

GEORGE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2019

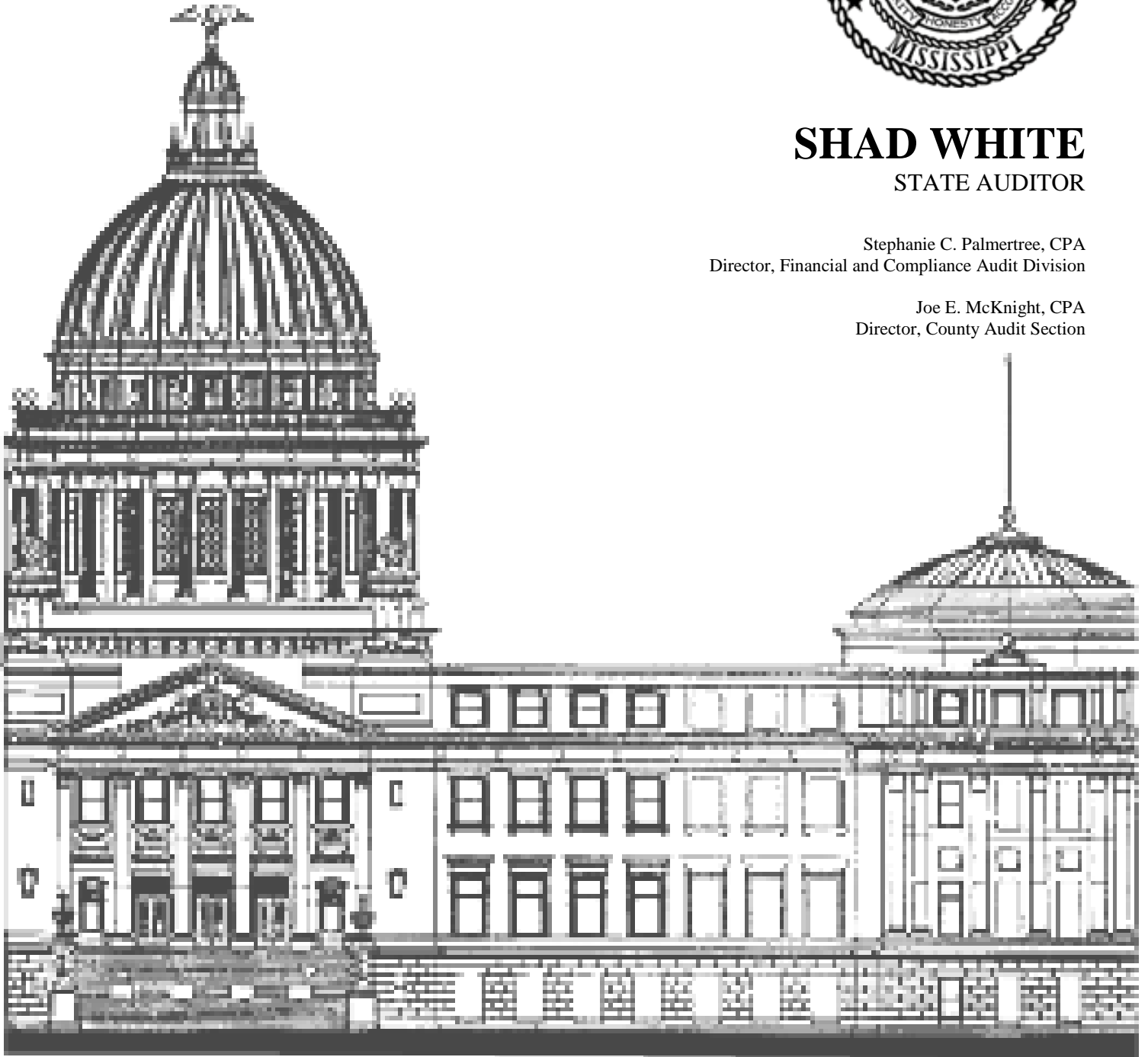


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

April 22, 2021

Members of the Board of Supervisors
George County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 financial and compliance audit report for George County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of George County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for George County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", enclosed within a large, loopy oval shape.

Shad White

GEORGE COUNTY
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GEORGE COUNTY

FINANCIAL SECTION

GEORGE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
George County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of George 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the George Regional Health System, a discretely presented component unit, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the George Regional Health System, a discretely presented component unit, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of George County, Mississippi, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2021 on our consideration of George County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 George County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering George County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with the first name "Joe" and last name "McKnight" clearly legible.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 22, 2021

GEORGE COUNTY

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GEORGE COUNTY

FINANCIAL STATEMENTS

GEORGE COUNTY

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GEORGE COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	George Regional Health System
ASSETS				
Cash	\$ 12,390,040		12,390,040	16,374,737
Restricted assets - cash		1,502,613	1,502,613	
Property tax receivable	10,199,850		10,199,850	
Accounts receivable (net of allowance for uncollectibles of \$744,852)	386,747		386,747	4,989,603
Fines receivable (net of allowance for uncollectibles of \$1,699,462)	642,200		642,200	
Loans receivable (net of allowance for uncollectibles of \$50,000)	19,280		19,280	
Capital leases receivable	153,125		153,125	
Intergovernmental receivables	188,593	297,304	485,897	
Other receivables	18,491		18,491	184,746
Inventories and prepaid items				1,685,022
Prepaid expenses				408,430
Certificates of deposit				2,695,894
Other assets				5,526,263
Capital assets:				
Land and construction in progress	2,021,909	87,674	2,109,583	581,642
Other capital assets, net	57,078,313	5,088,305	62,166,618	18,117,613
Total Assets	83,098,548	6,975,896	90,074,444	50,563,950
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	250,176	96,379	346,555	
Deferred amount on refunding		15,344	15,344	
Total Deferred Outflows of Resources	250,176	111,723	361,899	0
LIABILITIES				
Claims payable	77,901	38,687	116,588	
Current maturities of long-term obligations				764,220
Accounts payable, trade				1,115,482
Accrued salaries and wages				644,241
Accrued payroll taxes				139,862
Accrued employee benefits				663,294
Due to third-party payors				87,518
Other current liabilities				285,516
Long-term obligations, less current maturities				10,011,199
Intergovernmental payables	334,792		334,792	
Accrued interest payable	34,480	10,670	45,150	
Unearned revenue	24,923		24,923	
Other payables	93,538		93,538	
Long-term liabilities				
Net pension liability	8,603,994	3,270,588	11,874,582	
Due within one year:				
Capital debt	1,555,211	593,932	2,149,143	
Non-capital debt	28,938		28,938	
Due in more than one year:				
Capital debt	10,679,787	1,871,089	12,550,876	
Non-capital debt	131,993	83,318	215,311	
Total Liabilities	21,565,557	5,868,284	27,433,841	13,711,332

GEORGE COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1-Cont'd

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	George Regional Health System
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	458,386	162,006	620,392	
Deferred revenues - property taxes	10,199,850		10,199,850	
Total Deferred Inflows of Resources	10,658,236	162,006	10,820,242	0
NET POSITION				
Net investment in capital assets	46,865,224	2,726,302	49,591,526	7,923,836
Restricted for:				
Expendable:				
General government	253,993		253,993	
Public safety	2,595,656		2,595,656	
Public works	5,609,769		5,609,769	
Health and welfare	21		21	
Culture and recreation	187,925		187,925	
Economic development and assistance	269,629		269,629	
Unrestricted	(4,657,286)	(1,668,973)	(6,326,259)	28,928,782
Total Net Position	\$ 51,124,931	1,057,329	52,182,260	36,852,618

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

GEORGE COUNTY
Statement of Activities
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit George Regional Health System
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,209,115	737,835	28,981		(2,442,299)		(2,442,299)	
Public safety	2,704,586	356,023	137,345	73,345	(2,137,873)		(2,137,873)	
Public works	5,960,030	647,125	729,569	994,726	(3,588,610)		(3,588,610)	
Health and welfare	1,742,703		927,608	13,696	(801,399)		(801,399)	
Culture and recreation	26,289				(26,289)		(26,289)	
Conservation of natural resources	38,704				(38,704)		(38,704)	
Economic development and assistance	223,188				(223,188)		(223,188)	
Interest on long-term debt	371,446				(371,446)		(371,446)	
Pension expense	757,295				(757,295)		(757,295)	
Total Governmental Activities	<u>15,033,356</u>	<u>1,740,983</u>	<u>1,823,503</u>	<u>1,081,767</u>	<u>(10,387,103)</u>		<u>(10,387,103)</u>	
Business-type activities:								
Regional Jail Fund	3,281,142	3,225,151	55,900			(91)	(91)	
Total Business-type Activities	<u>3,281,142</u>	<u>3,225,151</u>	<u>55,900</u>	<u>0</u>		<u>(91)</u>	<u>(91)</u>	
Total Primary Government	<u>\$ 18,314,498</u>	<u>4,966,134</u>	<u>1,879,403</u>	<u>1,081,767</u>	<u>(10,387,103)</u>	<u>(91)</u>	<u>(10,387,194)</u>	
Component unit:								
George Regional Health System	\$ 49,352,391		50,945,167	763,515				2,356,291
Total Component Unit	<u>\$ 49,352,391</u>	<u>0</u>	<u>50,945,167</u>	<u>763,515</u>				<u>2,356,291</u>
General revenues:								
Property taxes					\$ 9,189,095		9,189,095	
Road & bridge privilege taxes					300,645		300,645	
Grants and contributions not restricted to specific programs					337,687		337,687	30,446
Unrestricted interest income					241,778	17,756	259,534	
Unrestricted investment income								454,704
Miscellaneous					599,686	27,229	626,915	
Transfers					(327,879)	327,879	0	
Total General Revenues and Transfers					<u>10,341,012</u>	<u>372,864</u>	<u>10,713,876</u>	<u>485,150</u>
Changes in Net Position					<u>(46,091)</u>	<u>372,773</u>	<u>326,682</u>	<u>2,841,441</u>
Net Position - Beginning, as previously reported					51,173,781	689,299	51,863,080	34,011,177
Prior period adjustment					(2,759)	(4,743)	(7,502)	
Net Position - Beginning, as restated					<u>51,171,022</u>	<u>684,556</u>	<u>51,855,578</u>	<u>34,011,177</u>
Net Position - Ending					<u>\$ 51,124,931</u>	<u>1,057,329</u>	<u>52,182,260</u>	<u>36,852,618</u>

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

GEORGE COUNTY
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds			
	General Fund	Garbage & Solid Waste Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,930,300	2,479,604	5,980,136	12,390,040
Property tax receivable	5,426,375	275,100	4,498,375	10,199,850
Accounts receivable (net of allowance for uncollectibles of \$744,852)		386,747		386,747
Fines receivable (net of allowance for uncollectibles of \$1,699,462)	642,200			642,200
Loans receivable (net of allowance for uncollectibles of \$50,000)			19,280	19,280
Capital leases receivable	153,125			153,125
Intergovernmental receivables	188,593			188,593
Other receivables	8,765		9,726	18,491
Due from other funds		4,688	100,264	104,952
Total Assets	\$ 10,349,358	3,146,139	10,607,781	24,103,278
LIABILITIES				
Liabilities:				
Claims payable	\$ 39,995	1,742	36,164	77,901
Intergovernmental payables	318,108			318,108
Due to other funds	121,636			121,636
Unearned revenue		24,923		24,923
Other payables	93,538			93,538
Total Liabilities	573,277	26,665	36,164	636,106
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	5,426,375	275,100	4,498,375	10,199,850
Unavailable revenue - accounts receivables		386,747		386,747
Unavailable revenue - capital leases receivable	153,125			153,125
Unavailable revenue - fines	642,200			642,200
Total Deferred Inflows of Resources	6,221,700	661,847	4,498,375	11,381,922
Fund balances:				
Restricted for:				
General government			253,993	253,993
Public safety			2,595,656	2,595,656
Public works		2,457,627	2,765,395	5,223,022
Health and welfare			21	21
Culture and recreation			187,925	187,925
Economic development and assistance			269,629	269,629
Debt service			623	623
Unassigned	3,554,381			3,554,381
Total Fund Balances	3,554,381	2,457,627	6,073,242	12,085,250
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,349,358	3,146,139	10,607,781	24,103,278

GEORGE COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 12,085,250
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$84,306,906.	59,100,222
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,028,947
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(12,395,929)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,603,994)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(34,480)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	153,125
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	250,176
Deferred inflows of resources related to pensions	<u>(458,386)</u>
Total Net Position - Governmental Activities	\$ <u><u>51,124,931</u></u>

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

GEORGE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

	Major Funds			
	General	Garbage &	Other	Total
	Fund	Solid Waste	Governmental	Governmental
	Fund	Fund	Funds	Funds
REVENUES				
Property taxes	\$ 4,822,897	251,731	4,114,467	9,189,095
Road and bridge privilege taxes			300,645	300,645
Licenses, commissions and other revenue	393,396		22,592	415,988
Fines and forfeitures	351,775		16,427	368,202
Intergovernmental revenues	1,371,746	2,952	1,868,259	3,242,957
Charges for services	281,247	635,215	8,584	925,046
Interest income	75,883	44,860	121,035	241,778
Miscellaneous revenues	190,192	5,683	211,120	406,995
Total Revenues	7,487,136	940,441	6,663,129	15,090,706
EXPENDITURES				
Current:				
General government	3,397,031		179,547	3,576,578
Public safety	2,322,939		577,614	2,900,553
Public works		800,959	6,544,137	7,345,096
Health and welfare	245,483		1,501,735	1,747,218
Culture and recreation	26,289			26,289
Conservation of natural resources	40,211			40,211
Economic development and assistance	83,632		145,171	228,803
Debt service:				
Principal	61,306		1,429,255	1,490,561
Interest	1,108		396,102	397,210
Total Expenditures	6,177,999	800,959	10,773,561	17,752,519
Excess of Revenues over (under) Expenditures	1,309,137	139,482	(4,110,432)	(2,661,813)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			1,541,400	1,541,400
Proceeds from sale of capital assets	31,500		895,534	927,034
Transfers in			1,416,897	1,416,897
Transfers out	(1,675,405)		(69,371)	(1,744,776)
Total Other Financing Sources and Uses	(1,643,905)	0	3,784,460	2,140,555
Net Changes in Fund Balances	(334,768)	139,482	(325,972)	(521,258)
Fund Balances - Beginning	3,889,149	2,318,145	6,399,214	12,606,508
Fund Balances - Ending	\$ 3,554,381	2,457,627	6,073,242	12,085,250

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

GEORGE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (521,258)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$2,953,793 exceeded depreciation of \$1,512,410 in the current period.	1,441,383
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$192,691 and the proceeds from the sale of \$927,034 in the current period.	(734,343)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	28,421
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	3,326
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$1,541,400 exceeds debt repayments of \$1,490,561.	(50,839)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	

GEORGE COUNTY

Exhibit 4-1-Cont'd

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

	<u>Amount</u>
The amount of increase in compensated absences liability	(15,211)
The amount of decrease in accrued interest payable	4,759
The amortization of bond premium	21,005
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(757,295)
Recording of contributions made during the year	<u>533,961</u>
Change in Net Position of Governmental Activities	\$ <u><u>(46,091)</u></u>

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

GEORGE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2019

Exhibit 5

	Business-type Activities - Enterprise Fund
	Regional Jail Fund
ASSETS	
Current assets:	
Restricted assets - cash	\$ 1,502,613
Intergovernmental receivables	297,304
Total Current Assets	1,799,917
Noncurrent assets:	
Capital assets:	
Land	87,674
Other capital assets, net	5,088,305
Total Noncurrent Assets	5,175,979
Total Assets	6,975,896
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	96,379
Deferred amount on refunding	15,344
Total Deferred Outflows of Resources	111,723
LIABILITIES	
Current liabilities:	
Claims payable	38,687
Accrued interest payable	10,670
Capital debt:	
Other long-term liabilities	593,932
Total Current Liabilities	643,289
Noncurrent liabilities:	
Net pension liability	3,270,588
Capital debt:	
Other long-term liabilities	1,871,089
Non-capital debt:	
Compensated absences payable	83,318
Total Noncurrent Liabilities	5,224,995
Total Liabilities	5,868,284
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	162,006
Total Deferred Inflows of Resources	162,006
NET POSITION	
Net investment in capital assets	2,726,302
Unrestricted	(1,668,973)
Total Net Position	\$ 1,057,329

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

GEORGE COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2019

	Business-type Activities - <u>Enterprise Fund</u>
	<u>Regional Jail Fund</u>
Operating Revenues	
Charges for services	\$ 3,225,151
Miscellaneous	27,229
Total Operating Revenues	<u>3,252,380</u>
Operating Expenses	
Personal services	1,572,028
Contractual services	572,372
Materials and supplies	545,893
Depreciation expense	164,981
Pension expense	254,488
Total Operating Expenses	<u>3,109,762</u>
Operating Income (Loss)	<u>142,618</u>
Nonoperating Revenues (Expenses)	
Interest income	17,756
Intergovernmental grants	55,900
Interest expense	(130,174)
Bond issue costs	(41,148)
Other income (expenses)	(58)
Net Nonoperating Revenue (Expenses)	<u>(97,724)</u>
Net Income (Loss) Before Transfers	44,894
Transfers in	<u>327,879</u>
Changes in Net Position	<u>372,773</u>
Net Position - Beginning, as previously reported	689,299
Prior period adjustment	(4,743)
Net Position - Beginning, as restated	<u>684,556</u>
Net Position - Ending	<u>\$ 1,057,329</u>

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

GEORGE COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities - Enterprise
	Regional Jail Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,144,171
Payments to suppliers	(1,087,243)
Payments to employees	(1,744,748)
Other operating cash receipts	27,229
Net Cash Provided (Used) by Operating Activities	339,409
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	55,900
Cash received from other funds:	
Operating transfers in	894,597
Cash paid to other funds:	
Operating transfers out	(566,718)
Net Cash Provided (Used) by Noncapital Financing Activities	383,779
Cash Flows From Capital and Related Financing Activities	
Proceeds of refunding bond	1,513,000
Proceeds of long-term debt	26,821
Acquisition and construction of capital assets	(8,000)
Principal paid on long-term debt	(2,021,916)
Interest paid on debt	(130,766)
Bond issue costs	(41,148)
Other income (expense)	(58)
Net Cash Provided (Used) by Capital and Related Financing Activities	(662,067)
Cash Flows From Investing Activities	
Interest on deposits	17,756
Net Cash Provided (Used) by Investing Activities	17,756
Net Increase (Decrease) in Cash and Cash Equivalents	78,877
Cash and Cash Equivalents at Beginning of Year	1,423,736
Cash and Cash Equivalents at End of Year	\$ 1,502,613
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 142,618
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	164,981
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(80,980)
Increase (decrease) in claims payable	31,022
Increase (decrease) in compensated absences liability	6,717
Increase (decrease) in pension liability, deferred outflows and deferred inflows, net	75,051
Total Adjustments	196,791
Net Cash Provided (Used) by Operating Activities	\$ 339,409

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

GEORGE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 348,650
Due from other funds	<u>16,684</u>
Total Assets	<u>\$ 365,334</u>
LIABILITIES	
Intergovernmental payables	\$ <u>365,334</u>
Total Liabilities	<u>\$ 365,334</u>

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

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

George County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require George County to present these financial statements on the primary government and its component unit which have significant operational or financial relationships with the County.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

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

B. Individual Component Unit Disclosures.

Blended Component Unit

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 unit's balances and transactions are blended with the balances and transactions of the primary government.

George County Public Improvement Corporation was incorporated as a nonprofit under Section 31-8-3, Miss. Code Ann. (1972), which allows Counties to enter into lease agreements with any corporation. The corporation's three-member board of directors is appointed by the Board of Supervisors. The corporation produces a financial benefit through its ability to finance the construction, acquisition, and renovation of capital facilities for the primary government and imposes a financial burden on the primary government by obligating funds to repay the debt pursuant to a lease agreement.

Discretely Presented Component Unit

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

The George Regional Health System (the "Hospital") consists of an acute care hospital and related outpatient facilities located in Lucedale, Mississippi. The Hospital operates in the form of a government authority governed by a Board of Trustees pursuant to Section 41-13-15 of the Mississippi Code of 1972, as amended, consisting of members from George County, and is a legally separate entity. Each member of the George County Board of Supervisors appoints one member to the Hospital's Board of Trustees. Complete financial statements for the George Regional Health System can be obtained from the Chief Financial Officer at Post Office Box 607, Lucedale, Mississippi 39452.

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. 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 and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

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

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

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

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

Garbage and Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

The County reports the following major Enterprise Fund:

Regional Jail Fund - This fund is used to account for monies from inmate housing agreement income with the Mississippi Department of Corrections for housing state prisoners.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure 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.

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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.

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Restricted Assets.

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first. Certain proceeds of the County's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue fund" is used to account for all revenues of the correctional facility and to provide payment for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of the trust agreement. The "depreciation and operating reserve" fund is used to pay the cost of major repairs and replacements to the correctional facility, the costs of which are such that they should be spread over a number of years rather than charged as current expense in a single year. The "general" account is used to accumulate funds to pay the principal and interest payments due on the County's enterprise fund revenue bond. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the County's operation that could adversely affect debt service payments. The "regional jail construction" fund is used to pay the costs of major repairs and replacements to the correctional facility as well as to pay operating and maintenance expense when other funds are insufficient to pay these expenses within established limitations.

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets 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.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. George County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements.

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

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 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.

K. Deferred Outflows/Inflows of Resources:

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

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

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

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

Deferred revenues – property taxes/unavailable revenue – property taxes - Deferred inflows of resources should be 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.

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

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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

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

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

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

M. 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 and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Equity Classifications.

Government-wide Financial Statements:

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

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

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

Government fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the County:

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

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

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

O. Property Tax Revenues:

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

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

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in capital assets, net	\$ (2,759)

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

Explanation	Amount
To correct prior year errors in capital assets, net	\$ (4,743)

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

Explanation	Amount
To correct prior year errors in capital assets, net	\$ (4,743)

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$14,241,303, and the bank balance was \$15,082,003. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution,

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Garbage and Solid Waste Fund	General Fund	\$ 4,688
Other Governmental Funds	General Fund	100,264
Agency Funds	General Fund	<u>16,684</u>
Total		<u>\$ 121,636</u>

The receivables represent the tax revenue collected in September, 2019, but not settled until October, 2019. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 1,347,526
Other Governmental Funds	Other Governmental Funds	69,371
Regional Jail Fund	General Fund	<u>327,879</u>
Total		<u>\$ 1,744,776</u>

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.

GEORGE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(5) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 160,346
Mississippi Department of Corrections - housing prisoners reimbursement	7,620
Emergency management performance grant reimbursement	20,627
Total Governmental Activities	\$ 188,593
Business-type Activities:	
Mississippi Department of Corrections - housing prisoners reimbursement	\$ 261,558
George County - housing prisoners reimbursement	31,438
City of Lucedale - housing prisoners reimbursement	2,730
Greene County - housing prisoners reimbursement	1,578
Total Business-type Activities	\$ 297,304

(6) Loans Receivable.

Loans receivable balances at September 30, 2019, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
George Regional Health System*	10/26/1992	0.00%	Unknown	\$ 50,000
Freight rail service loan	10/06/2003	1.00%	03/01/2020	19,280
Total				69,280
Less: Allowance for doubtful accounts				(50,000)
Total, Net of allowance for doubtful accounts				\$ 19,280

*The George Regional Health System loan receivable was determined to be uncollectible in fiscal year 1996.

(7) Restricted Assets.

The balances of the restricted asset accounts in the enterprise funds are as follows:

Revenue fund	\$ 0
General account	250,191
Debt service reserve fund	425,384
Debt service reserve fund II	136,434
Depreciating and operating reserve fund	406,849
Regional jail construction fund	283,755
Total restricted assets	\$ 1,502,613

GEORGE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(8) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,021,909				2,021,909
Total non-depreciable capital assets	2,021,909	0	0	0	2,021,909
<u>Depreciable capital assets:</u>					
Infrastructure	114,754,995	1,135,781			115,890,776
Buildings	10,151,077	216,030			10,367,107
Improvements other than buildings	134,280				134,280
Mobile equipment	12,464,098	512,062	351,653	244,509	12,869,016
Furniture and equipment	863,925	48,520			912,445
Leased property under capital leases	1,051,711	1,041,400	687,750	(193,766)	1,211,595
Total depreciable capital assets	139,420,086	2,953,793	1,039,403	50,743	141,385,219
<u>Less accumulated depreciation for:</u>					
Infrastructure	69,993,161	813,296			70,806,457
Buildings	1,848,630	73,369			1,921,999
Improvements other than buildings	52,058	5,374			57,432
Mobile equipment	10,165,003	480,284	181,250	86,261	10,550,298
Furniture and equipment	684,624	31,046			715,670
Leased property under capital leases	302,578	109,041	123,810	(32,759)	255,050
Total accumulated depreciation	83,046,054	1,512,410	305,060	53,502	84,306,906
Total depreciable capital assets, net	56,374,032	1,441,383	734,343	(2,759)	57,078,313
Governmental activities capital assets, net	\$ 58,395,941	1,441,383	734,343	(2,759)	59,100,222

*Adjustments are for the reclassification of paid-off capital leases to mobile equipment and to correct prior year errors in capital assets, net.

GEORGE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Business-type activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 87,674				87,674
Total non-depreciable capital assets	87,674	0	0	0	87,674
<u>Depreciable capital assets:</u>					
Buildings	7,415,772				7,415,772
Improvements other than buildings	130,000				130,000
Mobile equipment	78,649				78,649
Furniture and equipment	133,608	8,000			141,608
Total depreciable capital assets	7,758,029	8,000	0	0	7,766,029
<u>Less accumulated depreciation for:</u>					
Buildings	2,313,644	148,319			2,461,963
Improvements other than buildings	46,800	5,200			52,000
Mobile equipment	66,041			4,743	70,784
Furniture and equipment	81,515	11,462			92,977
Total accumulated depreciation	2,508,000	164,981	0	4,743	2,677,724
Total depreciable capital assets, net	5,250,029	(156,981)	0	(4,743)	5,088,305
Business-type activities capital assets, net	\$ 5,337,703	(156,981)	0	(4,743)	5,175,979

*Adjustments are to correct prior year errors in capital assets, net.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 91,985
Public safety	277,353
Public works	1,143,072
Total governmental activities depreciation expense	\$ 1,512,410
Business-type activities:	
Regional jail	\$ 164,981

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Component unit:

The George Regional Health System capital asset balances at September 30, 2019, are as follows:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>				
Land	\$ 488,858	32,576		521,434
Construction in progress	6,752,644	1,653,140	8,345,576	60,208
Total non-depreciable capital assets	7,241,502	1,685,716	8,345,576	581,642
<u>Depreciable capital assets:</u>				
Land improvements	166,810			166,810
Buildings	15,963,485	7,563,170	145,676	23,380,979
Fixed equipment	2,571,592	8,746	146,900	2,433,438
Major moveable equipment	17,063,021	1,376,696	1,085,763	17,353,954
Automotive equipment	106,872		27,998	78,874
Total depreciable capital assets	35,871,780	8,948,612	1,406,337	43,414,055
<u>Less accumulated depreciation for:</u>				
Land improvements	185,508	7,888		193,396
Buildings	7,567,954	438,569	65,173	7,941,350
Fixed equipment	2,045,319	138,378	159,065	2,024,632
Major moveable equipment	14,921,260	1,277,933	1,114,824	15,084,369
Automotive equipment	72,671	(9,528)	10,448	52,695
Total accumulated depreciation	24,792,712	1,853,240	1,349,510	25,296,442
Total depreciable capital assets, net	11,079,068	7,095,372	56,827	18,117,613
Component unit capital assets, net	\$ 18,320,570	8,781,088	8,402,403	18,699,255

(9) Claims and Judgments.

Risk Financing.

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

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(10) Capital Leases.

As Lessor:

On June 27, 2013, George County entered into a capital lease agreement with Enviva Pellets Cottondale, LLC for the lease of land used for the production of wood pellets. The capital lease stipulated that the lessee would pay approximately \$612,500 in advance and then \$12,760.42 per month in lease payments commencing August 31, 2016 for a term of four years. At the end of the lease term, the property will be transferred to Enviva Pellets Cottondale, LLC upon completion of the underlying debt.

The County leases the following property with varying terms and options as of September 30, 2019:

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ <u>1,225,000</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2019, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>
2020	\$ <u>153,125</u>

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>	<u>Governmental</u>
Mobile equipment	\$ 1,211,595
Less: Accumulate depreciation	<u>(255,050)</u>
Leased Property Under Capital Leases	\$ <u>956,545</u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 841,597	37,184
2021	182,482	7,007
2022	63,530	4,355
2023	66,046	1,838
2024	<u>11,261</u>	<u>54</u>
Total	\$ <u>1,164,916</u>	<u>50,438</u>

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each 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 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 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. This rate increased as of July 1, 2019 from 15.75%. 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 \$713,399, \$704,655 and \$706,905, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the County reported a liability of \$11,874,582 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 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. The County's proportionate share used to calculate the September 30, 2019 net pension liability was 0.067481 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.002719 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$1,011,783. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GEORGE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,305	
Net difference between projected and actual earnings on pension plan investments		157,591
Changes of assumptions	116,532	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	38,114	462,801
County contributions subsequent to the measurement date	184,604	
Total	\$ 346,555	620,392

\$184,604 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 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:

Year ending September 30	Amount
2020	\$ (88,029)
2021	(365,394)
2022	(59,227)
2023	54,209
Total	\$ (458,441)

Actuarial Assumptions. The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, 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 long-term expected rate of return on pension plan investments was determined using a lognormal 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

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current 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 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 15,609,549	11,874,582	8,791,702

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

GEORGE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Hospital Construction Bonds, Series 2017	\$ 2,875,000	1.75-2.50%	09/2032
Special Obligation Bonds, MDB, Series 2014A	7,175,000	3.00-5.00%	09/2034
Special Obligation Bonds, MDB, Series 2014B	<u>155,000</u>	1.75-2.65%	09/2020
Total General Obligation Bonds	<u>\$ 10,205,000</u>		
B. Capital Leases:			
District 1 - Caterpillar motorgrader	\$ 10,576	3.19%	01/2020
District 1 - Savage Mower	130,364	3.89%	11/2023
District 1 - (3) John Deere tractors	239,400	3.39%	12/2019
District 2 - Savage Mower	130,364	3.89%	11/2023
District 2 - (2) John Deere tractors	167,200	3.39%	12/2019
District 3 - 2017 International 7500 truck	30,109	2.05%	01/2021
District 3 - (2) John Deere tractors	159,600	3.39%	12/2019
District 4 - Caterpillar 140 motor grader	9,980	1.94%	01/2020
District 4 - Caterpillar 938M wheel loader	120,123	2.21%	10/2020
District 4 - (2) John Deere tractors	<u>167,200</u>	3.39%	12/2019
Total Capital Leases	<u>\$ 1,164,916</u>		
C. Other Loans:			
Freight Rail Service Revolving MDA loan	\$ 31,677	1.00%	03/2020
Singing River Loan #3	50,000	2.00%	10/2019
Negotiable Note Series 2019	<u>500,000</u>	3.84%	12/2023
Total Other Loans	<u>\$ 581,677</u>		
Business-type Activities:			
A. General Obligation Bonds:			
General Obligation Refunding Bond, Series 2019	<u>\$ 1,513,000</u>	4.00-4.50%	09/2028
B. Limited Obligation Bonds:			
Urban Renewal Revenue Refunding Bond, Series 2011	<u>\$ 925,000</u>	2.00%	04/2021
C. Equipment Notes:			
Regional Jail Equipment Upgrade	<u>\$ 24,905</u>	10.00%	03/2024

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$4,065,000 in limited obligation urban renewal revenue bonds issued on March 24, 2011. Proceeds from the bonds provided financing for the construction of the George County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through First National Bank of Clarksdale. Annual principal and interest payments on the bonds are expected to require less than 16.25% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$963,916. Principal and interest paid for the current year and total inmate housing net revenues were \$492,631 and \$3,225,151, respectively.

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	\$ 550,000	349,061	171,547	24,476
2021	565,000	332,978	98,904	15,644
2022	590,000	310,463	99,858	11,951
2023	615,000	290,663	103,693	8,117
2024	635,000	269,863	107,675	4,135
2025 - 2029	3,530,000	1,039,069		
2030 - 2034	3,720,000	363,750		
Total	\$ 10,205,000	2,955,847	581,677	64,323

Business-type Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 122,400	17,784	465,000	29,141
2021	136,300	41,440	460,000	9,775
2022	140,000	37,378		
2023	143,700	33,206		
2024	147,000	28,924		
2025 - 2029	823,600	75,156		
Total	\$ 1,513,000	233,888	925,000	38,916

Year Ending September 30	Equipment Notes	
	Principal	Interest
2020	\$ 4,612	2,284
2021	5,095	1,801
2022	5,629	1,267
2023	6,219	677
2024	3,350	98
Total	\$ 24,905	6,127

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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 6.39% percentage of the latest property assessments.

Current Refunding - On July 9, 2019, the County issued \$1,513,000 in general obligation refunding bonds with an average interest rate of 2.98% to refund \$1,465,000 of the following outstanding bond issues:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
General Obligation Bond, Series 2008	4.46%	\$ 1,465,000

The County refunded the above bonds to reduce its total debt service payments over the next 10 years by almost \$61,935 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$70,553.

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

	<u>Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2019</u>	<u>Amount due within one year</u>
Governmental Activities:					
Compensated absences	\$ 114,043	15,211		129,254	
General obligation bonds	10,730,000		525,000	10,205,000	550,000
Add:					
Premiums	336,087		21,005	315,082	21,005
Capital leases	1,011,409	1,041,400	887,893	1,164,916	841,597
Other loans	159,345	500,000	77,668	581,677	171,547
Total	<u>\$ 12,350,884</u>	<u>1,556,611</u>	<u>1,511,566</u>	<u>12,395,929</u>	<u>1,584,149</u>

	<u>Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2019</u>	<u>Amount due within one year</u>
Business-type Activities:					
Compensated absences	\$ 76,601	6,717		83,318	
General obligation bonds	1,575,000	1,513,000	1,575,000	1,513,000	122,400
Limited obligation bonds	1,370,000		445,000	925,000	465,000
Add:					
Premiums	4,036		1,920	2,116	1,920
Equipment notes		26,821	1,916	24,905	4,612
Total	<u>\$ 3,025,637</u>	<u>1,546,538</u>	<u>2,023,836</u>	<u>2,548,339</u>	<u>593,932</u>

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road Construction & Maintenance Fund, Solid Waste Fund, and for business-type activities, the Regional Jail Fund.

(13) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable 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.

The County has been named as defendant in a lawsuit seeking damages (lost profits) for a hurricane debris removal and disposal contract to a higher bidder on the grounds that the lowest bidder did not have a Certificate of Responsibility number issued by the Mississippi Board of Contractors (MBOC). In the event of an unfavorable outcome, the County could be responsible for any amounts already paid to the current contractor, as well as, any lost profits to the lowest bidder on the project.

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$4,657,286) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$138,171 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$112,005 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$458,386 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years.

The business-type activities' unrestricted net position amount of (\$1,668,973) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$46,433 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$49,946 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$162,006 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years.

The business-type activities' net investment in capital asset net position of \$2,726,302 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of county debt. The \$15,344 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets over the next year.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Region 14 Singing River Mental Health/Mental Retardation Center operates in a district composed of the Counties of George and Jackson. The George County Board of Supervisors appoints one of the two members of the board of commissioners. The County appropriated \$53,000 for support of the center in fiscal year 2019.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington,

GEORGE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The George County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$18,000 for support of the district in fiscal year 2019.

Mississippi Gulf Coast Community College operates in a district composed of the Counties of George, Harrison, Jackson and Stone. The college's board of trustees is composed of 23 members; three each appointed by George and Stone Counties, eight each appointed by Harrison and Jackson Counties, and one appointed at large. The County appropriated \$666,954 for maintenance and support of the college in fiscal year 2019.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15 member board of commissioners; one appointed by the Board of Supervisors of each of the member Counties and one appointed at large. The Counties generally provide no financial support to the organization.

Regional Railroad Authority of East Mississippi was created in September 2009, jointly, with George County, Clarke County, Greene County, Jackson County, Lauderdale County, and Wayne County to compliment and support the existing railroads presently operating in East Mississippi. Each County appoints five commissioners to the Board of Commissioners of the Authority. Additionally, each municipality in any of these Counties through which a railroad runs shall appoint one commissioner. The Counties generally provide no financial support to the organization.

(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 George County evaluated the activity of the County through @date, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2019, the County issued the following debt obligations:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
11/14/2019	3.19%	\$	243,300	Capital lease	Ad valorem taxes
11/14/2019	3.19%		169,800	Capital lease	Ad valorem taxes
11/14/2019	3.19%		162,200	Capital lease	Ad valorem taxes
11/14/2019	3.19%		169,800	Capital lease	Ad valorem taxes
12/03/2019	3.34%		139,080	Capital lease	Ad valorem taxes
10/07/2020	2.29%		123,700	Capital lease	Ad valorem taxes
10/07/2020	2.29%		130,300	Capital lease	Ad valorem taxes
10/07/2020	2.29%		123,700	Capital lease	Ad valorem taxes
10/07/2020	2.29%		130,300	Capital lease	Ad valorem taxes

GEORGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GEORGE COUNTY

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GEORGE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,684,950	4,808,055	4,808,055	
Licenses, commissions and other revenue	356,400	388,076	388,076	
Fines and forfeitures	413,200	357,442	357,442	
Intergovernmental revenues	416,050	1,377,586	1,377,586	
Charges for services	255,000	282,047	282,047	
Interest income	15,700	67,975	67,975	
Miscellaneous revenues	60,000	93,996	93,996	
Total Revenues	<u>6,201,300</u>	<u>7,375,177</u>	<u>7,375,177</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	5,624,175	4,576,815	4,576,815	
Public safety	2,421,750	2,320,274	2,320,274	
Health and welfare	247,500	245,983	245,983	
Culture and recreation	36,000	37,246	37,246	
Conservation of natural resources	59,200	40,290	40,290	
Economic development and assistance	97,750	74,611	74,611	
Debt service:				
Principal		62,278	62,278	
Interest		135	135	
Total Expenditures	<u>8,486,375</u>	<u>7,357,632</u>	<u>7,357,632</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(2,285,075)</u>	<u>17,545</u>	<u>17,545</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		31,500	31,500	
Compensation for loss of capital assets		9,688	9,688	
Transfers in		17,538	17,538	
Transfers out	(279,075)	(473,006)	(473,006)	
Other financing sources	30,000	58,726	0	(58,726)
Total Other Financing Sources and Uses	<u>(249,075)</u>	<u>(355,554)</u>	<u>(414,280)</u>	<u>(58,726)</u>
Net Change in Fund Balance	(2,534,150)	(338,009)	(396,735)	(58,726)
Fund Balances - Beginning	<u>2,534,150</u>	<u>3,371,421</u>	<u>3,371,421</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>3,033,412</u>	<u>2,974,686</u>	<u>(58,726)</u>

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

GEORGE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Garbage & Solid Waste Fund
 For the Year Ended September 30, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 244,700	255,163	255,163	
Intergovernmental revenues	3,100	2,953	2,953	
Charges for services	600,000	630,000	630,000	
Interest income	10,000	44,862	44,862	
Miscellaneous revenues	600	128	128	
Total Revenues	<u>858,400</u>	<u>933,106</u>	<u>933,106</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	<u>2,847,700</u>	<u>803,422</u>	<u>803,422</u>	
Total Expenditures	<u>2,847,700</u>	<u>803,422</u>	<u>803,422</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,989,300)</u>	<u>129,684</u>	<u>129,684</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		5,555	5,555	
Total Other Financing Sources and Uses	<u>0</u>	<u>5,555</u>	<u>5,555</u>	<u>0</u>
Net Change in Fund Balance	(1,989,300)	135,239	135,239	0
Fund Balances - Beginning	<u>1,989,300</u>	<u>2,302,809</u>	<u>2,302,809</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>2,438,048</u>	<u>2,438,048</u>	<u>0</u>

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

GEORGE COUNTY
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2019
 UNAUDITED

	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.067481%	0.070200%	0.071715%	0.069044%	0.070113%
County's proportionate share of the net pension liability (asset)	\$ 11,874,582	11,676,346	11,921,468	12,332,983	10,838,087
Covered payroll	\$ 4,394,862	4,483,447	4,600,590	4,416,895	4,385,485
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.19%	260.43%	259.13%	279.22%	247.14%
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 twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

GEORGE COUNTY
 Schedule of County Contributions
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2019
 UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 713,399	704,655	706,905	692,493	690,714
Contributions in relation to the contractually required contribution	<u>713,399</u>	<u>704,655</u>	<u>706,905</u>	<u>692,493</u>	<u>690,714</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 4,417,331	4,474,000	4,488,288	4,396,782	4,385,485
Contributions as a percentage of covered payroll	16.15% **	15.75%	15.75%	15.75%	15.75%

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

** The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%.

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

GEORGE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019 UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	Garbage & Solid Waste Fund
Budget (Cash Basis)	\$ (396,735)	135,239
Increase (Decrease)		
Net adjustments for revenue accruals	84,733	1,780
Net adjustments for expenditure accruals	(22,766)	2,463
GAAP Basis	<u>\$ (334,768)</u>	<u>139,482</u>

GEORGE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019 UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

2017

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

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

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 the 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%.

GEORGE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019 UNAUDITED

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%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

GEORGE COUNTY

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GEORGE COUNTY

SUPPLEMENTARY INFORMATION

GEORGE COUNTY

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GEORGE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2019

Operating Expenditures, Cash Basis:

Salaries	\$	356,461
Expendable Commodities:		
Gasoline and petroleum products		80,638
Repair parts		72,912
Office, field and shop supplies		14,800
Tires		31,435
Food for prisoners		11,088
Professional fees, legal advertising and other fees		229,354
Telephone and utilities		4,009
Postage and box rent		<u>2,725</u>
Solid Waste Cash Basis Operating Expenditures		803,422
Full Cost Expenses:		
Indirect administrative costs		11,538
Depreciation on equipment		<u>92,648</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>907,608</u></u>

GEORGE COUNTY

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GEORGE COUNTY

OTHER INFORMATION

GEORGE COUNTY

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GEORGE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
William H. Cochran	Supervisor District 1	Western Surety Company	\$100,000
Larry A. Havard	Supervisor District 2	Western Surety Company	\$100,000
Larry D. McDonald	Supervisor District 3	Western Surety Company	\$100,000
Kelly Wayne Wright	Supervisor District 4	Western Surety Company	\$100,000
Fred Allen Croom	Supervisor District 5	Western Surety Company	\$100,000
Cammie Byrd	Chancery Clerk	Western Surety Company	\$100,000
Connie Shockley	Purchase Clerk	Western Surety Company	\$75,000
Linda B. Fallon	Assistant Purchase Clerk	Western Surety Company	\$50,000
Angela Ludgood	Receiving Clerk	Western Surety Company	\$75,000
Rhonda Byrd	Assistant Receiving Clerk	Western Surety Company	\$50,000
Penny Anderson	Inventory Control Clerk	Western Surety Company	\$75,000
Stacy David Dungan	Constable	Western Surety Company	\$50,000
Glen Ecroyd	Constable	Western Surety Company	\$50,000
Chad Welford	Circuit Clerk	Western Surety Company	\$100,000
Keith Havard	Sheriff	Western Surety Company	\$100,000
Jessie Underwood	Justice Court Judge	Western Surety Company	\$50,000
Edward Bullock	Justice Court Judge	Western Surety Company	\$50,000
Sandra W. Tanner	Justice Court Clerk	Western Surety Company	\$50,000
Loretta Norton	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Deborah Gilbert	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Carrina Murrah	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Vincent Edward Carlisle	Tax Assessor-Collector	Western Surety Company	\$100,000
Bambi Lynn Clark	Deputy Tax Collector	Western Surety Company	\$50,000
Corleen Nix	Deputy Tax Collector	Western Surety Company	\$50,000
Allison Senn	Deputy Tax Collector	Western Surety Company	\$50,000
Lena Jordan	Deputy Tax Collector	Western Surety Company	\$50,000
Lindsay Blackwood	Deputy Tax Collector	Western Surety Company	\$50,000
Kimberly D. Davis	Deputy Circuit Clerk	Western Surety Company	\$50,000
Regina Hodges	Deputy Circuit Clerk	Western Surety Company	\$50,000
Glynna Woodard	Deputy Circuit Clerk	Western Surety Company	\$50,000

GEORGE COUNTY

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GEORGE COUNTY

SPECIAL REPORTS

GEORGE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
George County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of George 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 April 22, 2021. Our report includes a reference to other auditors. Other auditors audited the financial statements of the George Regional Health System, as described in our report on George County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered George County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of George County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether George County, Mississippi'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2019-001.

We also noted a certain matter which we have reported to the management of George County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated April 22, 2021, included within this document.

George County's Responses to Findings

George County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. George County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 22, 2021



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
George County, Mississippi

We have examined George County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of George County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Inventory Control Clerk.

1. The Inventory Control Clerk should maintain an inventory control system.

Repeat Finding Yes

Criteria Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory control system. Adequate controls over capital assets require that certain data elements be captured in capital asset records for all capital assets. Required data elements include a description of assets, cost, locations, acquisition dates, disposition dates, method of disposition, and other relevant information.

The presence of these data elements in capital asset records help identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation.

Condition	As reported in the prior year's audit report, we noted that some assets were included in the inventory listing which were previously disposed of. Additionally, we noted some acquired assets that were not added to the inventory listing.
Cause	The Inventory Control Clerk lacks the necessary control procedures to accurately maintain an inventory control system and adequate subsidiary records, which caused the County to not be in compliance with state laws.
Effect	The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should implement control procedures to maintain accurate inventory records which document the existence, valuation, and completeness of capital assets.

**Views of Responsible
Official(s)**

Reports have been received from auditors to correct errors; management concurs with finding.

In our opinion, except for the noncompliance referred to in the preceding paragraph, George County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 22, 2021

GEORGE COUNTY

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2019

Schedule 1

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

GEORGE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2019

Schedule 2

Our tests did not identify any emergency purchases.

GEORGE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2019

Our tests did not identify any purchases made noncompetively from a sole source.

GEORGE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
George County, Mississippi

In planning and performing our audit of the financial statements of George County, Mississippi for the year ended September 30, 2019, we considered George County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to George County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 22, 2021, on the financial statements of George County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 22, 2021

GEORGE COUNTY

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GEORGE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

GEORGE COUNTY

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GEORGE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | None noted |
| 3. Noncompliance material to the financial statements noted? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

Material Noncompliance

2019-001. County signed warrants without sufficient funds.

Repeat Finding No

Criteria Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

Condition Warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2019, the Regional Jail Fund had a negative cash balance of \$17,762.

Cause The Board of Supervisors lacked the necessary controls over cash and did not comply with state laws.

Effect Failure to have sufficient cash balances in County funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balances of other funds for purposes other than the intended purpose. These types of transactions could result in the Board of Supervisors being held personally liable for such amounts.

Recommendation The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

**Views of Responsible
Official(s)** Management concurs with this finding.

GEORGE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2019

Inventory Control Clerk.

Material Weakness

2019-002. The Inventory Control Clerk should maintain an inventory control system.

Repeat Finding Yes

Criteria An effective system of internal control over capital assets should include that certain data elements be captured in capital asset records for all capital assets. Required data elements include description of assets, cost, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish County assets from one another, thereby safeguarding county assets from loss or misappropriation.

Condition As reported in the prior year's audit report, we noted that some assets were included in the inventory listing which were previously disposed of. Additionally, we noted some acquired assets that were not added to the inventory listing.

Cause The Inventory Control Clerk lacks the necessary control procedures to accurately maintain an inventory control system and adequate subsidiary records.

Effect The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of loss or misappropriation of public funds.

Recommendation The Inventory Control Clerk should implement appropriate control procedures to maintain accurate inventory records which document the existence, valuation, and completeness of capital assets.

Views of Responsible Official(s) Reports have been received from auditors to correct errors; management concurs with finding.