were available to be issued) and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATMENTS**

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The DeSoto County Convention and Visitors Bureau (the Bureau) was established on March 26, 1998. The Bureau operates under a County of Directors that is appointed by the DeSoto County, Mississippi County of Supervisors, and is designated to promote tourism in DeSoto County and surrounding areas.

The Bureau derives a portion of its revenues from a 2% tourism tax levied by DeSoto County, Mississippi. This revenue is to be expended by the Bureau for paying any start-up costs and operation costs and any indebtedness or lease payments or other obligations that may be incurred for acquisition, construction and maintenance for the purpose of promoting convention business and tourism.

The financial statements of the Bureau have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Financial Reporting Entity

GASB Statement No. 14, the financial reporting Entity establishes standards for defining and reporting on state and local government financial reporting entities and reporting participation in joint ventures. It defines the governmental financial reporting entity as the primary government, organizations for which the primary government is "financially accountable," and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability is the benchmark for determining which organizations are component units of a primary government. Financial accountability exists when a primary government has appointed a voting majority of the governing body of a legally separate organization and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Based on these criteria, the Bureau is a component unit of DeSoto County, Mississippi. There are no component units that should be included in the Bureau's reporting entity.

Encumbrance Accounting

The Bureau does not use the encumbrance method of accounting.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The Bureau's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Bureau. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Bureau.

Inventory

Food, drink and other concession stand items are included in inventory. Inventory is valued at cost. The cost is recorded as an expense as inventory items are consumed.

Prepaid Expenses

Prepaid balances are for payments made by the Bureau in the current year to provide services occurring in the subsequent fiscal year.

Capital Assets and Depreciation

General capital assets are those assets which are used for general governmental purposes. When purchased, such assets are recorded as expenditures in the general fund and capitalized (recorded and accounted for) as assets in the government-wide financial statements. Capital assets purchased for \$500 or more are capitalized at historical cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment Under Capital Lease	5 to 7 Years
Buildings	20 to 50 Years
Improvements/Infrastructure	5 to 50 Years
Equipment	2 to 15 Years
Furniture and fixtures	2 to 15 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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 are future pension related.

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

Deferred Amount on Refunding – For current refundings reported in the governmental activities is 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.

See Note 7 for further details.

Compensated Absences

Employees are granted vacation and sick leave benefits in accordance with administrative policy. Vacation days earned may be carried forward. In the event of termination, an employee is reimbursed for up to 30 days of accumulated vacation. The remainder may be applied toward the employees' retirement. Employees may also apply unused accumulated sick leave towards their retirement. 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.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Liabilities

Long-term liabilities are the unmatured 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 long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (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, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position is the difference between assets and liabilities. "Net investment in capital assets" are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as "restricted" when there are legal limitations that are imposed on their use by legislation or external restrictions by other governments, creditors or grantors. "Unrestricted" Net Position includes all other assets, not meeting the definition of "net investment in capital assets" or "restricted."

Use of Estimates

The Bureau uses estimates in preparing the financial statements in accordance with GAAP. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2 CASH AND CASH EQUIVALENTS

The Bureau's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The carrying amount of the Bureau's total deposits with financial institutions at September 30, 2019 was \$14,177,886 and the bank balance was \$14,223,778. 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.

Custodial credit risk is the risk that, in the event of a bank failure, the Bureau's deposits might not be recovered. The Bureau does not have a formal policy for custodial credit risk. As of September 30, 2019, the Bureau was not exposed to custodial credit risk.

NOTE 3 CONTRACT REVENUE

In December 2011, the Bureau entered into a five year agreement with Landers Auto Group, renaming the DeSoto Civic Center the "Landers Center", effective January 1, 2012. Landers Auto Group paid \$50,000 upon execution of the agreement, and paid \$50,000 every six months after the commencement date, for a total of \$500,000 over five years, with the option to renew for an additional five years. In 2016, Ritchey Management II, LLC (Landers Auto Group) exercised their option to extend the naming rights contract for another five years.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4 SUMMARY OF CHANGES IN CAPITAL ASSETS

Changes in capital assets for the year ended September 30, 2019 were as follows:

<u>Component Unit:</u>	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Nondepreciable:				
Land	\$ 6,328,825	\$ -	\$ -	\$ 6,328,825
Construction in Progress	-	-	-	-
Total Nondepreciable	6,328,825	-	-	6,328,825
Depreciable:				
Intangible	300,000	-	300,000	-
Buildings and Improvements	51,437,964	377,227	7,250	51,807,941
Machinery and Equipment	2,663,296	279,010	78,605	2,863,701
Furniture and Fixtures	195,281	-	3,026	192,255
Total Depreciable	54,596,541	656,237	388,881	54,863,897
Accumulated Depreciation:				
Intangible	5,000	-	5,000	-
Buildings and Improvements	16,974,407	1,367,567	6,201	18,335,773
Machinery and Equipment	1,729,772	338,343	78,363	1,989,752
Furniture and Fixtures	174,209	1,358	2,808	172,759
Total Accumulated Depreciation	18,883,388	1,707,268	92,372	20,498,284
Total Depreciable Capital Assets, Net	35,713,153	(1,051,031)	296,509	34,365,613
Total Capital Assets, Net	\$ 42,041,978	\$ (1,051,031)	\$ 296,509	\$ 40,694,438

NOTE 5 LONG-TERM DEBT

Changes in long-term debt for the year ended September 30, 2019 were as follows:

<u>Component Units</u>	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 23,220,000	\$ -	\$ 2,185,000	\$ 21,035,000	\$ 2,285,000
Unamortized Premiums	1,582,533	-	143,867	1,438,666	143,867
Capital Leases	1,201,521	-	937,015	264,506	33,053
Loans Payable	5,745,512	-	249,821	5,495,691	249,820
Compensated Absences	150,935	3,097	-	154,032	-
Net Pension Liability	3,837,559	713,660	-	4,551,219	-
Total	\$ 35,738,060	\$ 716,757	\$ 3,515,703	\$ 32,939,114	\$ 2,711,740

Bonds payable – DeSoto County consists of General Obligation Refunding Bonds, Series 2009B issued by DeSoto County, Mississippi, with a rate of 2.5% to 5.0%. The Bureau services these bonds via an interlocal agreement with DeSoto County.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Loans payable – DeSoto County. During October 2013, The Bureau and DeSoto County, Mississippi entered into an agreement for the Bureau to repay the loan of \$7,494,614 with 0% interest due or accruing. The terms of the agreement include monthly payments of \$20,818 beginning November 1, 2013 and one final payment of \$20,819 on October 1, 2043.

Prior Year Defeasance of Debt - In prior years, the Desoto County Convention and Visitors Bureau defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Bureau's financial statements. On June 30, 2019 \$2,960,000 of bonds outstanding are defeased. The defeased bonds were called on November 1, 2019.

Annual debt service requirements to maturity for the debt reported in the statement of net position are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,534,820	\$ 898,000	\$ 3,432,820
2021	2,649,820	781,250	3,431,070
2022	2,769,820	663,050	3,432,870
2023	2,889,820	543,500	3,433,320
2024	1,919,820	452,094	2,371,914
2025-2029	10,769,102	1,008,708	11,777,810
2030-2034	1,249,102	109,000	1,358,102
2035-2039	1,249,102	-	1,249,102
2040-2044	499,285	-	499,285
Total	<u>\$ 26,530,691</u>	<u>\$ 4,455,602</u>	<u>\$ 30,986,293</u>

Capital leases are comprised of leases for a score County, the tourism building and energy saving equipment. The future minimum capital lease payments and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>
2020	\$ 30,353
2021	30,354
2022	30,353
2023	30,353
2024	30,353
2025-2029	139,117
Total minimum least payments	<u>\$ 290,883</u>
Interest	<u>(26,377)</u>
Present Value of minium lease payments	<u>\$ 264,506</u>

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 CONTINGENCIES

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

NOTE 7 PENSION OBLIGATIONS

General Information about the Pension Plan

Plan Description. The Bureau 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 County 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 Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359- 3589 or 1-800-444-PERS.

Contributions. At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the Bureau is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% 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, 2019, 2018 and 2017 were \$282,452, \$230,562, and \$225,558, respectively, equal to the required contributions for 2019, 2018, and 2017. In 2019 and 2018, the employer's share of contributions was over funded \$5,288 and under funded by \$5,817, respectively.

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

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 PENSION OBLIGATIONS (CONTINUED)

Benefits Provided (continued)

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% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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

At September 30, 2019, the Bureau reported a liability of \$4,551,219 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Bureau's proportion of the net pension liability was based on the Bureau's employer contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2019, the Bureau's proportion was 0.0259%, which was an increase of 0.0028% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Bureau recognized pension expense of \$397,201. At September 30, 2019 the Bureau 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	\$ 6,497	\$ -
Changes in Assumptions	44,509	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	209,848	(31,341)
Changes in Proportionate Share of Contributions	269,208	73,352
Bureau's Contributions Subsequent to the Measurement Date	77,655	-
Total	<u>\$ 607,717</u>	<u>\$ 42,011</u>

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 PENSION OBLIGATIONS (CONTINUED)

General Information about the Pension Plan (Continued)

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

\$77,655 reported as deferred outflows of resources related to pensions resulting from Bureau contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount
2020	\$ 259,780	\$ (65,189)	\$ 194,591
2021	184,052	(1,122)	182,930
2022	86,230	3,521	89,751
2023	-	20,779	20,779
Total	<u>\$ 530,062</u>	<u>\$ (42,011)</u>	<u>\$ 488,051</u>

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary Increases	3.00% to 18.25%, Including Inflation
Investment Rate of Return	7.75%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study ending June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 PENSION OBLIGATIONS (CONTINUED)

General Information about the Pension Plan (Continued)

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

Actuarial Assumptions (Continued).

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22%	4.75%
Global Equity	12%	5.00%
Debt Securities	20%	1.50%
Real Estate	10%	4.00%
Private Equity	8%	6.25%
Cash Equivalents	1%	0.25%
Total	100 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%) through June 30, 2019. 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 Bureau's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Bureau's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Bureau'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%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Bureau's Proportionate Share of Net Pension Liability	\$ 5,982,736	\$ 4,551,219	\$ 3,369,631

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report, publicly available at www.pers.ms.gov.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 8 RISK MANAGEMENT

The Bureau is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Bureau carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 SUBSEQUENT EVENTS

The Bureau has evaluated subsequent events through, January 31, 2020, the date the financial statements were available to be issued. On August 1, 2019, the Bureau agreed to terms on the advanced refunding of General Obligation Refund Bonds. The bonds were sold on October 31, 2019 for \$16,106,000.

REQUIRED SUPPLEMENTARY INFORMATION

**DESOTO COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2019**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 42,890,700	\$ 42,939,590	46,078,906	\$ 3,139,316
Licenses, Commissions, and Other Revenue	2,929,300	3,049,908	3,512,296	462,388
Fines and Forfeitures	1,337,000	1,337,000	1,384,244	47,244
Intergovernmental Revenues	3,787,348	4,324,478	4,490,364	165,886
Charges for Services	1,269,000	1,290,450	1,658,481	368,031
Interest Income	400,000	400,000	1,074,732	674,732
Miscellaneous Revenues	913,000	1,088,570	1,382,280	293,710
Total Revenues	<u>53,526,348</u>	<u>54,429,996</u>	<u>59,581,303</u>	<u>5,151,307</u>
EXPENDITURES				
Current:				
General Government	17,741,343	18,151,396	17,976,652	174,744
Public Safety	26,562,479	26,663,512	26,394,164	269,348
Public Works	506,005	506,810	469,103	37,707
Health and Welfare	1,796,400	1,824,596	1,723,569	101,027
Culture and Recreation	1,395,000	1,395,000	1,395,000	-
Conservation of Natural Resources	348,407	348,407	294,904	53,503
Economic Development	373,855	382,755	365,297	17,458
Debt Service				-
Principal	24,794	24,794	24,794	-
Interest	5,560	5,560	5,560	-
Total Expenditures	<u>48,753,843</u>	<u>49,302,830</u>	<u>48,649,043</u>	<u>653,787</u>
Excess of Revenues Over (Under) Expenditures	4,772,505	5,127,166	10,932,260	5,805,094
OTHER FINANCING SOURCES (USES)				
Transfers In	33,674	526,033	1,358,052	832,019
Transfers Out	(44,806,209)	(45,653,199)	(14,541,669)	31,111,530
Total Other Financing Sources (Uses)	<u>(44,772,535)</u>	<u>(45,127,166)</u>	<u>(13,183,617)</u>	<u>31,943,549</u>
NET CHANGE IN FUND BALANCES	<u>(40,000,030)</u>	<u>(40,000,000)</u>	<u>(2,251,357)</u>	<u>37,748,643</u>
Fund Balances - Beginning of Year	<u>46,466,555</u>	<u>45,506,520</u>	<u>51,935,478</u>	<u>6,428,958</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,466,525</u>	<u>\$ 5,506,520</u>	<u>\$ 49,684,121</u>	<u>\$ 44,177,601</u>

See Accompanying Notes to Required Supplementary Information.

**DESOTO COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
ROAD MAINTENANCE FUND
YEAR ENDED SEPTEMBER 30, 2019**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 3,020,000	\$ 3,020,000	\$ 3,212,810	\$ 192,810
Road and Bridge Privilege Taxes	2,000,000	2,000,000	2,314,458	314,458
Licenses, Commissions, and Other Revenue	5,000	5,000	8,086	3,086
Intergovernmental Revenues	5,634,009	5,634,009	1,437,043	(4,196,966)
Charges for Services	10,000	10,000	1,300	(8,700)
Interest Income	250,000	250,000	247,457	(2,543)
Miscellaneous Revenues	428,372	439,527	213,962	(225,565)
Total Revenues	<u>11,347,381</u>	<u>11,358,536</u>	<u>7,435,116</u>	<u>(3,923,420)</u>
EXPENDITURES				
Public Works	<u>17,159,557</u>	<u>18,226,512</u>	<u>7,476,965</u>	<u>10,749,547</u>
Total Expenditures	<u>17,159,557</u>	<u>18,226,512</u>	<u>7,476,965</u>	<u>10,749,547</u>
Excess of Revenues Over (Under) Expenditures	(5,812,176)	(6,867,976)	(41,849)	6,826,127
OTHER FINANCING SOURCES (USES)				
Transfers In	-	90,000	70,825	(19,175)
Transfers Out	(7,287,679)	(6,231,879)	(94,519)	6,137,360
Other Financing Sources	-	9,855	-	(9,855)
Total Other Financing Sources (Uses)	<u>(7,287,679)</u>	<u>(6,132,024)</u>	<u>(23,694)</u>	<u>6,108,330</u>
NET CHANGE IN FUND BALANCES	(13,099,855)	(13,000,000)	(65,543)	12,934,457
Fund Balances - Beginning of Year	<u>5,674,674</u>	<u>5,674,674</u>	<u>13,701,652</u>	<u>8,026,978</u>
FUND BALANCES - END OF YEAR	<u>\$ (7,425,181)</u>	<u>\$ (7,325,326)</u>	<u>\$ 13,636,109</u>	<u>\$ 20,961,435</u>

See Accompanying Notes to Required Supplementary Information.

**DESOTO COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
BRIDGE AND CULVERT FUND
YEAR ENDED SEPTEMBER 30, 2019**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Postive (Negative)
REVENUES				
Property Taxes	\$ 6,790,000	\$ 6,790,000	7,147,357	\$ 357,357
Intergovernmental	1,500,000	1,500,000	-	(1,500,000)
Interest Income	350,000	350,000	488,574	138,574
Miscellaneous Revenues	500,000	500,000	48,246	(451,754)
Total Revenues	9,140,000	9,140,000	7,684,177	(1,455,823)
EXPENDITURES				
Public Works	54,243,759	55,474,253	7,693,805	47,780,448
Total Expenditures	54,243,759	55,474,253	7,693,805	47,780,448
Excess of Revenues Over (Under) Expenditures	(45,103,759)	(46,334,253)	(9,628)	46,324,625
OTHER FINANCING SOURCES (USES)				
Transfers In	5,105,000	5,605,000	5,605,000	-
Transfers Out	(4,501,241)	(3,643,448)	(127,299)	3,516,149
Other Financing Sources	22,000,000	-	-	-
Total Other Financing Sources (Uses)	22,603,759	1,961,552	5,477,701	3,516,149
NET CHANGE IN FUND BALANCES	(22,500,000)	(44,372,701)	5,468,073	49,840,774
Fund Balances - Beginning of Year	(7,942,387)	1,049,519	18,141,198	17,091,679
FUND BALANCES - END OF YEAR	<u>\$ (30,442,387)</u>	<u>\$ (43,323,182)</u>	<u>\$ 23,609,271</u>	<u>\$ 66,932,453</u>

See Accompanying Notes to Required Supplementary Information.

DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2019*	2018*	2017*	2016*	2015*	2014*
County's proportion of the net pension liability (asset)	0.435684%	0.426941%	0.426552%	0.388673%	0.388673%	0.394375%
County's proportionate share the net pension liability (asset)	76,645,412	71,012,973	70,907,420	69,179,485	60,081,181	47,869,904
County's covered payroll	28,588,547	27,267,103	27,363,530	24,705,549	24,213,403	24,033,175
County's proportionate share the net pension liability (asset) as a percentage of its covered payroll	268.10%	260.43%	259.13%	280.02%	248.13%	199.18%
Plan Fiduciary net position as a percentage of the Total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

**DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 FISCAL YEARS***

	2019*	2018*	2017*	2016*	2015*	2014*
Contractually required contribution	\$ 4,611,088	\$ 4,336,581	\$ 4,158,765	\$ 4,002,356	\$ 3,824,965	\$ 3,629,162
Contributions in relation to the						
Contractually required contribution	4,611,088	4,336,581	4,158,765	4,002,356	3,824,965	3,629,162
Contribution deficiency (excess)	-	-	-	-	-	-
County's covered payroll	\$ 27,267,103	\$ 27,533,828	\$ 26,404,842	\$ 25,411,784	\$ 24,285,492	\$ 23,042,298
Contributions as a percentage of covered payroll	16.91%	15.75%	15.75%	15.75%	15.75%	15.75%

Notes to Schedule:

Valuation date: June 30, 2018
measurement date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age
Inflation 2.75% general, 3.10% wage
Salary increases 3.00-18.25% including inflation
Investment rate of return 7.75%, net of pension plan investment expense, including inflation
Retirement age 45

The 2019 contributions as percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

See Accompanying Notes to Required Supplementary Information.

DESOTO COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

NOTE 1 BUDGETARY COMPARISON SCHEDULE

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 County of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the sheriff, the tax assessor and the 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 County 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.

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 budgetary comparison schedule – budget and actual (non-GAAP basis) is a part of required supplementary information.

Budget/GAAP Reconciliation

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

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP),

The following schedule reconciles the budgetary basis schedule to the GAAP basis financial statements for the general fund and each major special revenue fund.

	Governmental Fund Types		
	General Fund	Road Maintenance Fund	Bridge and Culvert Fund
Budget (Cash Basis)	\$ (2,251,357)	\$ (65,543)	\$ 5,468,073
Increase (Decrease)			
Net Adjustment for Revenue Accruals	3,910,119	430,327	99,452
Net Adjustment for Expenditure Accruals	755,595	355,826	(96,687)
GAAP Basis	<u>\$ 2,414,357</u>	<u>\$ 720,610</u>	<u>\$ 5,470,838</u>

**DESOTO COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

NOTE 2 PENSION SCHEDULES

Changes of Assumptions

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7% to 9%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for both healthy and disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

NOTE 2 PENSION SCHEDULES (CONTINUED)

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.

Changes in Benefit Provisions

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of 1% and a maximum rate of 5%.

**DESCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
REQUIRED SUPPLEMENTARY INFORMATION**

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS***

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Bureau's proportion of the net pension liability (asset)	0.026000%	0.023000%	0.022000%	0.020000%	0.019000%
Bureau's proportionate share the net pension liability (asset)	4,551,219	3,837,559	3,595,806	3,590,541	2,970,878
Bureau's covered payroll	1,684,910	1,473,347	1,387,660	1,285,881	1,220,717
Bureau's proportionate share the net pension liability (asset) as a percentage of its covered payroll	270.12%	260.47%	259.13%	279.23%	243.37%
Plan Fiduciary net position as a percentage of the Total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

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

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS***

	2019*	2018*	2017*	2016*	2015*
Contractually required contribution	\$ 277,164	\$ 236,379	\$ 225,558	\$ 212,360	\$ 192,617
Contributions in relation to the					
Contractually required contribution	282,452	230,562	225,558	212,228	192,593
Contribution deficiency (excess)	(5,288)	5,817	-	132	24
Bureau's covered payroll	\$ 1,713,021	\$ 1,500,822	\$ 1,432,120	\$ 1,348,300	\$ 1,222,965
Contributions as a percentage of covered payroll	16.49%	15.36%	15.75%	15.74%	15.75%

Notes to Schedule:

Valuation date: June 30, 2018
measurement date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age
Inflation 2.75% general, 3.10% wage
Salary increases 3.00-18.25% including inflation
Investment rate of return 7.75%, net of pension plan investment expense, including inflation
Retirement age 45

The 2019 contributions as percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

NOTE 1 PENSION SCHEDULES (CONTINUED)

Changes of Assumptions

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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- For males, 137% of male rates at all ages.
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The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7% to 9%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for both healthy and disabled lives.

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2016

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

NOTE 1 PENSION SCHEDULES (CONTINUED)

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.

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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.

Changes in Benefit Provisions

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of 1% and a maximum rate of 5%.

DESOTO COUNTY, MISSISSIPPI
SINGLE AUDIT REPORT
YEAR ENDED SEPTEMBER 30, 2019



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CONSULTING

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

Members of the Board of Supervisors
DeSoto County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of DeSoto County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 13, 2021. Our report includes a reference to other auditors who audited the financial statements of DeSoto County Convention and Visitor Bureau and the Emergency Communication District of DeSoto County, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 County'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.

Members of the Board of Supervisors
DeSoto County, Mississippi

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the of financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
May 13, 2021



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Supervisors
DeSoto County Mississippi

Report on Compliance for Major Federal Programs

We have audited DeSoto County, Mississippi (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended September 30, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 13, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Members of the Board of Supervisors
DeSoto County Mississippi

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
May 13, 2021

DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Direct Program				
Emergency Watershed Protection Program- Stabilization/Erosion:				
4 Sites - College @ Bethel, Jaybird, Rock Creek Dr 1 and 2	10.923	n/a	\$ 178,951	\$ -
3 Sites - Starlanding Rd, County Line Rd, Holly Springs Rd	10.923	n/a	45,479	-
Total U.S. Department of Agriculture			224,430	-
U.S. Department of Defense				
Passed through the US Department of the Army- Corps of Engineers:				
North DeSoto County, MS Flood Risk Management Feasibility Study	12.599	ER 1105-2-208	350,800	-
U.S. Department of Justice				
Passed through the Mississippi Department of Public Safety:				
Department of Justice - Edward Byrne Memorial Justice	16.738	17LB1171	3,113	-
Department of Justice - Edward Byrne Memorial Justice	16.738	17DC1171	32,731	-
Department of Justice - Edward Byrne Memorial Justice	16.738	18DC1171	43,198	-
Total U.S. Department of Justice			79,042	-
U.S. Department of Transportation				
Highway Safety Cluster:				
Passed through the Mississippi Department of Public Safety				
402 Occupant Protection - FY19	20.600	OP-2019-OP-11-71	16,029	-
405D Alcohol and Drug Impaired Driving FY19	20.616	M5X-2019-MD-11-71	161,155	-
Subtotal Highway Safety Cluster			177,184	-
Recreational Trails Program and Highway and Planning and Construction Cluster:				
Recreational Trails Program:				
Passed through the Mississippi Department of Wildlife, Fisheries and Parks:				
2019 Recreational Trails Program - Ingrams Mill Park Hiking Trail	20.219	19-RTP-320.1	2,368	-
Highway and Planning and Construction:				
Passed through the Mississippi Office of State Aid Road Construction				
Fogg Road Bridge Replacement	20.205	BR-0976(5)B	21,694	-
Passed through the Mississippi Department of Transportation:				
Starlanding Road Bridge Replacement	20.205	ERBR-STP-0906(4)B	42,464	-
Starlanding Rd East-Tulane-Gatwell	20.205	STP-0906-00(005)	86,594	-
Commerce Street/Della to Jaybird - MPO	20.205	STP-7886-00(003)	92,797	-
Overlay Hwy 304, Red Banks, Ryhalia	20.205	STP-1963-00(001)	60,405	-
Johnson Creek Greenway	20.205	GTP-0017-00(036)	043,330	-
Lewisburg Sidewalk - MDOT/LPA	20.205	STP-0017-00(044)	246	-
Subtotal for Recreational Trails Program Highway and Planning and Construction Cluster			1,149,898	-
National Infrastructure Investments:				
Holly Springs Road - Segment 1	20.933	FBLD-1920-00(007)	580,970	-
Total U.S. Department of Transportation			1,908,052	-
U.S. Department of Homeland Security				
Emergency Management Performance Grant	97.042	EMA-2019-EP-0005	178,359	-
State Homeland Security Program:				
State Homeland Security Program	97.067	M17HS017T	29,297	-
State Homeland Security Program	97.067	S16HS01/I	59,860	-
State Homeland Security Program	97.067	A10HS017T	2,338	-
State Homeland Security Program	97.067	17HS017T	201	-
State Homeland Security Program	97.067	S17HS017T	1,318	-
State Homeland Security Program	97.067	A17HS017T	63,302	-
State Homeland Security Program	97.067	18HS017T	35,804	-
State Homeland Security Program	97.067	A18HS017T	3,849	-
State Homeland Security Program	97.067	S10IIG017T	2,401	-
State Homeland Security Program	97.067	M18HS017T	8,507	-
Subtotal for State Homeland Security Program			206,967	-
Total U.S. Department of Homeland Security			385,326	-
U.S. Department of Health and Human Services				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	15SM062466A	574,900	574,900
Total U.S. Department of Health and Human Services			574,900	574,900
Total Expenditures of Federal Awards			\$ 3,530,558	\$ 574,900

See accompanying Notes to Schedule of Expenditures of Federal Awards.

DESOTO COUNTY, MISSISSIPPI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements/or Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, results of operations, changes in net position or cash flows of the County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COSTS

The County did not elect to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 4 SUBRECIPIENT

The amount of funds passed through to Region IV Community Mental Health District (the subrecipient) amounted to \$574,900. The County did not assign identifying numbers to the subrecipient.

**DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Section I – Summary of Auditors' Results

Financial Statements

1. Type auditors' report issued: Unmodified

2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no

 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no

 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

2. Type of auditor's report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? _____ yes X no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.104	Comprehensive Community Mental Health Service for Children with Serious Emotional Disturbances
97.067	Homeland Security Program
Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee	<u> X </u> yes <u> </u> no

**DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs – Major Federal Programs

None

