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Harrison County, Mississippi

**Audited Financial Statements
And Special Reports**

For the Year Ended September 30, 2019



Harrison County, Mississippi
Table of Contents

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statement of Net Position	14
Statement of Activities	16
Balance Sheet – Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund balances of Governmental Funds to the Statement of Activities	20
Statement of Net Position – Proprietary Fund	21
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund	23
Statement of Fiduciary Obligations	24
Notes to the Financial Statements	25

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) General Fund	79
Notes to the Required Supplementary Information – Budgetary Schedules	80
Schedule of Changes in the County's Total OPEB Liability and Related Ratios	81
Schedule of County's Proportionate Share of the Net Pension Liability	82
Schedule of County Contributions	83
Notes to the Required Supplementary Information – Pension Schedules	84

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	86
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OTHER INFORMATION

Schedule of Surety Bonds for County Officials	89
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SPECIAL REPORTS

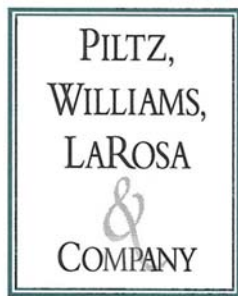
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	91
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	93
Limited Internal Control and Compliance Review Management Report	95

SCHEDULE OF FINDINGS AND QUESTIONED COSTS	97
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AUDITEE'S CORRECTIVE ACTION PLAN	99
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AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	100
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FINANCIAL SECTION



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Independent Auditors' Report

Members of the Board of Supervisors
Harrison County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component units (Harrison County Development Commission and Mississippi Coast Coliseum Commission); each major fund, and the aggregate remaining fund information of Harrison County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We audited the financial statements of Mississippi Coast Coliseum Commission and issued our report March 19, 2020, in which we issued unmodified opinions. Mississippi Coast Coliseum Commission represents 81 percent, 81 percent, and 72 percent, respectively, of the assets, net position, and revenues of the County's aggregate discretely presented component units. We did not audit the financial statements of Harrison County Development Commission which represent 19 percent, 19 percent, and 28 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 Harrison County Development Commission, 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.

Basis for Qualified Opinion on Governmental Activities and the General Fund

The County did not maintain an accurate aging of fines receivable of the Circuit Court. Due to the lack of an accurate aging of fines receivable, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported on the Statement of Net Position and the General Fund of \$7,631,618 as of September 30, 2019.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on the Governmental Activities and the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Harrison County, Mississippi and its discretely presented component units, as of September 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based upon 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 discretely presented component units, each major fund except for the General Fund, and the aggregate remaining fund information of Harrison 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 Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios 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.

Supplementary and Other Information

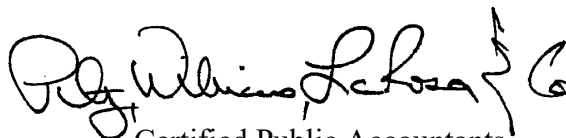
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards 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 December 4, 2020 on our consideration of Harrison 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 Harrison 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 Harrison County, Mississippi's internal control over financial reporting and compliance.



Certified Public Accountants

Biloxi, Mississippi
December 4, 2020

Management's Discussion and Analysis

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED**

INTRODUCTION

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

Harrison County is located on the Mississippi Gulf Coast. According to the United States Census Bureau, the estimated population of Harrison County as of July 1, 2019, is 208,080. The median household income for 2019 was \$45,566 with over 87.1% of persons 25 years or older holding a high school degree or higher.

FINANCIAL HIGHLIGHTS

Harrison County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to promote transparency, accountability, accurate financial reporting to its constituents, and to meet various compliance requirements of state and federal governments.

Harrison County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government ad valorem tax rate has increased an average of only less than 1 mil over the last five years. This does not include School tax increases.

Total net position decreased \$1,000,711. This decrease represents a 26% decrease from the prior fiscal year. The County's primary government's ending unrestricted cash balance increased by \$18,521,359 which represents an 23.8% increase from the prior fiscal year.

The County's primary government had \$117,709,605 in total revenues. Tax revenues, including property taxes, road & bridge taxes, taxes in lieu-federal government and gaming taxes account for \$75,173,947 or 63.9% of total revenues. State and federal revenues in the form of reimbursements, shared revenue, operating and capital grants, account for \$22,737,091 or 19.3% of total revenues. Charges for services performed by the County account for \$13,404,746 or 11.4% of total revenues, and interest combined with other miscellaneous revenues account for the remaining \$6,393,821 or 5.4% of total revenues.

The County had \$118,710,316 in total primary government expenses, which represents an increase of \$4,906,716 or 4.3% increase from the prior fiscal year. Expenses in the amount of \$28,679,843 were offset by grants and charges for services. General revenues of the primary government of \$89,029,762 were not adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$69,459,486 in revenues plus \$5,608,186 in other financing sources and uses, and \$68,539,720 in expenditures. The General Fund's fund balance increased \$6,527,952 over the prior year.

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED**

Capital assets of the primary government, net of accumulated depreciation, increased by \$594,828 due primarily to acquisition of capital assets of \$7,046,042, disposals of capital assets of \$169,707, and depreciation expense of \$6,281,507.

Long-term debt of the primary government increased by \$12,345,058 which includes payment of bonds, loans and leases in the amount of \$48,359,397, new debt issuance in the amount of \$55,780,000, an increase in compensated absences of \$208,275 and amortization of bond premiums and deferred amounts of refunding for a net amount of \$4,716,180.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

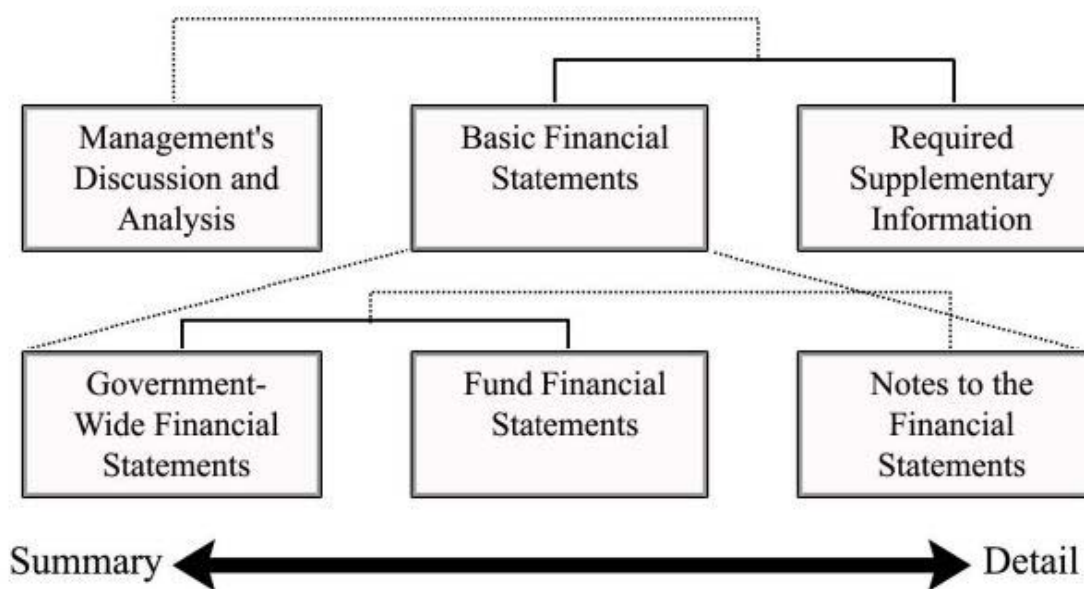


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED**

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

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

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private business	The County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary obligations
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED

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

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

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

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The blended component units which are included in the County's primary government are as follows:

- Harrison County Emergency Communications Commission

The County has the following discretely presented component units:

- Harrison County Development Commission
- The Mississippi Coast Coliseum Commission

This discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government.

The Government-wide Financial Statements can be found on pages 14-16 of this report.

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

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

Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 18 and 20 respectively.

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

The basic governmental funds financial statements can be found on pages 17 and 19, respectively.

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The County does not have enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Self-Insurance Fund and Tort Fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary funds financial statements can be found on pages 21-23 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Obligations, which can be found on page 24 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 25-78 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund. This required supplementary information starts on page 79 of this report.

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED**

Additionally, a schedule of expenditures of federal awards is required by the Uniform Guidance and can be found on pages 85-87 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of a government's financial position. In the case of Harrison County, the primary government's assets and deferred outflows exceeded liabilities and deferred inflows by \$2,837,868 as of September 30, 2019.

By far, the largest portion of the County's net position \$72,148,296 reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal year ended September 30, 2019.

Table 1

Harrison County, Mississippi
Condensed Statement of Net Position
September 30,

	Primary Government Governmental Activities	
	2019	2018
Assets		
Current assets	166,486,677	\$ 147,824,920
Restricted assets	699,349	627,465
Capital assets, net	155,316,125	154,721,297
Total assets	322,502,151	303,173,682
Deferred Outflow of Resources	34,141,138	24,306,549
Liabilities		
Current liabilities	22,982,036	18,540,088
Long-term debt outstanding	150,375,033	140,749,987
Other noncurrent liabilities	95,376,679	90,848,506
Total Liabilities	268,733,748	250,138,581
Deferred Inflow of Resources	85,071,673	73,503,071
Net Position		
Net investment in capital assets	72,148,296	85,270,908
Restricted	50,171,959	35,304,419
Unrestricted	(119,482,387)	(116,736,748)
Total Net Position	\$ 2,837,868	\$ 3,838,579

Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- The Board of Supervisors used conservative budgeting and strong fiscal management to avoid tax increases.
- A net increase in the amount of \$12,136,783 of long-term debt principal, excluding compensating absences.
- Capital assets increased by \$594,828 primarily from purchase of land and mobile equipment exceeding current year depreciation expense.

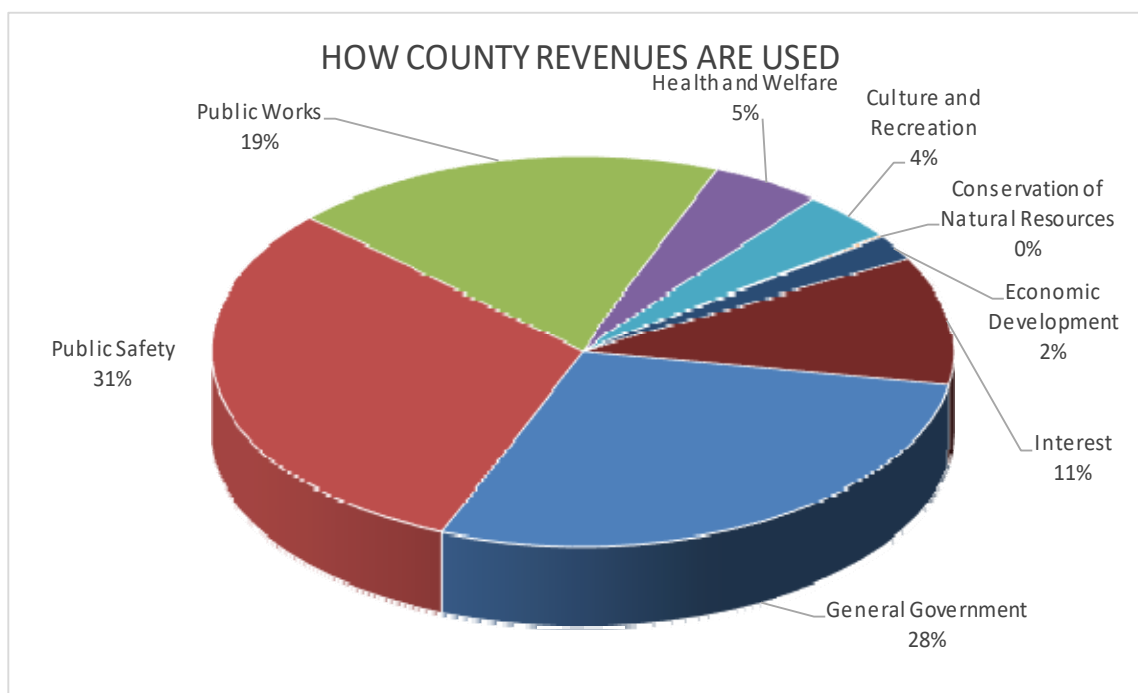
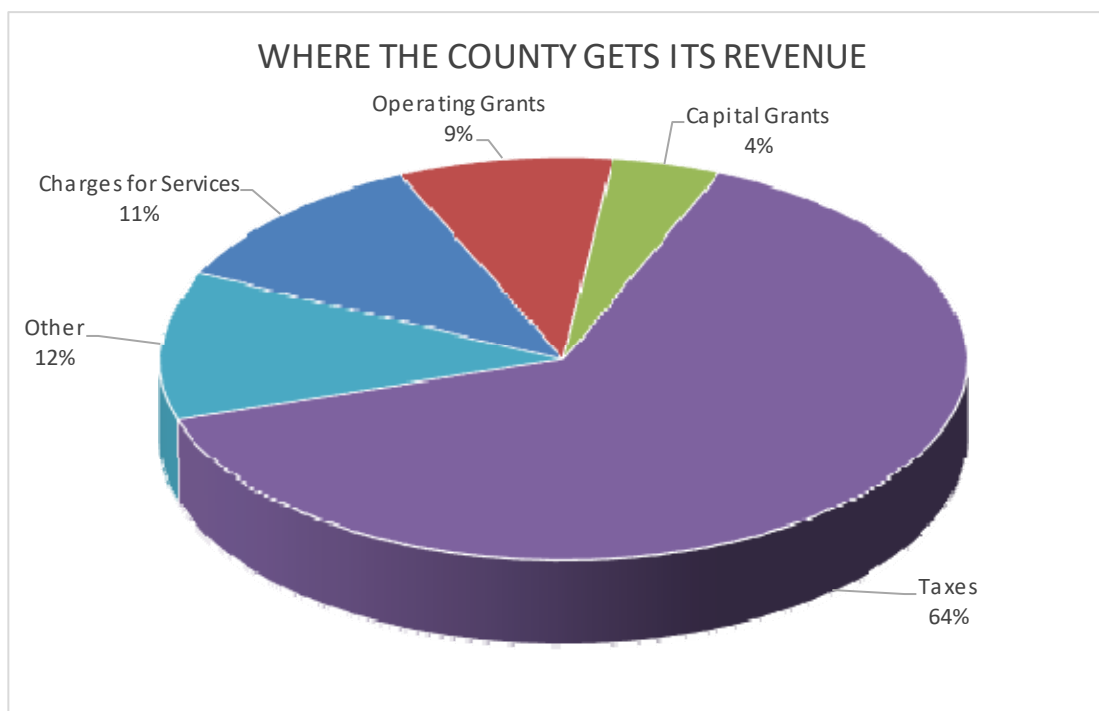
Changes in Net Position – Harrison County's total revenues in the primary government for the fiscal year ended September 30, 2019 were \$117,709,605. The total cost for all services provided by the primary government was \$118,710,316. The decrease in net position was \$1,000,711. The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2019.

Table 2

Harrison County, Mississippi
Condensed Statement of Activities
September 30,

	Primary Government Governmental Activities	
	2019	2018
Revenues		
Charges for services	\$ 13,404,746	\$ 14,030,015
Operation grants and contributions	10,110,892	12,474,895
Capital grants and contributions	5,164,205	5,046,649
General revenues	89,029,762	88,018,049
Total Revenues	117,709,605	119,569,608
Program Expenses		
General government	33,624,448	36,307,176
Public safety	36,534,740	34,499,174
Public works	22,669,267	23,940,083
Health and welfare	5,719,012	5,309,089
Culture and recreation	4,986,725	3,616,547
Conservation of natural resources	177,124	255,436
Economic development and assistance	2,444,675	2,721,491
Interest on long-term debt	12,554,325	7,154,604
Total Expenses	118,710,316	113,803,600
Change in Net Position	(1,000,711)	5,766,008
Beginning Net Position, as previously reported	3,838,579	4,288,394
Prior period adjustment		(6,215,823)
Beginning Net Position, restated	3,838,579	(1,927,429)
Ending Net Position	\$ 2,837,868	\$ 3,838,579

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED**



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

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

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED**

	Total Costs	Net Costs
General government	\$ 33,624,448	\$ 27,787,983
Public safety	36,534,740	22,629,544
Public works	22,669,267	15,051,373
Health and welfare	5,719,012	4,873,787
Culture and recreation	4,986,725	4,537,611
Conservation of natural resources	177,124	151,175
Economic development and assistance	2,444,675	2,444,675
Interest on long-term debt	12,554,325	12,554,325

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, Harrison County's governmental funds reported a combined fund balance of \$92,263,355, and an increase of \$15,330,191. The primary reasons for this increase are highlighted in the analysis of governmental activities.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$6,527,952.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Harrison County revised its annual operating budget. Significant budget amendments are explained as follows:

- Budgeted revenue from property taxes, licenses, commissions and fees, intergovernmental revenues and charges for services were amended to account for increase in collections of taxes, funding from grants and expected revenues increases for charges.
- Budgeted expenditures for general government, public safety, health and welfare, and culture and recreation expenditures were decreased to reflect various cost savings in these different departments.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2019, Harrison County's total capital assets were \$322,061,297. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase of

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2019
UNAUDITED**

\$5,393,952 from the previous year of \$316,667,345, as adjusted. This increase is due primarily to capital assets acquired of \$7,046,042 and disposal of assets of \$1,652,090.

Total accumulated depreciation as of September 30, 2019, was \$166,745,172 including \$6,281,507 of depreciation expense for the year. The balance in total net capital assets was \$155,316,125 at year-end.

Additional information on Harrison County's capital assets can be found in Note 9 on page 46 of this report.

Debt Administration – At September 30, 2019, Harrison County had \$161,110,673 in long-term debt outstanding. This amount less compensated absences of \$2,842,035 is \$158,268,638. This amount less premiums of \$7,824,605 is \$150,444,033. This includes general obligation bonds, revenue bonds, and obligations under capital lease. Of this debt, \$9,732,928 is due within one year. Total long-term liabilities shown in Note 14 is \$158,148,540 net of premiums. There is also a deferred outflow associated with long-term debt in the amount of \$2,962,133.

Included in long-term non-capital debt is \$2,842,035 in compensated absences. This amount increased \$208,275 from the prior year amount of \$2,633,760.

Harrison County maintains an AA- bond rating from Standard and Poors. The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt associated with this limitation is \$146,174,000 or 6.38% of total assessed value.

Additional information on Harrison County's long-term debt can be found in Note 14 on page 60 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional financial information may be

addressed to: Jennifer Bell, Comptroller
Harrison County, Mississippi
P.O. Drawer CC
Gulfport, MS 39502

Financial Statements

Harrison County, Mississippi
Statement of Net Position
September 30, 2019

	Primary Government Governmental Activities	Component Units
Assets		
Cash and cash equivalents	\$ 96,188,946	\$ 4,106,628
Investments	-	5,710,983
Accrued interest receivable	-	68,036
Property tax receivable	57,154,485	-
Accounts receivable, net	324,933	388,080
Fines receivable, net of allowance for uncollectible of \$36,667,551	7,631,618	-
Loans receivable	40,330	200,000
Intragovernmental balances	84,058	(84,058)
Intergovernmental receivables	4,695,491	48,734
Prepaid expenses	366,816	203,196
Land inventory	-	10,237,798
Restricted assets		
Cash and cash equivalents	699,349	72,624
Investments	-	7,000,000
Capital assets		
Land and construction in progress	10,232,910	9,758,089
Other (net of accumulated depreciation)	145,083,215	104,897,643
Total assets	<u>322,502,151</u>	<u>142,607,753</u>
Deferred Outflows of Resources		
Deferred amounts on bond refunding	2,962,133	-
Deferred effective interest rate swaps	26,339,880	-
Deferred amounts on pension	4,649,882	485,821
Deferred amounts on other postemployment benefits	189,243	-
Total deferred outflows of resources	<u>34,141,138</u>	<u>485,821</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Statement of Net Position
September 30, 2019

	<u>Primary Government</u> Governmental Activities	<u>Component</u> Units
Liabilities and Net Position		
Liabilities		
Claims payable	\$ 2,588,883	\$ 434,828
Wages payable	982,557	-
Retainage payable	-	-
Intergovernmental balances	4,135,696	-
Accrued interest payable	573,533	2,520
Due to fiduciary	95,834	-
Unearned revenue	3,252,652	3,079
Amounts held in custody	426,857	714,423
Claims and judgments payable	190,384	-
Accounts payable from restricted assets	-	25,102
Noncurrent liabilities		
Other postemployment benefit obligation	2,139,221	-
Net pension liability	93,237,458	5,219,013
Due within one year:		
Capital debt	8,641,180	2,780,090
Non-capital debt	2,094,460	24,906
Due beyond one year:		
Capital debt	77,027,665	56,475
Non-capital debt	73,347,368	119,102
Total liabilities	<u>268,733,748</u>	<u>9,379,538</u>
Deferred Inflows of Resources		
Hedging derivative instruments	26,339,880	-
Deferred property tax revenue	55,168,419	-
Deferred amounts on pension	1,167,209	77,337
Deferred amounts on other postemployment benefits	2,396,165	-
Deferred inflows on notes receivable	-	200,000
Total deferred inflows of resources	<u>85,071,673</u>	<u>277,337</u>
Net position		
Net investment in capital assets	72,148,296	111,735,109
Restricted:		
Nonexpendable:		
Permanently restricted investments	-	7,000,000
Proprietary restricted for claims	82,956	
Nonexpendable	1,222,070	47,522
Expendable:		
General government	80,982	
Public safety	7,700,767	
Public works	585,639	
Health and welfare	181,711	
Economic development	20,533	
Culture and recreation	5,857,295	
Conservation of natural resources	85,496	
Capital projects	12,778,130	
Debt service	21,576,380	
Unrestricted	(119,482,387)	14,654,068
Total net position	<u>\$ 2,837,868</u>	<u>\$ 133,436,699</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Statement of Activities
For the Fiscal Year Ended September 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Functions/Programs	Expenses					
Governmental activities						
General government	\$ 33,624,448	\$ 5,621,366	\$ 215,099	\$ -	\$ (27,787,983)	
Public safety	36,534,740	7,606,813	1,676,572	4,621,811	(22,629,544)	
Public works	22,669,267	176,567	7,441,327	-	(15,051,373)	
Health and welfare	5,719,012	-	731,725	113,500	(4,873,787)	
Culture and recreation	4,986,725	-	20,220	428,894	(4,537,611)	
Conservation of natural resources	177,124	-	25,949	-	(151,175)	
Economic development and assistance	2,444,675	-	-	-	(2,444,675)	
Interest and other, long-term debt	12,554,325				(12,554,325)	
Total governmental activities	<u>\$ 118,710,316</u>	<u>13,404,746</u>	<u>10,110,892</u>	<u>5,164,205</u>	<u>(90,030,473)</u>	
Component units						
Governmental activities						
Harrison County Development Commission	2,527,846	593,172	50,000	-		(1,884,674)
Business-type activities						
Harrison County Development Commission	638,486	756,166	-	-		117,680
Mississippi Coast Coliseum Commission	9,521,192	5,191,551	-	-		(4,329,641)
Total component units	<u>\$ 12,687,524</u>	<u>6,540,889</u>	<u>50,000</u>	<u>-</u>		<u>(6,096,635)</u>
General revenues:						
Property taxes					65,519,997	-
Road & bridge privilege taxes					2,492,989	-
Taxes in lieu - federal government					84,581	-
Gaming taxes					7,076,380	-
Seawall taxes					-	807,398
Grants and contributions not restricted to specific programs					7,461,994	-
Unrestricted gifts and donations					108,380	-
Investment income					2,112,934	334,109
Miscellaneous					4,172,507	1,519,120
Total general revenues					<u>89,029,762</u>	<u>2,660,627</u>
Change in net position					<u>(1,000,711)</u>	<u>(3,436,008)</u>
Net position - beginning, as previously reported					3,838,579	136,931,225
Prior period adjustment						(58,518)
Net position - beginning, as restated					<u>3,838,579</u>	<u>136,872,707</u>
Net position - ending					<u>\$ 2,837,868</u>	<u>\$ 133,436,699</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Balance Sheet
Governmental Funds
September 30, 2019

	Major Funds					
	General Fund	General County Bond & Interest Sinking Fund	County Port Bond & Interest Sinking Fund	\$15 Million 2018 Bond Series Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 36,460,012	\$ 2,251,415	\$ 7,037,854	\$ 12,500,655	\$ 38,365,868	\$ 96,615,804
Property tax receivable	42,301,853	4,716,470	-	-	10,136,162	57,154,485
Accounts receivable	-	-	-	-	324,933	324,933
Fines receivable (net of allowance for uncollectible of \$36,667,551)	7,631,618	-	-	-	-	7,631,618
Loans receivable	84,058	-	-	-	40,330	124,388
Intergovernmental receivables	2,423,465	-	334,130	-	1,937,897	4,695,492
Due from other funds	-	56,489	3,378,600	-	315,813	3,750,902
Total assets	<u>\$ 88,901,006</u>	<u>\$ 7,024,374</u>	<u>\$ 10,750,584</u>	<u>\$ 12,500,655</u>	<u>\$ 51,121,003</u>	<u>\$ 170,297,622</u>
Liabilities and Fund Balance						
Liabilities						
Claims payable	\$ 1,588,592	-	-	79,103	921,192	2,588,887
Wages payable	758,021	-	-	-	224,535	982,556
Intergovernmental payables	3,059,340	-	-	-	1,076,355	4,135,695
Due to other funds	492,483	-	-	-	3,355,100	3,847,583
Unearned revenue	-	-	-	-	3,252,652	3,252,652
Amounts held in custody for others	426,857	-	-	-	-	426,857
Total liabilities	<u>\$ 6,325,293</u>	<u>-</u>	<u>-</u>	<u>79,103</u>	<u>8,829,834</u>	<u>15,234,230</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	\$ 40,315,787	4,716,470	-	-	10,136,162	55,168,419
Unavailable revenue - fines	7,631,618	-	-	-	-	7,631,618
Total deferred inflows of resources	<u>\$ 47,947,405</u>	<u>4,716,470</u>	<u>-</u>	<u>-</u>	<u>10,136,162</u>	<u>62,800,037</u>
Fund Balances						
Nonspendable						
Loans receivable	\$ 84,058	-	-	-	40,330	124,388
Unemployment escrow	-	-	-	-	115,575	115,575
Restricted for:						
General government	-	-	-	-	80,982	80,982
Public safety	-	-	-	-	7,700,767	7,700,767
Public works	-	-	-	-	585,639	585,639
Health and welfare	-	-	-	-	181,711	181,711
Economic development	-	-	-	-	20,533	20,533
Culture and recreation	-	-	-	-	5,857,295	5,857,295
Conservation of natural resources	-	-	-	-	85,496	85,496
Capital projects	-	-	-	12,421,552	356,578	12,778,130
Debt service	-	2,307,904	10,750,584	-	9,091,425	22,149,913
Committed to:						
Public safety	-	-	-	-	2,438,358	2,438,358
Public works	-	-	-	-	6,650,845	6,650,845
Health and welfare	-	-	-	-	963,276	963,276
Economic development	-	-	-	-	-	-
Capital projects	-	-	-	-	1,233,462	1,233,462
Unassigned	34,544,250	-	-	-	(3,247,265)	31,296,985
Total fund balances	<u>\$ 34,628,308</u>	<u>2,307,904</u>	<u>10,750,584</u>	<u>12,421,552</u>	<u>32,155,007</u>	<u>92,263,355</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 88,901,006</u>	<u>\$ 7,024,374</u>	<u>\$ 10,750,584</u>	<u>\$ 12,500,655</u>	<u>\$ 51,121,003</u>	<u>\$ 170,297,622</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2019

Total fund balances of governmental funds in the balance sheet		\$ 92,263,355
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation.		155,316,125
Other long-term assets, not available to pay for current period expenditures and used in governmental activities, are not financial resources and, therefore, are deferred in the funds.		7,631,618
Long-term liabilities are not due and payable in the current period; therefore, are not reported in the funds.		(158,148,541)
Other postemployment benefits are not due and payable in the current period; therefore, are not reported in the funds.		(2,139,221)
Net pension obligations are not due and payable in the current period; therefore, are not reported in the funds.		(93,237,458)
Accrued interest payable is not due and payable in the current period; therefore, are not reported in the funds.		(573,533)
Deferred outflows and inflows of resources related to pensions are applicable to future periods; therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	4,649,882	
Deferred inflows of resources related to pensions	(1,167,209)	3,482,673
Deferred inflows or deferred outflows from the changes in fair value on hedging derivative instruments are not due and payable in the current period; therefore, are not reported in the funds.		
Deferred effective interest rate swaps - outflows	26,339,880	
Derivative hedging instruments	(26,339,880)	-
Deferred outflows and inflows of resources related to other postemployment benefits are applicable to future periods; therefore, are not reported in the funds.		
Deferred outflows of resources related to other postemployment benefits	189,243	
Deferred inflows of resources related to other postemployment benefits	(2,396,165)	(2,206,922)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore are not reported in the funds.		366,816
Retainage payable for the construction of capital assets are not financial resources and, therefore, are not reported in the funds.		-
Internal service funds are used by management to charge the cost of various insurance premiums and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		82,956
Total net position - Governmental Activities		\$ 2,837,868

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2019

	General	General County Bond & Interest	County Port Bond & Interest	\$15 Million 2018 Bond	Other Governmental	Total Governmental
	Fund	Sinking Fund	Sinking Fund	Series Fund	Funds	Funds
Revenues						
Property taxes	\$ 48,303,336	\$ 5,434,442	\$ -	\$ -	\$ 11,782,222	\$ 65,520,000
Road and bridge privilege taxes	-	-	-	-	2,492,989	2,492,989
Licenses, commissions and other revenue	4,325,819	-	-	-	-	4,325,819
Fines and forfeitures	1,120,319	-	-	-	888,765	2,009,084
Intergovernmental revenues	10,031,323	3,686	2,366,737	-	19,142,481	31,544,227
Charges for services	3,205,743	-	-	-	2,017,245	5,222,988
Interest income	982,449	82,353	112,469	217,226	713,860	2,108,357
Miscellaneous revenues	1,490,497	-	-	-	3,304,691	4,795,188
	<u>69,459,486</u>	<u>5,520,481</u>	<u>2,479,206</u>	<u>217,226</u>	<u>40,342,253</u>	<u>118,018,652</u>
Expenditures						
Current:						
General government	28,330,998	-	-	-	2,795,620	31,126,618
Public safety	27,505,832	-	-	70,852	7,059,775	34,636,459
Public works	56,378	-	-	166,869	21,626,424	21,849,671
Health and welfare	5,139,577	-	-	-	330,039	5,469,616
Culture and recreation	5,285,966	-	-	55,464	1,557,603	6,899,033
Conservation of natural resources	165,813	-	-	-	-	165,813
Economic development and assistance	46,777	-	-	-	2,350,181	2,396,958
Debt service:						
Principal	1,689,178	2,507,855	667,488	-	3,325,122	8,189,643
Interest	311,451	1,722,883	181,480	-	3,809,051	6,024,865
Other debt service costs	7,750	4,903,660	1,535	-	541,700	5,454,645
Total expenditures	<u>68,539,720</u>	<u>9,134,398</u>	<u>850,503</u>	<u>293,185</u>	<u>43,395,515</u>	<u>122,213,321</u>
Excess (deficiency) of revenues over expenditures	<u>919,766</u>	<u>(3,613,917)</u>	<u>1,628,703</u>	<u>(75,959)</u>	<u>(3,053,262)</u>	<u>(4,194,669)</u>
Other financing sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	17,525	17,525
Proceeds from advance refunding	426,241	44,032,916	250,788	-	873,680	45,583,625
Long term debt issued				15,000,000		15,000,000
Payment to bond refunding escrow agent	(5,879)	(650,588)	(3,459)	(330,000)	(12,051)	(1,001,977)
Debt service principal - refunding bonds	-	(40,170,000)	-	-	-	(40,170,000)
Transfers in	6,771,810	-	126,205	-	4,083,986	10,982,001
Transfers out	(1,583,986)	-	(2,500,000)	(2,172,489)	(4,629,839)	(10,886,314)
Total other financing sources (uses)	<u>\$ 5,608,186</u>	<u>3,212,328</u>	<u>(2,126,466)</u>	<u>12,497,511</u>	<u>333,301</u>	<u>19,524,860</u>
Net change in fund balance	<u>\$ 6,527,952</u>	<u>(401,589)</u>	<u>(497,763)</u>	<u>12,421,552</u>	<u>(2,719,961)</u>	<u>15,330,191</u>
Fund balances- beginning	<u>28,100,356</u>	<u>2,709,493</u>	<u>11,248,347</u>	<u>-</u>	<u>34,874,968</u>	<u>76,933,164</u>
Fund balances, end of year	<u>\$ 34,628,308</u>	<u>\$ 2,307,904</u>	<u>\$ 10,750,584</u>	<u>\$ 12,421,552</u>	<u>\$ 32,155,007</u>	<u>\$ 92,263,355</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
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

Net change in fund balances of governmental funds \$ 15,330,191

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 \$7,068,049 exceeded depreciation of \$6,281,507 in the current period.

786,542

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 net basis in the disposed property of 169,707.

(169,707)

Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full accrual basis of accounting.

(389,206)

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$48,359,397 were exceeded by debt proceeds of \$55,780,000.

(7,420,603)

Issuance of long-term debt (refunding bonds) provides current financial resources to the governmental funds, while the principal payments and payment to escrow for refunded debt consumes financial resources. Neither transaction, however, has any effect on net assets. In addition, government funds report the effect of premiums, discounts and deferred amounts on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred amounts on refunding

322,645

Premium

(4,803,625)

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:

Increase in amortization of premium

729,235

Decrease in deferred amounts on refunding

(964,435)

Increase in compensated absences

(208,275)

Decrease in other postemployment benefits payable

2,217,836

Increase in deferred amounts on other postemployment benefits

(2,206,922)

Increase in accrued interest payable

(160,037)

Pension expense and other related activity do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds

Pension expense and contributions made during the year

(4,141,606)

Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported as such in the funds.

9,106

Internal service funds are used to charge the costs of certain activities, such as insurance costs and risk management, to individual funds.

68,150

Change in net position of governmental activities

\$ (1,000,711)

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

Harrison County, Mississippi
Statement of Net Position
Proprietary Funds
September 30, 2019

	Governmental Activities		
	Self-Insurance Fund	Tort Fund	Total
Assets			
Cash and cash equivalents	\$ 57,086	\$ 215,406	\$ 272,492
Due from other funds	848	-	848
Total assets	<u>57,934</u>	<u>215,406</u>	<u>273,340</u>
Liabilities			
Claims and judgments payable	-	190,384	190,384
Total liabilities	<u>-</u>	<u>190,384</u>	<u>190,384</u>
Net position			
Restricted for claims	<u>\$ 57,934</u>	<u>\$ 25,022</u>	<u>\$ 82,956</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Governmental Activities		
	Self-Insurance Fund	Tort Fund	Total
Operating revenues			
Insurance reimbursements	\$ -	\$ 227,767	\$ 227,767
Premiums	50,499	-	50,499
Total revenues	<u>50,499</u>	<u>227,767</u>	<u>278,266</u>
Operating expenses			
Claims payments	7,371	43,351	50,722
Legal	-	62,178	62,178
Administrative	-	6,106	6,106
Total operating expenses	<u>7,371</u>	<u>111,635</u>	<u>119,006</u>
Operating income	<u>43,128</u>	<u>116,132</u>	<u>159,260</u>
Nonoperating revenues			
Interest income	253	4,324	4,577
Net nonoperating revenues	<u>253</u>	<u>4,324</u>	<u>4,577</u>
Net income before capital contributions, special and extraordinary items and transfers	43,381	120,456	163,837
Transfers out	<u>(253)</u>	<u>(95,434)</u>	<u>(95,687)</u>
Changes in net position	43,128	25,022	68,150
Net position, beginning of year	<u>14,806</u>	<u>-</u>	<u>14,806</u>
Net position, end of year	<u>\$ 57,934</u>	<u>\$ 25,022</u>	<u>\$ 82,956</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Governmental Activities		
	Self-Insurance Fund	Tort Fund	Total
Cash flows from operating activities			
Receipts for insurance reimbursements	\$ -	\$ 419,147	\$ 419,147
Receipts for premiums	50,499	-	50,499
Payments for claims	(45,069)	(153,688)	(198,757)
Payments for operating expenses	-	(78,531)	(78,531)
Net cash provided by operating activities	<u>5,430</u>	<u>186,928</u>	<u>192,358</u>
Cash flows from investing activities			
Transfers (to) from other funds		(95,434)	(95,434)
Interest income	253	4,324	4,577
Net cash provided by (used in) investing activities	<u>253</u>	<u>(91,110)</u>	<u>(90,857)</u>
Net increase in cash and cash equivalents	5,683	95,818	101,501
Cash and cash equivalents at beginning of year	<u>51,403</u>	<u>119,588</u>	<u>170,991</u>
Total cash and cash equivalents at end of year	<u><u>57,086</u></u>	<u><u>215,406</u></u>	<u><u>272,492</u></u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities			
Operating income	43,128	116,132	159,260
Adjustments not affecting cash			
Decrease in premiums receivable	-	403,225	403,225
Decrease in claims and judgments liability	(37,698)	(332,429)	(370,127)
Net cash provided by operating activities	<u>\$ 5,430</u>	<u>\$ 186,928</u>	<u>\$ 192,358</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Statement of Fiduciary Obligations
September 30, 2019

	<u>Agency Funds</u>
Assets	
Cash	\$ 3,102,815
Due from other funds	104,333
Prepaid expense	380
Total assets	<u>\$ 3,207,528</u>
Liabilities	
Intergovernmental payables	\$ 533,927
Due to other funds	8,500
Amounts held in custody for others	2,665,101
Total liabilities	<u>\$ 3,207,528</u>

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

Harrison County, Mississippi
Notes to Financial Statements
September 30, 2019

Index

	<u>Page</u>
1 Summary of Significant Accounting Policies	
A. Reporting Entity	25
B. Component Unit Disclosure	25
C. Basic Financial Statements	27
D. Measurement Focus, Basis of Accounting and Financial Statement Presentation	29
E. Account Classifications	30
F. Assets, Deferred Outflows, Liabilities, Deferred Inflow	30
2 Prior Period Adjustments	39
3 Deposits and Investments	40
4 Accounts Receivable	42
5 Interfund and Intergovernmental Transactions and Balances	43
6 Intergovernmental Receivables	44
7 Loans Receivable	45
8 Land Inventory	45
9 Capital Assets	46
10 Claims and Judgments	47
11 Capital Leases	49
12 Other Postemployment Benefits	50
13 Retirement Plans	
A. Defined Benefit Plan	53
B. Deferred Compensation Plan	59
14 Long Term Debt	60
15 Deficit Fund Balances of Individual Funds	64
16 Contingencies	65
17 No Commitment Debt	65
18 Effect of Deferred Amounts on Pension	66
19 Joint Ventures	67
20 Jointly Governed Organizations	68
21 Derivatives and Interest Rate Swaps	70
22 Tax Abatements	74
23 Office of the State Auditor Compliance Report	78
24 Subsequent Events	78

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

1. Summary of Significant Accounting Policies

The financial statements of Harrison County, Mississippi (the County) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies of the County:

(A) Financial Reporting Entity

Harrison 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 Harrison County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

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

(B) Component Unit Disclosure

The criteria for including component units consist of identification of legally separate organizations for which the officials of the County are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the governments-wide financial statements to emphasize that they are legally separate from the government.

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 balances and transactions are blended with the balances and transactions of the primary government.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Harrison County Emergency Communications Commission was formed in 1984. The Commission's purpose is to govern the affairs of the Harrison County Emergency Communications District and to develop and implement a countywide interoperable public safety communications system for city and county public safety agencies in Harrison County.

Discretely Presented Component Units

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

Harrison County Development Commission (the "Commission") was created in 1958 to engage in promoting, developing, constructing, maintaining, and operating harbors, seaports, and industrial parks and developing commercial, industrial and manufacturing enterprises for the encouragement of employment within the boundaries of Harrison County, Mississippi. Harrison County appoints five of the twelve commissioners of the component unit.

Harrison County Development Commission
Condensed Statement of Net Position
September 30, 2019

Assets and deferred outflows	
Current assets	\$ 16,400,260
Restricted assets	72,624
Capital assets, net	10,591,555
Deferred outflows	313,932
Total assets and deferred outflows	<u>\$ 27,378,371</u>
Liabilities and deferred inflows	
Current liabilities	\$ 233,319
Noncurrent liabilities	1,845,689
Deferred inflows	235,761
Total liabilities and deferred inflows	<u>2,314,769</u>
Net position	
Net investment in capital assets	10,420,266
Restricted	-
Unrestricted	14,643,336
Total net position	<u>25,063,602</u>
Total liabilities, deferred inflows, and net position	<u>\$ 27,378,371</u>

Harrison County Development Commission
Condensed Statement of Revenues and Expenses and Changes in Net Position
For the Fiscal Year Ended September 30, 2019

Operating revenue	\$ 1,399,338
Operating expenses	(3,166,332)
Nonoperating revenues, net	1,071,538
Change in net position	<u>\$ (695,456)</u>
Prior period adjustment	<u>\$ (58,518)</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

The Mississippi Coast Coliseum Commission came under the control of Harrison County on July 1, 2016 through state legislative action. The Mississippi Coast Coliseum Commission was originally a legally separate political subdivision and a component unit of the state of Mississippi. It was created in 1968 by Senate Bill 2406. The purpose of the Commission is to operate the Coliseum and supporting facilities for Harrison County, Mississippi. Harrison County appoints five of the seven voting commissioners and one nonvoting commissioner of the component unit.

Mississippi Coast Coliseum Commission
Condensed Statement of Net Position
September 30, 2019

Assets and deferred outflows	
Current assets	\$ 4,563,195
Restricted assets	7,000,000
Capital assets, net	104,064,177
Deferred outflows	171,889
Total assets and deferred outflows	<u>\$ 115,799,261</u>
Liabilities and deferred inflows	
Current liabilities	\$ 3,924,775
Noncurrent liabilities	3,459,813
Deferred inflows	41,576
Total liabilities and deferred inflows	<u>7,426,164</u>
Net position	
Net investment in capital assets	101,314,843
Restricted	7,000,000
Unrestricted	58,254
Total net position	<u>108,373,097</u>
Total liabilities, deferred inflows, and net position	<u>\$ 115,799,261</u>

Mississippi Coast Coliseum Commission
Condensed Statement of Revenues and Expenses and Changes in Net Position
For the Fiscal Year Ended September 30, 2019

Operating revenue	\$ 5,191,551
Operating expenses	(9,196,770)
Nonoperating revenues, net	1,264,667
Change in net position	<u>\$ (2,740,552)</u>

(C) Basic Financial Statements

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

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position/fund balance, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and 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 non-exchange revenues. The primary government is reported separately from its legally separate component units for which the primary government is financially accountable. Separate financial statements are provided for governmental funds and proprietary funds.

The Statement of Net Position presents the financial condition of the governmental activities of the County and its component units 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. 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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

(D) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Government-wide, Proprietary Fund 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 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 all activities of the general government for which a separate fund has not been established.

General County Bond and Interest Sinking Fund – This fund is used to account for the County's revenues and expenditures restricted, committed or assigned to the repayment of the County's principal, interest, and other debt-related costs.

County Port Bond and Interest Sinking Fund – This fund is used to account for the County's revenues and expenditures restricted, committed or assigned to the repayment of the County's port principal, interest, and other debt-related costs.

\$15 Million 2018 Bond Series Fund – This fund is used to account for the County's revenue and expenditures restricted, committed or assigned to the repayment of the County's 2018 bond series principal, interest, and other debt-related costs.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

Proprietary Fund Type

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service funds report on self-insurance for employee medical and dental benefits and risk management for County's legal contingencies.

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) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Deposits and Investments

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

Receivables

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

Interfund Transactions and Balances

In general, eliminations have been made to minimize the double-counting of internal activity, including internal service fund activity, on the government-wide financial statements. Excess revenues or expenses from the internal service funds have been allocated to the appropriate function originally changed for the internal sale as part of this process. However, interfund services provided and used between different functional categories have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund to another are recorded as expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for repayment.

Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position. Fiduciary funds' receivables and payables have been classified as such on the government-wide Statement of Net Position.

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.

Intragovernmental Transactions and Balances

Transactions between governmental agencies (discretely presented component units) of the County are considered as transactions with external parties and are reported as revenues and expenditures/expenses in both the fund statements and the government-wide statements. However, associated receivables and payables are displayed as intragovernmental balances on the Statement of Net Position.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Prepaid Items

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

Restricted Assets

Proprietary Fund and component unit 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.

Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental activities or component unit column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. 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.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

The following schedule details those thresholds and estimated useful lives:

	Capitalization Threshold	Estimated Useful Life
Land	\$ -	N/A
Infrastructure	-	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

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 (expenditure) until then.

Deferred amount on bond refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between 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 effective interest rate swaps – Interest rate swaps are a type of derivative agreement to exchange future cash flows that has a variable payment based on an underlying interest rate or index on certain outstanding bond issues of the County. Increases or decreases in the fair value of the effective swaps are recognized as deferred outflows or inflows in the statement of financial position.

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 13 for additional details.

Deferred outflows related to other postemployment benefits – This amount represents the County's proportionate share of the deferred outflows of resources reported by the other postemployment benefit plan in which the County participates. See Note 12 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.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Hedging derivative instruments – Derivative instruments are associated with a hedgeable item, such as bonded debt, and are used to significantly reduce financial risk by substantially offsetting changes in cash flows or fair values of the bonded debt. Increases or decreases in the fair value of hedging derivative instruments are recognized as deferred outflows or inflows in the statement of financial position.

Deferred property tax revenue/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.

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 13 for additional details.

Deferred inflows related to other postemployment benefits – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the other postemployment benefit plan in which the County participates. See Note 12 for additional details.

Deferred inflows on notes 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 - 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.

Pensions

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

Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

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

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. 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.

Derivatives

The County uses interest rate swaps, which are recorded based on criteria set forth in GASB 53, to manage net exposure to interest rate changes related to its borrowings and to lower its overall borrowing costs. The derivative instruments are recorded as either deferred outflows or inflows of resources in the Statement of Net Position at fair value.

Gains and losses resulting from terminations of swaps, when they occur, are recognized as a component of other financing sources and uses in the accompanying Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. Increases or decreases in the fair value of effective swaps are recognized as deferred effective interest rate swap inflows or outflows in the accompanying Statement of Net Position. Gains and losses resulting from changes in the fair value of ineffective swaps are recognized as investment income in the accompanying Statement of Activities.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Equity Classifications

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as Net Position on the government-wide and proprietary funds financial statements and as Fund Balance on the governmental funds financial statements.

Government-wide Financial Statements:

Net Position for the primary government and its discretely presented component units and is displayed in the following 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 and other debt net of unspent debt proceeds and related deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of assets and deferred outflows of resources less any related liabilities and deferred inflows of resources that are restricted 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 – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first.

When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in 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.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

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

Restricted fund balance – Consists of 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.

Committed fund balance – Consists of amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes. These constraints are imposed separately from the creation of the revenue. The revenue cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by issuing another order.

Assigned fund balance – Consists of amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County's management pursuant to board policy.

Unassigned fund balance – Consists of 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 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.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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. However, because the revenues are not currently available, a deferred inflow of resources is recorded for this amount. 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. Accordingly, no amount is accrued for these taxes in the financial statements.

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.

Change in Accounting Standards

The County implemented the following standard issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Payments*. The provisions of this standard have been incorporated into the financial statements and notes.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

2. Prior Period Adjustments/Restatement

Summaries of the net position adjustment are as follows:

Statement of Activities- Component Units

Harrison County Development Commission recorded a prior year adjustment in order to correct the ending balances for the year ended September 30, 2018, for an understatement of accounts payable in the amount of \$58,518.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

3. Deposits and Investments

Deposits

The collateral for public entities' deposits in financial institutions are 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). At September 30, 2019, deposits were as follows:

	Carrying Amount			Bank Balance	
	Deposits with Financial Institutions		Investments in Certificate of Deposits (less than 3 months maturity)	Total Cash and Cash Equivalents	
	Unrestricted	Restricted			
Primary Government					
Governmental-type activities	\$ 23,408,608	\$ 699,349	\$ 72,722,938	\$ 96,830,895	\$ 99,070,462
Agency funds	2,107,815	-	995,000	3,102,815	3,177,972
Total primary government	<u>25,516,423</u>	<u>699,349</u>	<u>73,717,938</u>	<u>99,933,710</u>	<u>102,248,434</u>
Discretely Presented Component Units					
Governmental-type activities:					
Harrison County Development Commission	1,026,867	72,624		1,099,491	1,118,639
Business-type activities:					
Harrison County Development Commission	1,036,833	-		1,036,833	1,054,889
Mississippi Coast Coliseum Commission	1,997,428	-		1,997,428	2,114,780
Total discretely presented component units	<u>\$ 4,061,128</u>	<u>\$ 72,624</u>	<u>\$ -</u>	<u>\$ 4,133,752</u>	<u>\$ 4,288,308</u>

Custodial Credit Risk for Deposits - Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. 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.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Investments

Investment balances at September 30, 2019, are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	Over 10
Discretely Presented Component Units					
Governmental-type activities:					
Harrison County Development Commission					
Certificates of deposit	\$ 3,461,561	\$ -	\$ 3,461,561	\$ -	\$ -
Business-type activities:					
Harrison County Development Commission					
Certificates of deposit	297,973	-	297,973	-	-
Mississippi Coast Coliseum Commission					
Certificates of deposit	225,000	225,000	-	-	-
Money market funds	1,206,871	1,206,871	-	-	-
Government National Mortgage Assoc.	207,920	-	1,810	141,918	64,192
Federal Home Loan Bank	3,231,444	1,010,280	1,922,028	299,136	-
Federal Home Loan Mortgage Corp.	680,095	-	680,095	-	-
Federal National Mortgage Assoc.	709,950	-	4,499	-	705,451
Federal Farm Credit Bank	1,733,104	424,605	1,011,265	297,234	-
Corporate bonds	957,065	295,304	416,695	245,066	-
Total	<u>\$ 12,710,983</u>	<u>\$ 3,162,060</u>	<u>\$ 7,795,926</u>	<u>\$ 983,354</u>	<u>\$ 769,643</u>
Restricted investments	\$ 7,000,000				
Unrestricted investments	<u>5,710,983</u>				
Total	<u>\$ 12,710,983</u>				

Interest Rate Risk - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year. However, pursuant to State Law, and in accordance with agreements between money managers, the Mississippi Coast Coliseum Commission has provided for investment of funds in accounts or securities, with various maturity dates.

Credit Risk - State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investments choice or one that address credit risk. The Mississippi Coast Coliseum Commission investments in U. S. Government agencies are rated AAA and Aaa, respectively.

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Concentration of Credit Risk – GAAP requires disclosure when any one issuer is 5% or more of the investment portfolio. The Mississippi Coast Coliseum Commission’s concentration of credit risk at September 30, 2019, is as follows:

Federal Home Loan Bank	36%
Federal Home Loan Mortgage Association	8%
Federal National Mortgage Association	8%
Federal Farm Credit Bank	19%

4. Accounts Receivable

Accounts receivable consists of the following at September 30, 2019:

	Receivables		Allowance	
	Accounts	Grants & Contributions	for Doubtful Accounts	Net Receivable
Primary Government				
Governmental-type activities	\$ 324,933	\$ -	\$ -	\$ 324,933
Total primary government	<u>\$ 324,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,933</u>
Discretely Presented Component Units				
Governmental-type activities:				
Harrison County Development Commission	\$ 48,392	\$ -	\$ (35,562)	\$ 12,830
Business-type activities:				
Harrison County Development Commission	71,461	-	(6,389)	65,072
Mississippi Coast Coliseum Commission	310,178	-	-	310,178
Total discretely presented component units	<u>\$ 430,031</u>	<u>\$ -</u>	<u>\$ (41,951)</u>	<u>\$ 388,080</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

5. Interfund and Intergovernmental Transactions and Balances

(A) Interfund Activity

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

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Other governmental funds	General Fund	\$ 315,813
General County B & I Sinking Fund	General Fund	56,489
County Port B & I Sinking Fund	General Fund	15,000
County Port B & I Sinking Fund	Other governmental funds	3,355,100
County Port B & I Sinking Fund	Agency Fund	8,500
Agency Fund	General Fund	104,333
Internal Service Funds	General Fund	848
Total		<u>\$ 3,856,083</u>

The receivables represent the tax revenue collected but not settled until October 2019, along with temporary cash loans for grants receivable. All interfund balances are expected to be repaid within one year from the date of the financial statements.

Transfers In/Out

Transfers In	Transfers Out	Amount
General Fund	Other governmental funds	\$ 4,503,634
General Fund	\$15 Million 2018 Bond Series Fund	2,172,489
County Port B & I Sinking Fund	Other governmental funds	126,205
Other governmental funds	General Fund	1,583,986
Other governmental funds	County Port B & I Sinking Fund	2,500,000
General Fund	Internal Service Funds	95,687
Total		<u>\$ 10,982,001</u>

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

(B) Intragovernmental Activity

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

<u>Receivable Agency</u>	<u>Payable Agency</u>	<u>Amount</u>
Primary government	Harrison County Development Commission	\$ 84,058
Total		<u>\$ 84,058</u>

These amounts represent debt the County acquired for the component unit. See Note 14 for details.

6. Intergovernmental Receivables

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

<u>Description</u>	<u>Amount</u>
Governmental activities	
Legislative tax credit	\$ 1,312,892
Occupancy tax	697,154
Seawall tax	935,657
Gaming	1,205,368
Emergency assistance grants	198,554
State and community public safety grants	199,597
STP grants	88,644
Youth and Drug Courts	37,577
Various other grants	20,048
Total governmental activities	<u>\$ 4,695,491</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

7. Loans Receivable

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

Description of Loan	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
West Harrison Water & Sewer	2/1/1998	N/A	N/A	\$ 15,000
East Central Harrison County Public Utility District	5/1/2009	6.00%	5/1/2014	25,330
Total				<u>\$ 40,330</u>

8. Land Inventory

Land inventory consists of parcels of land in the Harrison County Development Commission's industrial parks. The number of acres and approximate sales price per acre for each industrial park is as follows:

Industrial Park	Approximate Number of Acres	Approximate Cost per Acre*	Inventory Value September 30, 2019
Long Beach Industrial Park	126	\$ 7,262	\$ 915,058
Bernard Bayou Industrial District	102	7,404	751,980
North Harrison County Industrial Complex**	599	12,750	7,637,250
Mitigation Credits			933,510
			<u>\$ 10,237,798</u>

*Cost per acre does not include costs associated with infrastructure.

**Approximate number of acres includes mitigation land.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

9. Capital Assets

(A) Primary Government

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

	Balance Oct. 1, 2018	Additions	Deletions/ Adjustments	Balance Sept. 30, 2019
Non-depreciable capital assets:				
Land	\$ 7,602,962	\$ 2,172,488	\$ -	\$ 9,775,450
Construction in progress	988,963	612,455	1,143,958	457,460
Total non-depreciable capital assets	<u>8,591,925</u>	<u>2,784,943</u>	<u>1,143,958</u>	<u>10,232,910</u>
Depreciable capital assets				
Buildings	98,597,213	66,825	-	98,664,038
Improvements other than buildings	56,696,017	-	-	56,696,017
Mobile equipment	30,373,727	3,657,479	1,251,460	32,779,746
Furniture & equipment	5,177,402	536,795	82,039	5,632,158
Infrastructure	116,401,030	-	(1,143,958)	117,544,988
Leased property under capital leases	830,031		318,591	511,440
Total depreciable assets	<u>308,075,420</u>	<u>4,261,099</u>	<u>508,132</u>	<u>311,828,387</u>
Less accumulated depreciation for:				
Buildings	30,038,439	1,906,116	-	31,944,555
Improvements other than buildings	29,577,332	1,554,271	-	31,131,603
Mobile equipment	23,461,803	1,577,753	1,111,738	23,927,818
Furniture & equipment	4,006,938	434,314	235,321	4,205,931
Infrastructure	74,500,665	716,993	-	75,217,658
Leased property under capital leases	360,871	92,060	135,324	317,607
Total accumulated depreciation	<u>161,946,048</u>	<u>6,281,507</u>	<u>1,482,383</u>	<u>166,745,172</u>
Total depreciable assets, net	<u>146,129,372</u>	<u>(2,020,408)</u>	<u>(974,251)</u>	<u>145,083,215</u>
Governmental activities capital assets, net	<u>\$ 154,721,297</u>	<u>\$ 764,535</u>	<u>\$ 169,707</u>	<u>\$ 155,316,125</u>

Depreciation was charged to the following functions:

General government	\$ 1,679,535
Public safety	1,792,325
Public works	2,450,404
Health & welfare	200,514
Culture & recreation	109,121
Conservation of natural resources	1,890
Economic development	47,718
Total primary government depreciation expense	<u>\$ 6,281,507</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

Project Description	Remaining Financial Commitment	Expected Date of Completion
Landon Road Widening Project	\$ 246,748	December 2021
Jail Facility Upgrades	70,147	February 2021
East Bayview Avenue	6,100	November 2019

B. Discretely Presented Component Units

Below is a summary schedule of Capital Assets for Harrison County Development Commission and the Mississippi Coast Coliseum Commission for the year ended September 30, 2019:

	Discretely Presented Component Units			
	Governmental Activities	Business-type Activities		
	Harrison County Development Commission	Harrison County Development Commission	Mississippi Coast Coliseum Commission	Total
Capital Assets				
Land	\$ 709,430	\$ -	\$ 8,921,072	\$ 9,630,502
Construction in progress	30,083	-	97,504	127,587
Buildings and improvements	3,963,396	-	136,129,720	140,093,116
Machinery and equipment	297,004	39,309	9,744,122	10,080,435
Water and sewer treatment plant	-	1,743,875	-	1,743,875
Site improvements and infrastructure	9,982,941	-	6,809,828	16,792,769
Less accumulated depreciation	(5,211,152)	(963,331)	(57,638,069)	(63,812,552)
Total capital assets, net	<u>\$ 9,771,702</u>	<u>\$ 819,853</u>	<u>\$ 104,064,177</u>	<u>\$ 114,655,732</u>

Depreciation Expense for Harrison County Development Commission is \$229,802 for the governmental activities and \$44,250 for the business type activities. Depreciation expense for the Mississippi Coast Coliseum Commission is \$3,334,829 for the business type activities.

10. Claims and Judgments

Risk Financing

Workers Compensation Benefits- 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 with a one-time

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

\$750,000 deductible 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 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Health and Accident Benefits- Prior to November 1, 2017, the County was exposed to risk of loss relating to employee health, accident and dental coverage. In 2002 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund were based on actuarial estimates. Each employee paid a portion of his/her premium through a payroll deduction. Harrison County paid the remaining portion of the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage paid the additional premium through a payroll deduction. Premium payments to the risk management fund were determined on an actuarial basis. The County had minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium.

The County had implemented the following plans to minimize this potential loss:

The County had purchased coinsurance which functions on specific stop loss coverage. This coverage was purchased from an outside commercial carrier. The specific coverage began when an individual participant's claim exceeded \$100,000.

The plan described above closed October 31, 2017, and the County entered into a fully insured health plan as of November 1, 2017. Dental insurance was under the self-insured plan through December 31, 2018. As of January 1, 2019, dental insurance is fully insured.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2019, the amount of this liability was \$0.

An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2015-2016	\$ 1,662,625	\$ 7,433,769	\$ 8,046,771	\$ 1,049,623
2016-2017	1,049,623	7,375,985	7,723,758	701,850
2017-2018	701,850	1,035,652	1,677,626	59,876
2018-2019	59,876	7,371	67,247	0

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Tort Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year the County purchased commercial insurance. In the three of the last four years, settled claims have not exceeded commercial coverage; however, the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss.

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2019, the amount of these liabilities was \$190,384.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2015-2016	\$ 237,179	\$ 240,290	\$ 269,275	\$ 208,194
2016-2017	208,194	187,053	115,073	280,174
2017-2018	280,174	308,445	65,806	522,813
2018-2019	522,813	(178,741)	153,688	190,384

11. Capital Leases

During the year ending September 30, 2019, the remaining amount of \$28,302 for election equipment, approved November 16, 2016, was spent.

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 511,440
Less accumulated depreciation	317,607
Lease property under capital leases	<u><u>\$ 193,833</u></u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 765,772	\$ 77,432
2021	603,478	63,519
2022	504,073	52,295
2023	402,151	43,588
2024	410,112	35,627
2025-2029	1,500,389	59,665
Total	<u>\$ 4,185,975</u>	<u>\$ 332,126</u>

12. Other Postemployment Benefits (“OPEB”)

General Information about the OPEB Plan

Plan Description

Eligible retirees may obtain health and life insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential; thus, the County has a post-employment healthcare benefit. The Harrison County Board of Supervisors administers a single employer, defined benefit post-employment health insurance plan for eligible retirees. This plan does not include the pension benefits discussed in Note 13. The plan is funded on a pay-as-you-go basis, and there are no plan financial statements.

Plan Membership

As of September 30, 2019, the plan membership data is as follows:

Number of participants	
Actives (with medical coverage)	753
Actives (without medical coverage)	0
Retirees (with medical coverage)	2
Retirees (without medical coverage)	52
Annual Projected Payroll	\$28,084,145
Average Projected Earnings	\$37,296

35% of future eligible retirees are assumed to elect medical coverage upon retirement.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Benefits Provided

The plan provides medical and life insurance coverage from a commercial insurance carriers for eligible retirees through the County's group health insurance plan, which covers both active and retired members. Benefit provisions are established and amended by the Board of Supervisors. Eligible retirees are those retirees who are age 55 or older and have completed 25 years of service. Eligible retired employees are not required to participate in the Plan. Spouses of retirees are not eligible for benefits. Benefits are provided through a third-party insurer. It is assumed that coverage will cease for eligible retirees upon attainment of age 65.

Contributions

Plan participants are responsible for paying 100% of the premiums. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan. For the year ended September 30, 2019, retiree monthly health premiums are approximately \$611. Life insurance premiums are based on the amount of insurance elected. Retiree contributions are assumed to increase at the health care cost trend rate.

Actuarial Assumptions

The County's OPEB liability results are based on the September 30, 2019, actuarial valuation with a measurement date and reporting dates of September 30, 2019 and September 30, 2020. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal Cost Method
Salary Increases	2.00% per annum
Inflation	3%
Discount Rate	2.79%
Healthcare Cost Trend Rates	7.5% graded uniformly to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in the year 2075
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2018

The following changes in actuarial assumptions have been made since the prior measurement date:

1. The discount rate is 2.79% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019, compared to the prior year Statement No. 75 discount rate of 3.13%.
2. The medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.
3. The assumed trend rate for the medical claims was changed from 7.00% grading uniformly to an ultimate rate of 5.00% over 8 years to 7.5% grading uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075.
4. The mortality improvement was changed from scale MP-2016 to scale MP-2018.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Discount Rate

The discount rate used to measure the OPEB liability as of September 30, 2019 was 2.79% for this plan. The discount rate changed from the prior measurement date. The discount rate was 3.13% for the County portion of the plan for the September 30, 2018 reporting date.

	Total OPEB Liability
Balances as of September 30, 2018	\$ 4,357,057
Changes for the Year:	
Service cost	173,462
Interest on the total OPEB liability	63,937
Difference between expected and actual experience	(2,635,781)
Changes in assumptions	208,167
Retiree Contributions	-
Benefit Payments, including employee refunds	(27,621)
Net Changes	(2,217,836)
Balances as of September 30, 2019	\$ 2,139,221

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease 1.79%	Current Rate 2.79%	1% Increase 3.79%
Net OPEB Liability	\$ 2,440,659	\$ 2,139,221	\$ 1,883,538

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage-point lower and 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease 6.5% decreasing to 5.75% over 3 years and following the Getzen model thereafter	Current 7.5% decreasing to 6.75% over 3 years and following the Getzen model thereafter	1% Increase 8.5% decreasing to 7.75% over 3 years and following the Getzen model thereafter
Net OPEB Liability	\$ 1,924,287	\$ 2,139,221	\$ 2,401,887

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

For the year ended September 30, 2019, Harrison County recognized OPEB expense of \$16,707. At September 30, 2019, the County reported outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,396,165)
Changes in assumptions	189,243	
Total	<u>\$ 189,243</u>	<u>(2,396,165)</u>

Amounts reported as deferred outflows (inflows) of resources will be recognized in OPEB expense as follows:

Years Ending September 30,	
2020	(220,692)
2021	(220,692)
2022	(220,692)
2023	(220,692)
2024	(220,692)
Thereafter	(1,103,462)

13. Retirement Plans

A. Defined Benefit Plan

Plan Description

Harrison County, Mississippi and its discretely presented component units contribute to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan, as defined in GASB Statement No. 68- Accounting and Financial Reporting for Pensions. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website www.pers.ms.gov, by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, or by calling (601)-359-3589 or 1-800-444-PERS.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

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.

Contributions

At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the employers are required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019, was 17.40% of annual covered payroll. The employer's rate increased from 15.75% on July 1, 2019. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Contributions (employer share only) to PERS for the years ending September 30, 2019, 2018, 2017, and 2016 were as follows:

Year ended September 30,	Primary Government	Component Units	
		Harrison Co. Development Commission	Mississippi Coast Coliseum Commission*
2019	\$ 5,682,613	\$ 82,792	\$ 207,310
2018	5,303,343	86,313	192,015
2017	5,126,684	82,056	239,974
2016	5,338,324	68,816	192,595

* Adopted a September 30 year end in 2017 resulting in a 15 month period.

These amounts were 100% of required contributions.

Net Pension Liability and Pension Expense.

At September 30, 2019, the County and its component units reported a liability for their proportionate share of the net pension liability as follows:

	Governmental-type Activities	Business-type Activities	Total
Net pension liability:			
Primary government	\$ 93,237,458	\$ -	\$ 93,237,458
Total net pension liability - primary government	<u>\$ 93,237,458</u>	<u>\$ -</u>	<u>\$ 93,237,458</u>
Component units:			
Harrison County Development Commission	\$ 1,622,957	\$ 136,243	\$ 1,759,200
Mississippi Coast Coliseum Commission	-	3,459,813	3,459,813
Total net pension liability - component units	<u>\$ 1,622,957</u>	<u>\$ 3,596,056</u>	<u>\$ 5,219,013</u>

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. Both the County's and its component unit's proportion of the net pension liability were based on a projection of their respective long-term share of contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

At June 30, 2019, the County's and its component units' proportion was as follows:

	Percent	Increase (decrease)
Primary government	0.5300%	0.0100%
Component units		
Harrison County Development Commission	0.0100%	0.0010%
Mississippi Coast Coliseum Commission	0.0197%	0.0009%

For the year ended September 30, 2019, the County and its component units recognized pension expense as follows:

	Governmental-type Activities	Business-type Activities	Total
Pension expense			
Primary government	\$ 9,824,209	\$ -	\$ 9,824,209
Total net pension expense - primary government	<u>\$ 9,824,209</u>	<u>\$ -</u>	<u>\$ 9,824,209</u>
Component units:			
Harrison County Development Commission	\$ 194,371	\$ 21,597	\$ 215,968
Mississippi Coast Coliseum Commission	-	350,072	350,072
Total net pension expense - component units	<u>\$ 194,371</u>	<u>\$ 371,669</u>	<u>\$ 566,040</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	<i>Deferred Outflows of Resources Related to Pensions</i>				
	Component Units				
	Governmental Activities	Business-type Activities			
	Harrison County	Harrison County	Mississippi Coast		Total
	Development Commission	Development Commission	Coliseum Commission		Component Units
	Government	Commission	Commission	Commission	
Differences between expected and actual experience	\$ 55,157	\$ 826	\$ 215	\$ 2,047	\$ 3,088
Changes of assumptions	914,107	13,662	3,585	33,920	51,167
Changes in proportion and differences between employer's contributions and proportionate share of contributions	2,042,858	215,793	56,679	80,730	353,202
County contributions subsequent to the measurement date	1,637,760	18,353	4,819	55,192	78,364
Total	<u>\$ 4,649,882</u>	<u>\$ 248,634</u>	<u>\$ 65,298</u>	<u>\$ 171,889</u>	<u>\$ 485,821</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

	Deferred Inflows of Resources Related to Pensions				
	Component Units				
	Governmental Activities		Business-type Activities		
	Harrison	Harrison	Mississippi		
	County	County	Coast		Total
	Development	Development	Coliseum		Component
	Commission	Commission	Commission		Units
Differences between expected and actual experience	\$ 100,363	\$ 1,501	\$ 394	\$ 3,724	\$ 5,619
Changes of assumptions	-	-	-	-	-
Net changes in projected and actual earnings on pension plan investments	1,020,065	15,244	4,003	37,852	57,099
Changes in proportion and differences between employer's contributions and proportionate share of contributions	46,781	11,578	3,041	-	14,619
Total	\$ 1,167,209	\$ 28,323	\$ 7,438	\$ 41,576	\$ 77,337

\$1,637,760 and \$78,364 reported as deferred outflows of resources related to pensions in the primary government and in the component units, respectively, resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 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:

	Component Units			
	Harrison County	Mississippi Coast	Total	
Year Ending September 30,	Primary Government	Development Commission	Coliseum Commission	Component Units
2020	\$ 1,438,511	\$ 124,817	\$ 34,485	\$ 159,302
2021	(573,400)	83,906	(31,821)	52,085
2022	554,125	38,245	27,456	65,701
2023	425,677	8,031	45,001	53,032
Total	<u>\$ 1,844,913</u>	<u>\$ 254,999</u>	<u>\$ 75,121</u>	<u>\$ 330,120</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2018.

The long-term expected rate of return on the PERS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of the plans investment expense and the assumed rate of inflation) were 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 rate of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 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	100.00 %	

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current 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 plan's total pension liability.

Sensitivity of County's proportionate share of the net pension liability to changes in the discount rate

The following table presents the proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75% as well as what the County and its component units proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

<u>Proportionate share of PERS</u>	<u>1% Decrease 6.75%</u>	<u>Current Discount Rate 7.75%</u>	<u>1% Increase -8.75%</u>
Primary government	\$ 122,563,867	\$ 93,237,458	\$ 69,031,138
Harrison County Development			
Commission	2,312,526	1,759,200	1,302,474
Mississippi Coast Coliseum			
Commission	4,548,044	3,459,813	2,561,576

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report and can be obtained at www.pers.ms.gov.

B. Deferred Compensation Plan

In addition to PERS, fulltime employees may also participate in a Section 457 deferred compensation plan funded through Mississippi Deferred Compensation. All contributions are made by the employees through salary deferral elections. Employees are permitted to make contributions up to the applicable Internal Revenue Code limits. Participants are fully vested in all contributions and earnings thereon. Participant's investments are self-directed from a list of funds provided. With respect to the Section 457 plan, the County and its component units have no unfunded pension liability or fiduciary responsibility.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

14. Long-term Debt

The County had the following types of long-term debt outstanding as of September 30, 2019:

General Obligation Bonds – General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities and are backed by the full faith, credit and taxing power of the County. The County levies a tax on all taxable property in the County in an amount adequate to meet the required principal and interest payments on the bonds.

Capital Leases - The County has entered into numerous lease-purchase agreements to finance the purchase of certain equipment as described below. The lease terms vary, but all agreements include a cancellation clause based on unavailability of funds.

Other Loans - The County has entered into loan agreements primarily with the State of Mississippi and other governmental entities in order to construct or acquire facilities to be used for economic development purposes. These facilities are then leased to the companies with payments from the companies being used to repay the principal and interest on the debt.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

Description	Amount Outstanding	Interest Rate	Maturity Date
Primary government:			
A. General Obligation Bonds			
Special Obligation Refunding Bonds, Series 2010A	\$ 27,000,000	5.0-5.25%	Jan. 2034
Special Obligation Refunding Bonds, Series 2010B	40,000,000	Variable	Sep. 2045
Special Obligation Refunding Bonds, Series 2010C	470,000	2.0-4.25%	Mar. 2030
General Obligation Industrial Development Bond, Series 2010D	355,000	1.75-6.05%	Mar. 2030
General Obligation Refunding Bonds, Series 2010E	1,355,000	3.60%	Dec. 2025
General Obligation Refunding Bonds, Series 2016B	12,925,000	4-5%	Oct. 2028
General Obligation Refunding Bonds, Series 2017A	6,310,000	1.95-2.25%	Mar. 2030
General Obligation Refunding Bonds, Series 2017B	5,489,000	2.27-3.40%	Mar. 2030
Special Obligation MS Development Bank Bonds, Series 2018	15,000,000	3.59%	Dec. 2033
General Obligation Refunding Tax Exempt Bonds, Series 2019A	24,490,000	3-5.0%	Oct. 2031
General Obligation Refunding Taxable Bonds, Series 2019B	<u>12,780,000</u>	1.652-2.364%	Oct. 2031
Total bonds - primary government	\$ 146,174,000		
B. Capital leases			
Hancock Bank auto lease	\$ 173,311	1.67%	Feb. 2020
Bank of America - Gulfport HVAC lease	539,799	1.64%	Nov. 2021
Bank of America - energy efficiency lease	<u>3,472,865</u>	1.49%	Nov. 2027
Total capital leases - primary government	\$ 4,185,975		
C. Other loans			
MDA Cap Loan 0303	\$ 42,084	3.00%	Nov. 2020
MDA Cap Loan 0304	<u>41,974</u>	3.00%	Nov. 2020
Total other loans - primary government	\$ 84,058		
Component units			
D. Other loans			
Harrison County Development Commission			
MDA - Innovation Center	\$ 87,231	3.00%	Nov. 2021
Mississippi Coast Coliseum Commission			
BancorpSouth Bank - land purchase	<u>2,749,334</u>	4.75%	Dec. 2019
Total other loans	\$ 2,836,565		

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Primary government – Variable interest rates are based on LIBOR. Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position for the primary government are as follows:

A. General Obligation Bonds Payable

Year ending September 30,	General Obligation Bonds	
	Principal	Interest
2020	\$ 8,902,000	\$ 6,099,824
2021	8,092,000	5,732,599
2022	8,418,000	5,415,459
2023	8,761,000	5,083,302
2024	9,113,000	4,740,374
2025-2029	40,100,000	18,508,337
2030-2034	22,788,000	11,539,139
2035-2039	15,645,000	7,082,431
2040-2044	19,800,000	3,096,306
2045	4,555,000	51,294
Total	<u>\$ 146,174,000</u>	<u>\$ 67,349,065</u>

B. Capital Leases – See Note 11

C. Other Loans

Year ending September 30,	Other Loans	
	Principal	Interest
2020	\$ 66,833	\$ 1,396
2021	17,225	55
Total	<u>\$ 84,058</u>	<u>\$ 1,451</u>

D. Component Unit Other Loans

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

Year ending September 30,	Other Loans	
	Principal	Interest
2020	\$ 2,780,090	\$ 95,069
2021	31,679	1,916
2022	24,796	979
Total	<u>\$ 2,836,565</u>	<u>\$ 97,964</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

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

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount Due Within One Year
Primary government					
Governmental activities:					
Compensated absences	\$ 2,633,760	\$ 208,275	\$ -	\$ 2,842,035	\$ 284,203
General obligation bonds	137,910,000	55,780,000	47,516,000	146,174,000	8,902,000
Capital leases	4,966,386	-	780,411	4,185,975	765,772
Other loans	147,044	-	62,986	84,058	65,156
Sub-total	145,657,190	55,988,275	48,359,397	153,286,068	10,017,131
Less:					
Deferred amounts on refundings	3,603,923	322,645	964,435	2,962,133	322,237
Add:					
Premium	3,750,215	4,803,625	729,235	7,824,605	718,509
Total primary government	\$ 145,803,482	\$ 60,469,255	\$ 48,124,197	\$ 158,148,540	\$ 10,413,403
Component units:					
Governmental Activities:					
Harrison County Development Commission					
Compensated absences	\$ 31,970	\$ 31,589	\$ 31,589	\$ 31,970	\$ 21,123
Other loans	117,091	-	29,860	87,231	30,756
Business-type Activities:					
Harrison County Development Commission					
Compensated absences	3,998	3,950	2,223	5,725	3,783
Mississippi Coast Coliseum Commission					
Compensated absences	98,850	7,463	-	106,313	-
Other loans	2,999,334	-	250,000	2,749,334	2,749,334
Total component units	\$ 3,251,243	\$ 43,002	\$ 313,672	\$ 2,980,573	\$ 2,804,996

Compensated absences will be paid from the funds from which the employees' salaries were paid which are generally the General Fund and Countywide Road Maintenance Fund for the primary government.

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 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 6.38% of the latest property assessments.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Advance Bond Refunding – In September 2019, the County issued \$24,970,000 (2019A Series) and \$15,810,000 (2019B Series) in general obligation refunding bonds with an average interest rate of 3.00 -5.00% and 1.652-2.364%, respectively, to refund the following bond issues:

Issue	Interest Rate	Amount Refunded
\$16.365M Refunding Bonds, Series 2008B	5.0-5.5%	\$ 11,060,000
\$27.525M Variable Rate Refunding Bonds, Series 2008A-2	Variable	24,930,000
\$28M Refunding Bond, Series 2008D	3.5-5.0%	4,180,000

The County refunded the above bonds to reduce its total debt service payments over the next 13 years by \$913,071 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$884,614.

The proceeds from the new issuance were deposited in trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the County's liabilities. The reacquisition price exceeded the net carrying amount of the old debt by \$322,646. This amount has been deferred and is being amortized over the life of the new debt.

Mississippi Development Authority - Innovation Center - In November 2001, the City of Biloxi, Mississippi obtained a \$500,000 loan, bearing 3% interest, through the MDA for construction of an addition to the Innovation Center. Principal and interest payments are payable annually in the amount of \$33,608 through November 1, 2021. The principal and interest thereon are obligations of the City of Biloxi, Mississippi. However, the Harrison County Development Commission provides for repayment of the loan.

Intragovernmental Debt Transactions - In February 2000, Harrison County, Mississippi obtained two loans in the amount of \$500,000 each bearing 3% interest, through the Mississippi Development Authority (MDA) for improvements to the Biloxi Commerce Park (BCP). Principal and interest payments are payable monthly in the amount of \$2,773 on both loans through November 1, 2020. The principal and interest thereon are obligations of the County. However, the Commission provides for repayment of the loans. The principal balance of \$84,058 has been removed from the Commission's debt schedule and is included in Intragovernmental balances on the government-wide financial statements. See Note (5) for details.

15. Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balances at September 30, 2019:

Fund	Deficit Amount
Senior Companion Program Fund	\$ 14,090
Worthless Check Division Fund	4,018
Election Support Fund	73,045
Jail Repair Fund	3,235,092

These deficit balances are mainly the result of cost matching and disbursement of loans to other funds.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

16. 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. 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 with the exception of the following.

Mississippi Coast Coliseum Commission - As of July 1, 2018, the Commission entered into a 10 year food and beverage operation agreement with Levy Premium Foodservice Limited Partnership that ends on June 30, 2028.

The Commission is contingently liable under a contract with Levy Premium Foodservice Limited Partnership whereby Levy agrees to make capital investments to the Coliseum over a five year period and the Coliseum agrees to an early termination fee to the vendor's contract. If the Agreement for Levy to provide food and beverages at the Mississippi Coast Coliseum is terminated by either party at any time for any reason prior to the expiration of the term, the Commission agrees to pay to Levy, in a single lump sum payment, the unamortized value of the Capital Investment and Additional Investment (amortizing on an annual straight line basis over the Term from the time the portion of such investment is made, with no amortization for partial contract years). The early termination fee balance at September 30, 2019 was \$887,548.

17. No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for which the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default.

Harrison County and the Mississippi Transportation Commission (Mississippi Department of Transportation) entered into an Interlocal Cooperative Agreement, dated January 24, 2005 and amended October 15, 2005 which among other things allowed the County to provide funds necessary to the Commission (MDOT) for the construction of a Highway Project. The funds come from the \$102,000,000 Mississippi Development Bank Bonds, Series 2005 (Harrison County, Mississippi Highway Construction Project), \$9,490,000 Mississippi Development Bank Special Obligation Bonds, Series 2009A (Harrison County, Mississippi Highway Construction Project) and the \$63,295,000 Mississippi Development Bank Special Obligation Build America Bonds, Series 2009B (Harrison County, Mississippi Highway Construction Project – Direct Payment – Federally Taxable) dated August 26, 2009.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

In March 2013, Harrison County and the Commission (MDOT) issued Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013A in an amount not to exceed \$80,000,000, to provide funds to advance refund and defease the outstanding Series 2005 Bonds. Under the Cooperative Agreement, the Commission (MDOT) agrees to pay to the Trustee amounts sufficient to pay the principal and interest on the Series 2005 and Series 2009 Bonds. Nothing in the bonds or any other document executed by the County will obligate the County financially in any way or be a charge against its general credit or taxing powers.

The total amount outstanding as of September 30, 2019, is as follows:

Issue	Outstanding
Mississippi Development Bank Bond, Series 2009B	\$ 63,295,000
Mississippi Development Bank Bond, Series 2013A	48,130,000
Total	

18. Effect of Deferred Amounts on Net Position

A. Primary Government

The governmental activities' unrestricted net position amount of \$(119,482,387) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,637,760 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 \$3,012,122 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 3 years. The \$1,167,209 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of \$(119,482,387) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County non-capital debt. \$461,117 of the \$2,962,133 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the unrestricted net position over the next 13 years.

The governmental activities' net investment in capital assets net position of \$72,148,296 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County capital debt. \$2,501,016 of the \$2,962,133 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 net position over the next 11 years.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

B. Component units

The component units unrestricted net position amount of \$14,654,068 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$78,364 resulting from Commissions' 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 \$407,457 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 3 years. The \$77,337 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 4 years.

19. Joint Ventures

The County participates in the following joint ventures:

Harrison County is a participant with the Cities of Gulfport, Biloxi, Pass Christian, D'Iberville and Bay St. Louis in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate Harrison County Library System. The joint venture was created to furnish Harrison County and the cities within Harrison County with library service and is governed by a board consisting of five members, with each entity appointing one member. By contractual agreement, the County's appropriation to the joint venture was \$978,750 in fiscal year 2019. Complete financial statements for the Harrison County Library can be obtained from the Gulfport branch located at 1300 21st Avenue, Gulfport, Mississippi.

Harrison County is a participant with the Cities of Gulfport, Biloxi, Pass Christian, D'Iberville and Bay St. Louis in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Harrison County Utility Authority. The joint venture was created to handle and dispose of solid waste within the County and the aforementioned cities and is governed by a board consisting of six members, with each entity appointing one member. The County's appropriation to the joint venture was \$4,310,799 for solid waste and wastewater treatment services and \$341,381 for water service in fiscal year 2019. Complete financial statements for the Harrison County Utility Authority can be obtained from 10271 Express Drive, Gulfport, Mississippi, 39503.

Harrison County is a participant with the City of Gulfport in a joint venture, authorized by Section 41-13- 15, Miss. Code Ann. (1972), to operate the Memorial Hospital at Gulfport. The joint venture was created to provide medical services for the residents of the metropolitan area and is governed by a board consisting of five members, with each entity appointing two members and the fifth member appointed alternately by the City and the County. While the hospital is basically self-supporting, the City and the County both approve the budget and both may issue debt for the hospital. Complete financial statements for the Memorial Hospital at Gulfport can be obtained from P.O. Box 1810, Gulfport Mississippi, 39501.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Harrison County is a participant with the City of Gulfport and Biloxi in a joint venture, authorized by Section 61-3-7, Miss. Code Ann. (1972), to operate the Gulfport-Biloxi Regional Airport Authority. The joint venture was created to provide the Gulfport-Biloxi metropolitan area with air passenger and air freight facilities and is governed by a board consisting of three members, with each entity appointing one member. The Harrison County Board of Supervisors appoints one of the three members of the commission. The County did not appropriate to the joint venture in fiscal year 2019. Complete financial statements for the Gulfport-Biloxi Regional Airport Authority can be obtained from P.O. Box 2127, Gulfport, Mississippi, 39501.

Harrison County is a participant with Hancock and Jackson Counties in a joint venture, created by Senate House Bill 3225 in 1999, to operate the Mississippi Gulf Coast Regional Convention and Visitors Bureau. Originally created for the purpose of promoting tourism and conventions within Harrison County, the Mississippi Legislature enacted House Bill 1716, effective July 1, 2013, which renamed the Harrison County Tourism Commission the Mississippi Gulf Coast Regional Convention and Visitors Bureau, which allowed for the promotion of tourism and conventions of Jackson and Hancock counties. The Bureau was renamed Visit Mississippi Gulf Coast in 2016 and Coastal Mississippi in 2019. Funding for Visit Mississippi Gulf Coast is provided primarily through a hotel tax levied on rooms within Harrison County. The separately issued financial statements of Visit Mississippi Gulf Coast can be obtained by calling (228) 896-6699.

20. Jointly Governed Organizations

The County participates in the following jointly governed organizations:

The Gulf Coast Mental Health operates in a district of the counties of Hancock, Harrison, Pearl River and Stone. The governing body is a four-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties. The County appropriated \$1,434,000 for the support of the agency in fiscal year ending September 30, 2019.

Southern Mississippi Planning and Development District operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Stone and Wayne. The Harrison County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$24,416 for the support of the agency in the fiscal year ended September 30, 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 \$10,404,025 for maintenance and support of the college in fiscal year 2019.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Gulf Regional Planning and Development District operates in a district composed of the Counties of Hancock, Harrison and Jackson. The governing body is a nine-member board of directors, three appointed by the Board of Supervisors of each member county. The County appropriated \$21,165 for support of the district in fiscal year 2019.

Gulf Coast Community Action Agency operates in the Counties of George, Greene, Harrison and Hancock. The agency's board is composed of 24 members, one each appointed by the Counties of George, Greene, Harrison and Hancock, and the Cities of Bay St. Louis, Biloxi, Gulfport and Pass Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants and the member governments provides only a modest amount of financial support when the grants require matching funds. The County provided no financial support in fiscal year 2019.

Mississippi Coast Transportation Authority operates along the Mississippi Gulf Coast. The authority is composed of the following six members: Harrison County and the cities of Bay St. Louis, Biloxi, Gulfport, Ocean Springs and Pass Christian. The authority's board is composed of nine members, two each appointed by Harrison County and the Cities of Biloxi and Gulfport and one each appointed by the Cities of Ocean Springs, Bay St. Louis and Pass Christian. The County appropriated \$441,268 for the support of the authority in the fiscal year ending September 30, 2019.

Harrison-Jackson County Emergency Medical Service District operates in a district composed of Counties of Harrison and Jackson and the Cities of Biloxi, Gulfport and Ocean Springs. The district's board is composed of five members, one each appointed by each government. The County provided no financial support in fiscal year 2019.

Harrison County Gulf Coast Business Corporation operates in Harrison County. The corporation's board is composed of 36 members, one appointed by the Board of Supervisors and 35 appointed by the chambers of commerce in the County. The County provided no financial support 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 counties generally provide no financial support to the organization.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

21. Derivatives and Interest Rate Swaps

The County is party to contracts for derivative instruments as discussed below.

At September 30, 2019, the County has the following derivative instruments outstanding:

Item	Notional Amount	Fair Value		Changes in Fair Value	
		Classification	Amount	Classification	Amount
A	\$ 40,000,000	Debt	\$ (26,339,880)	Deferred inflow	\$ (10,488,856)

Objectives of hedging derivative instruments: The County has entered into interest rate swaps to manage interest costs related to long-term debt. The following table summarizes the key terms and general information of the effective hedging interest rate swaps outstanding as of September 30, 2019:

Item	Derivative	Counterparty	Notional Amount	Effective Date	Maturity Date	Terms
	Type	Credit Rating				
A	Pay fixed					Pay 4.365%,
	interest rate	A3/BBB+	\$40,000,000	1/2/2010	1/2/2045	receive 70% of
	swap					LIBOR

- A. On June 26, 2006, the County and the Mississippi Development Bank (collectively the “County”) executed confirmations with Deutsche Bank AG, New York Branch (the “2006 Counterparty”), in connection with the execution of an ISDA Master Agreement and documents dated and executed on February 28, 2008 and revised January 20, 2010 in connection therewith (collectively, the “2006 GO Bonds Swap Agreement”) in order to hedge the interest rate risk associated with a certain outstanding obligation of the County. The 2006 GO Bonds Swap Agreement was delivered in conjunction with, and together with the Confirmations thereto, as described below:

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

\$68,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2005 (MS Bond Program – Harrison County, Mississippi General Obligation Coliseum/Convention Center Expansion and Refunding Project), dated February 2, 2005 (the “February 2005 Bonds”) as refunded by the \$30,400,000 Mississippi Development Bank Refunding Bonds Series 2010A (Harrison County, Mississippi General Obligation Coliseum and Convention Center Refunding Bonds), dated January 28, 2010 issued contemporaneously with \$40,000,000 Mississippi Development Bank Variable Rate Demand Refunding Bonds, Series 2010B (Harrison County, Mississippi General Obligation Coliseum and Convention Center Refunding Bonds), dated January 28, 2010.

On February 28, 2008, the parties to the 2006 GO Bonds Swap Agreement executed a Forward Starting Confirmation in connection with the February 2005 Bonds (the “February 2005 Bonds Novated Confirmation”). The February 2005 Bonds Novated Confirmation has an original notional amount of \$68,000,000, which will equal the outstanding principal amount of the February 2005 Bonds. The notional amount declines as the principal amount of the associated debt declines. Under the revised February 2005 Bonds Novated Confirmation, which the County revised in conjunction with the issuance of the Series 2010A Bonds, the County pays a fixed payment based on 4.365% and receives a variable payment based on USD-LIBOR-BBA multiplied by seventy percent (70%) on each payment date.

On January 20, 2010, the parties to the 2006 Swap Agreement executed a Revised Agreement in connection with the “February 2005 Bonds Novated Confirmation”, which was executed at the option of the County to revise Confirmation dated February 28, 2008 between the parties under the 2006 GO Bonds Swap Agreement concerning the February 2005 Bonds. The February 2005 Bonds Initial Termination Confirmation reflected a negative fair value at the time of revision. A payment of \$8,680,000 would have been owed to the Swap Counterparty had the Swap Agreement been terminated rather than amended on the Revised Trade Date. The parties have mutually agreed to satisfy this payment obligation by making a payment to the Swap Counterparty in the amount of \$3,690,000 and increasing the Fixed Rate payable under the Swap Agreement to compensate for the remaining portion of the payment (the “Fixed Rate Adjustment”). This payment was made from a portion of the proceeds of the \$30,400,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2010A (Harrison County, Mississippi Coliseum and Convention Center Refunding Project), dated January 20, 2010 (the “Series 2010A Bonds”), which carry coupon rates ranging from 5.0-5.25% to final maturity on January 1, 2034.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Derivative Instrument Risks:

Interest Rate Risk – Although the interest rate is synthetically fixed, the outstanding Confirmations described above under the respective interest rate exchange agreements, interest payments on the corresponding variable rate bonds subject to each such interest rate exchange agreement and the net swap payments will vary as interest rate changes.

The County believes, with respect to the transactions described above, that it has substantially reduced the interest rate risk with respect to the corresponding variable rate bonds by entering into the interest rate swaps.

Credit Risk – Credit risk can be measured by actual market value exposure or theoretical exposure. When the fair value of any swap has a positive market value, then the County is exposed to the actual risk that the counterparty will fulfill its obligations.

As of September 30, 2019, the County has no net exposure to actual credit risk on its derivatives because the total exposure to each counterparty is a liability to the County. The County does not measure theoretical exposure on its derivative portfolio.

Each swap agreement requires that the counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories, and ratings, which are obtained from any other nationally recognized statistical rating agencies shall also be with the three highest grade categories.

All of the swap agreements require that should the rating of the applicable counterparty or of the entity unconditionally guaranteeing such counterparty's obligations fall below the required rating, that the applicable counterparty transfer the agreement to an entity that meets the required rating.

Basis Risk – The County is exposed to basis risk when the variable payment on its obligations does not match the variable payment received on its hedges. The February 2008 Novated Confirmation and the February 2005 Bonds Revised Confirmation under the 2006 GO Bonds Swap Agreement and the Confirmation under the 2006 Swap Agreement expose the County the basis risk as the relationship between the USD-LIBOR-BBA and the associated variable rate bonds vary, which changes the synthetic rate on such Bonds.

The other Confirmations under the 2006 GO Bonds Swap Agreement and all the Confirmations under the 2006 Revenue Bonds Swap Agreement expose the County to basis risk to the extent of the difference between the BMA Municipal Swap Index and the USSMQ10 Index rate as it appears on the Bloomberg screen times an applicable percentage. The relationship between these rates will vary over time and any variation will result in an adjustment to the intended synthetic interest rate.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

Termination Risk – Each Swap Agreement is documented by using International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to each Master Agreement includes additional termination events, providing that the swaps may be terminated if either the County's or a counterparty's credit rating falls below certain levels. The County or the counterparties may terminate a swap agreement if the other party fails to perform under the terms of the contract.

If one or more of the swap agreements is terminated, the related variable rate Bonds would no longer be hedged and the County would no longer be effectively paying a synthetic fixed rate with respect to these Bonds. Also, if at the time of termination a swap has a negative fair value, the County would incur a loss and would be required to settle with the applicable counterparty at the swap's fair value at the time of termination. If a swap has a positive fair value at the time of termination, the County would realize a gain that the applicable counterparty would be required to pay. In either case, the County would increase its interest rate risk because the variable rate bonds would no longer be hedged.

Market Access Risk – Market access risk refers to the ability of the County to continue to access the capital markets. The County is subject to market access risk in the event that the credit enhancement that is supporting the variable rate bonds cannot be renewed or extended beyond its original term or if general market conditions disrupt the variable rate markets.

Rollover Risk – Rollover risk exists when a hedge matures prior to the maturity date of the hedged item. Except as noted below, all Confirmations are for the term (maturity) of the corresponding variable rate bonds, and therefore, there is no rollover risk.

The February 2005 Bonds Novated Confirmation terminates prior to the maturity date of the February 2005 Bonds related to such Confirmations.

In the event the February 2005 Bonds Novated Confirmation terminates at the termination date thereof, the County would become subject to the variable interest rates that were previously hedged to fixed rates as to the February 2005 Bonds.

Foreign currency risk – All derivatives are denominated in U.S. dollars and therefore, the County is not exposed to foreign currency risk.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

22. Tax Abatements

As of September 30, 2019, the County provides tax abatements and exemptions through three programs –Tax Incentives for Economic Development and Residential Improvement Program, Industrial Exemption Program and Free Port Warehouse Exemption Program.

- The Tax Incentives for Economic Development and Residential Improvement Program provides property tax abatements of city and county real property taxes to encourage economic development and facilitate reconstruction and redevelopment of certain businesses and residential property within the municipalities of the County. School taxes are not exempt. Miss. Code Ann. § 17-21-7 (Rev. 2003) provides that the Board of Supervisors may “in its discretion, exempt from any or all county ad valorem taxes, excluding ad valorem taxes for school district purposes, for a period of not more than seven (7) years, any privately owned new structures and any new renovations of and improvements to existing structures where an exemption has been granted by the municipality in accordance with provisions of state law.”

Property owners will make an application for abatement by submitting documentation to substantiate the qualifying investment with the municipality pursuant to an economic recovery or redevelopment plan of the municipality. The abatement agreement stipulate a percentage reduction of property taxes, which can be as much as 100%. The municipality will then pass a resolution granting the exemption once an application has been approved and all requirements have been met. The Board of Supervisors can then choose to abate the county ad valorem tax based on the municipality’s recommendation and resolution. The amount of the abatement is deducted from the recipient’s tax bill.

- The Industrial Exemption Program allows an exemption for up to ten (10) years from property taxes on land and building and equipment to encourage economic development within the municipality and county. School taxes are not exempt. Miss. Code Ann. §27-31- 101 and §27-31-105 provides that “any person, firm, or corporation who owns or operates a new manufacturing or other enterprise of public utility or who completes a new enterprise or who makes additions to or expansions of the facilities or properties or replaces equipment used in connection with or necessary to the operation of such enterprise may be granted an exemption from ad valorem taxation, except state ad valorem taxation, upon each addition to or expansion of the facility or property or replacement of equipment.” The time of the exemption shall commence from the date of completion of the additions, expansions or replacements.

Eligible businesses include manufacturers, processors, research and development facilities, refineries, warehouse and distribution facilities, data and information processing companies and telecommunications and technology intensive industries. In order to obtain the exemption, the business must file an application with the governing authorities of the municipality or the county board of supervisors on or before June 1 of the year following the year of completion of the new enterprise or completion of the new expansion or addition. The application should provide complete itemized listing of the proposed property to be exempted showing the true value and the date from which the exemption is claimed. The application, with the resolution

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

of approval from the municipality and county shall be forwarded to the Mississippi Department of Revenue within thirty (30) days from the date of the resolution. The department will investigate matter and determine whether the property is eligible for the exemption and will then notify the governing authorities of its determination. The amount of the exemption reduces the property's assessed value that taxes are calculated on.

- The Free Port Warehouse Exemption Program provides an exemption from ad valorem personal property taxes paid on finished goods inventories that leave the state. The exemption may be for all property taxes and may be perpetual. Miss. Code Ann. §27-31- 53 provides that "all personal property in transit through the state which was consigned or transferred to a licensed 'free port warehouse', public or private, within the state for storage in transit to a final destination outside of the state, may, in the discretion of the board of supervisors of the county where the warehouse or storage facility is located, and in the discretion of the governing authorities of the municipality where the warehouse or storage facility is located, be exempt from all ad valorem taxes imposed by the respective county or municipality and the property exempted."

Free Port Tax Exemption licenses are granted the year prior to the actual exemption. An exemption granted is effective as of the first calendar day of the taxable year in which the warehouse applied for the exemption by the submission of an application for license. The exemption shall remain in effect as such time as the governing authority may prescribe. The amount of the exemption reduces the property's assessed value that taxes are calculated on. At the end of each calendar year, each licensee shall calculate the actual percentage of all personal property consigned or transferred to the warehouse or storage facility which was shipped to a final destination outside the state in relation to the total of all such personal property shipped to any destination during the year. This percentage will then be applied to the total value of all property contained in the inventory of the warehouse or storage facility as of January 1 of the year which was consigned or transferred to such warehouse or storage facility. If the result is less than the value of property for which the exemption was allowed, then the amount of the difference shall be deducted from the amount of the exemption previously allowed and taxes shall be levied and collected by the tax collecting authorities.

The following table reflects the amount of ad valorem taxes that were abated or exempted for the year ended September 30, 2019:

Program	Ad Valorem Taxes Abated/Exempted
Tax Incentives for Economic Development and Residential Improvement	\$ 541,397
Industrial Exemption – Real property	66,463
Industrial Exemption – Personal property	37,556
Free Port Warehouse	272,595

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

The County also participates with the City of Biloxi and the City of D'Iberville in Tax Increment Financing for economic development within those cities. A small, geographic area, the TIF district, is designated for subsidized development. The property values go up as a result of the development and the increase in tax revenues over the base amount is what the County has elected to contribute to pay the debt service on the TIF bonds issued.

As of September 30, 2019, the County has the following tax increment financing commitments:

On August 10, 2016, the Harrison County Board of Supervisors entered into a tax pledge agreement with the City of Biloxi to finance the City's Tax Increment Limited Obligation Refunding Bonds which amended the previous Tax Pledge Agreement dated October 1, 2006, originally issued for a traffic flow and thoroughfare improvement plan project. The County pledged to provide annual payments equal to the lesser of (a) \$1,200,000 per year or (b) one-half the debt service on the City's Tax Increment Limited Obligation Bonds.

On September 8, 1998, the Harrison County Board of Supervisors entered into a tax pledge agreement with the City of D'Iberville to finance the City's Tax Increment Limited Obligation Bonds for the purpose of financing the City's Interstate 110/Interstate 10 capital improvement project in the amount of \$1,135,000. The County pledged an amount sufficient to pay the principal and interest on the bond issue. The agreement was amended on July 7, 2003, to include the addition of \$3,200,000 in bonds. The County pledged an amount sufficient to pay the principal and interest on \$1,000,000 of the additional bonds.

On March 10, 2008, the Harrison County Board of Supervisors entered into a tax pledge agreement with the City of D'Iberville to finance the City's Tax Increment Limited Obligation Bonds for the purpose of funding public infrastructure improvements related to the Gulf Coast Promenade Project in the amount of \$13,250,000. The 2008 bonds were refunded on January 15, 2013, for \$11,000,000 and have a varying interest rate of 2.0-4.75% with principal maturing April 2033. The principal and interest on the tax increment financing bond is paid from the increase in sales tax revenue that is generated from the developed area by the City.

On June 25, 2014, the Harrison County Board of Supervisors entered into a tax pledge agreement with the City of Biloxi to finance the City's Tax Increment Junior Lien Limited Obligation Bonds for the purpose of funding public infrastructure improvements related to the Margaritaville Casino Project. The County is responsible for up to 50% of the increased assessed value of real and personal property within the TIF district.

On June 30, 2017, the Harrison County Board of Supervisors entered into a tax pledge agreement with the City of Biloxi to finance the City's Tax Increment Limited Obligation Bonds for the purpose of funding public infrastructure improvements related to the Neighborhood Wal-Mart Project. The County is responsible for up to 50% of the increased assessed value of real and personal property within the TIF district.

The County's payments on these commitments are paid annually from the revenues generated by tax increment financing.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

The following table reflects the amount of ad valorem taxes abated or offset for the year ended September 30, 2019:

City	TIF Issue	Terms of TIF Agreement	Amount of Taxes Allocated for
City of Biloxi	2016 Refunding TIF	County will match 42% of debt payments with increase in ad valorem and personal property within TIF district	\$ 1,076,355
City of Biloxi	Margaritaville TIF	County will forgo 50% of increase in ad valorem and personal property tax within tax district	5,430
City of Biloxi	Wal-Mart Neighborhood TIF	County will forgo 50% of increase in ad valorem and personal property tax within tax district	52,417
Total City of Biloxi			<u>1,134,202</u>
City of D'Iberville	1999 Lowes TIF	County will forgo increase in ad valorem and personal property tax within TIF District	126,000
City of D'Iberville	2004 Walmart TIF	County will match debt payments up to \$1,000,000 with increase in ad valorem and personal property tax	101,263
City of D'Iberville	Promenade TIF	County will forgo 50% of increase in ad valorem and personal property tax within tax district	180,318
Total City of D'Iberville			<u>407,581</u>
Total ad valorem forgone for TIF debt payments			<u><u>\$ 1,541,783</u></u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2019
(Continued)

23. Office of the State Auditor Compliance Report

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

24. Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the County evaluated the activity of the County through December 4, 2020, (the date the financial statements were available to be issued) and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

Subsequent to year end, a novel strain of coronavirus (COVID-19) spread across the world and was declared a pandemic by the World Health Organization on March 11, 2020. As a result of the spread of COVID-19, economic uncertainties have arisen. The extent of the impact of COVID-19 on operational and financial performance will depend on the duration and spread of the outbreak. As of the date of this report, the effects are uncertain and cannot be reasonably estimated.

Required Supplementary Information

Harrison County, Mississippi
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)- UNAUDITED
General Fund
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual- Budgetary Basis	Variances- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ 46,770,831	\$ 48,299,452	\$ 48,299,452	\$ 1,528,621	\$ -
Licenses, commissions and other revenue	3,377,000	4,204,838	4,204,838	827,838	-
Fines and forfeitures	747,525	1,149,261	1,149,261	401,736	-
Intergovernmental revenue	7,942,500	9,328,541	9,328,541	1,386,041	-
Charges for services	2,658,000	4,121,364	4,121,364	1,463,364	-
Interest income	332,575	982,430	982,430	649,855	-
Miscellaneous revenues	708,500	1,340,621	1,345,847	632,121	5,226
Total revenues	<u>62,536,931</u>	<u>69,426,507</u>	<u>69,431,733</u>	<u>6,889,576</u>	<u>5,226</u>
Expenditures					
Current					
General government	31,014,629	28,775,631	28,776,784	2,238,998	(1,153)
Public safety	27,862,522	27,447,866	27,447,866	414,656	-
Public works	58,300	56,178	56,178	2,122	-
Health and welfare	5,312,382	5,166,330	5,166,330	146,052	-
Culture and recreation	3,392,199	5,282,963	5,282,963	(1,890,764)	-
Conservation of natural resources	167,665	164,801	164,801	2,864	-
Economic development and assistance	46,777	46,776	46,776	1	-
Debt service	1,500,341	1,525,031	1,525,031	(24,690)	-
Total expenditures	<u>69,354,815</u>	<u>68,465,576</u>	<u>68,466,729</u>	<u>889,239</u>	<u>(1,153)</u>
Excess of revenues over/(under)expenditures	<u>(6,817,884)</u>	<u>960,931</u>	<u>965,004</u>	<u>7,778,815</u>	<u>4,073</u>
Other financing sources (uses)					
Proceeds from sales of capital assets	-	21,125	21,125	21,125	-
Transfers in	4,460,000	7,686,457	7,680,815	3,226,457	(5,642)
Transfers out	(1,380,200)	(2,590,514)	(2,588,700)	(1,210,314)	1,814
Total other financing sources (uses)	<u>3,079,800</u>	<u>5,117,068</u>	<u>5,113,240</u>	<u>2,037,268</u>	<u>(3,828)</u>
Net change in fund balances	<u>(3,738,084)</u>	<u>6,077,999</u>	<u>6,078,244</u>	<u>9,816,083</u>	<u>245</u>
Fund balances, beginning of year	<u>26,599,339</u>	<u>26,599,339</u>	<u>26,599,339</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 22,861,255</u>	<u>\$ 32,677,338</u>	<u>\$ 32,677,583</u>	<u>\$ 9,816,083</u>	<u>\$ 245</u>

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Notes to the Required Supplementary Information-Budgetary Schedules
For the Year Ended September 30, 2019

Budgetary Comparison Schedule

A. Budgetary Information

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

	<u>General Fund</u>
Budget (cash basis)	\$ 6,078,244
Increase (decrease)	
Net adjustments for revenues	528,554
Net adjustments for expenditures	<u>(78,846)</u>
GAAP basis	<u><u>\$ 6,527,952</u></u>

Any line item that had an excess of actual over budget was the result of audit reclassification entries.

Harrison County, Mississippi
Schedule of Changes in the County's Total OPEB Liability and Related Ratios Last 10 Fiscal Years *
September 30, 2019

	9/30/2019	9/30/2018
Total OPEB Liability		
Service cost	\$ 173,462	\$ 325,938
Interest	63,937	132,237
Changes of benefit terms	-	-
Differences between expected and actual experience	(2,635,781)	-
Changes in assumptions or other inputs	208,167	-
Benefit payments	(27,621)	(58,269)
Net change in total OPEB liability	\$ (2,217,836)	\$ 399,906
 Total OPEB Liability- beginning	 \$ 4,357,057 **	 \$ 3,957,151
Total OPEB Liability- ending	\$ 2,139,221	\$ 4,357,057
 Covered-employee payroll	 \$ 28,084,145	 \$ 26,070,069
 Total OPEB as a % of covered-employee payroll	 7.6%	 16.7%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year beginning after June 15, 2017, and until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

**As restated due to the implementation of GASB 75

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No 75, paragraph 4.

Changes in Assumptions

2019

The discount rate is 2.79% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019, compared to the prior Statement No. 75 discount rate of 3.13%.

The medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.

The assumed trend rate for the medical claims was changed from 7.00% grading uniformly to an ultimate rate of 5.00% over 8 years to 7.5% grading uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075.

The mortality improvement was changed from scale MP-2016 to scale MP-2018.

2018

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

The mortality improvement was changed from scale MP-2015 to scale MP-2016.

The medical trend was changed from 7.5% to 5% graded over 5 years beginning in 2015 to 7% to 5% graded over 8 years beginning in 2017.

There are no changes in benefit provisions for any of the years on the above schedule.

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

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.53%	0.52%	0.51%	0.51%	0.50%	0.49%
County's proportionate share of the net pension liability (asset)	\$ 93,237,458	\$ 86,491,449	\$ 84,779,309	\$ 91,098,735	\$ 78,835,943	N/A
County's covered payroll	\$ 32,568,055	\$ 30,596,078	\$ 32,688,876	\$ 32,457,987	\$ 31,598,679	\$ 31,761,378
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	286.29%	282.69%	259.35%	280.67%	249.96%	N/A
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Schedule of the County's Contributions Last 10 Fiscal Years*
For the Year Ended September 30, 2019

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,682,613	\$ 5,303,343	\$ 5,126,684	\$ 5,338,324	\$ 4,996,050
Contributions in relation to the contractually required contribution	\$ 5,682,613	\$ 5,303,343	\$ 5,126,684	\$ 5,338,324	\$ 4,996,050
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 34,201,896	\$ 33,671,997	\$ 32,550,375	\$ 33,894,121	\$ 31,720,952
Contributions as a percentage of covered payroll	16.61%	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.

Note A- The 2019 Contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

The accompanying notes are an integral part of the financial statements.

Harrison County, Mississippi
Notes to the Required Supplementary Information- Pension Schedules
For the Year Ended September 30, 2019

Pension Schedules

A. Changes of assumptions.

2019

- The expectation of retired life mortality was changed to the PubS. H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of 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%.
- 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%.

2018

- No changes in assumptions.

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

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

2015

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Harrison County, Mississippi
Notes to the Required Supplementary Information- Pension Schedules
For the Year Ended September 30, 2019
(Continued)

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 (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

Supplementary Information

Harrison County, Mississippi
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019

Grantor Federal Agency / Pass-Through Agency / Program Title	CFDA Number	Contract/Grant Number	Federal Expenditures
U.S. Department of Agriculture - Office of Food and Nutrition Service			
Passed through the South Mississippi Planning and Development District			
Child and Adult Care Food Program	10.558	N/A	\$ 5,749
Passed through the Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665		156,545
Total U.S. Department of Agriculture			<u>162,294</u>
U.S. Department of Commerce			
Passed through the Mississippi Department of Environmental Quality			
Coastal Zone Management Administration Awards	11.419	SW1188	25,086
Coastal Zone Management Administration Awards	11.419	SWC626	75,000
Total U.S. Department of Commerce			<u>100,086</u>
U.S. Department of Housing and Urban Development			
Passed through the City of Gulfport, Mississippi			
HOME Investment Partnership Program	14.239	M-16-DC-280200	12,000
Total U.S. Department of Housing and Urban Development			<u>12,000</u>
U.S. Department of Interior			
Payments in Lieu of Taxes	15.226		51,052
GoMESA *	15.435		1,640,343
Total U.S. Department of Interior			<u>1,691,395</u>
U.S. Department of Justice - Office of Justice Programs			
Passed through the City of Gulfport, MS			
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0270	11,215
Equitable Sharing Program *	16.922	N/A	776,583 **
Total U.S. Department of Justice			<u>787,798</u>
U.S. Department of Transportation - Federal Highway Administration/			
Passed through Mississippi Department of Transportation			
Highway Planning and Construction Grant	20.205	BR NBIS 112 B	32,911
Highway Planning and Construction Grant	20.205	BR NBIS 113 B	60,630
Highway Planning and Construction Grant	20.205	STPBR 9044 1 B	3,650
Highway Planning and Construction Grant	20.205	STPBR 0024 26BO	4,990
Subtotal			<u>102,181</u>
Passed through the Mississippi Department of Public Safety State and			
Community Highway Safety	20.600	OP-2018-OP-12-41	48,949
Total U.S. Department of Transportation			<u>151,130</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Harrison County, Mississippi
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019

Grantor Federal Agency / Pass-Through Agency / Program Title	CFDA Number	Contract/Grant Number	Federal Expenditures
U. S. Department of Education			
Passed through the Mississippi Department of Public Safety			
Education Research, Development and Dissemination Grant	84.305	18CA1241	1,056
Total U.S. Department of Education			<u>1,056</u>
Election Assistance Commission			
HAVA Election Security Grants	90.404		119,596
Total Election Assistance Commission			<u>119,596</u>
U. S. Department of Health and Human Services			
Passed through the South Mississippi Planning and Development District			
Special Programs for the Aging-Title III, Part B-Grants for			
Supportive Services and Senior Centers	93.044	N/A	97,169
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		10,488
Nutrition Services Incentive Program	93.053		21,263
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	NU50CK000414-03-04	73,392
Total U.S. Department of Health and Human Services			<u>202,312</u>
Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002	2018-OPEI-P74-OPO-22221-4101	15,456
Retired and Senior Volunteer Program	94.002	2019-OPEI-P74-OPO-22221-4101	45,915
Subtotal			<u>61,371</u>
Senior Companion Program	94.016	17SCSMS003	150,850
Total Corporation for National and Community Service			<u>212,221</u>
Executive Office of the President			
High Intensity Drug Trafficking Area	95.001	G18GC0003A	70,081
High Intensity Drug Trafficking Area	95.001	G19GC0003A	13,012
Total Executive Office of the President			<u>83,093</u>
U.S. Department of Homeland Security			
Passed through the Mississippi Emergency Management Agency			
Emergency Management Performance Grants	97.042	EMA-2019-EP-00006	136,057
Homeland Security Grant Program *	97.067	16HS024T	2,929
Homeland Security Grant Program *	97.067	18HS024T	20,000
Homeland Security Grant Program *	97.067	F16LE024	59,715
Homeland Security Grant Program *	97.067	S17LE024	36,710
Homeland Security Grant Program *	97.067	S18LE024	116,660
Subtotal			<u>236,014</u>
Total U.S. Department of Homeland Security			<u>372,071</u>
Total Expenditures of Federal Awards			<u>\$ 3,895,052</u>

* Denotes major federal award program

** DOJ Equitable Sharing grant is reported on the cash basis of accounting.

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Harrison County, Mississippi
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2019

Note A - Basis of Presentation

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

Note B - Summary of Significant Accounting Policies

1. General

The Schedule of Expenditures of Federal Awards has been prepared using the modified accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenditures when they are incurred. The expenditures are recognized following the cost principles contained in the Uniform Guidance.

2. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the County. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

3. Loan and Loan Guarantees

In accordance with the Uniform Guidance, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

4. Indirect Cost Rate

The auditee has not elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Other Information

Harrison County, Mississippi
Schedule of Surety Bonds for County Officials
For the Fiscal Year Ended September 30, 2019
Unaudited

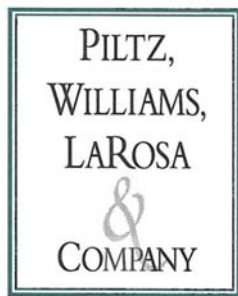
Name	Position	Company	Bond
Beverly Martin	Supervisor District 1	Fidelity and Deposit Company	\$ 100,000
Angel Kibler-Middleton	Supervisor District 2	Fidelity and Deposit Company	\$ 100,000
Marlin Roger Ladner	Supervisor District 3	Fidelity and Deposit Company	\$ 100,000
Kent Jones	Supervisor District 4	Fidelity and Deposit Company	\$ 100,000
Connie M. Rockco	Supervisor District 5	Fidelity and Deposit Company	\$ 100,000
Pamela J. Ulrich	County Administrator	Fidelity and Deposit Company	\$ 100,000
John T. McAdams	Chancery Clerk	Hartford Fire Insurance Company	\$ 100,000
Jennifer Bell	Comptroller	Fidelity and Deposit Company	\$ 100,000
Jody Webster	Purchase Clerk	Fidelity and Deposit Company	\$ 75,000
Judy Williams	Asst. Purchase Clerk	Fidelity and Deposit Company	\$ 50,000
LaSonya R. Plainer	Asst. Purchase Clerk	Fidelity and Deposit Company	\$ 50,000
Shannon D. Carnes	Receiving Clerk	Fidelity and Deposit Company	\$ 75,000
Elizabeth Tiblier	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Dana Williams	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Gloria Davis	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Kelly Henderson	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Margaret Hosli	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Tommy Allen	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
April Jacobs	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Beth Rushing	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Regina Scarborough	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Paula Robinson	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Cindy Simmons	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Yolanda Lewis	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Brenda Barefoot	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Mary Katherine Rogers	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Tina Moss	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Anastasia Lognion	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Tywana Blackston	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
April Broussard	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Susan Wildin	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Lori Roberts	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Danny Boudreaux	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Andy Mosley	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Kristy Bankston	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Curtis E. Pujol	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Debra Shaw	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Michelle Watts	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Donna Matthews	Asst Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Brooke LaBega	Inventory Control Clerk	Fidelity and Deposit Company	\$ 75,000
Timothy Smith	Road Manager	Fidelity and Deposit Company	\$ 50,000
James Morgan	Constable - District 1	Ohio Casualty Insurance Company	\$ 50,000
Paul Johnson	Constable - District 2	Fidelity and Deposit Company	\$ 50,000
Alan Weatherford	Constable - District 3	Fidelity and Deposit Company	\$ 50,000
Sammie Taylor	Constable - District 4	Fidelity and Deposit Company	\$ 50,000
Jeffrey Miguez	Constable - District 5	Fidelity and Deposit Company	\$ 50,000
Connie Ladner	Circuit Clerk	Fidelity and Deposit Company	\$ 100,000
Lisa Brawner	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Karla Brown	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Michelle Carden	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Olivia Comaduran	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
April Davis	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Reagan Feeley	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000

Harrison County, Mississippi
Schedule of Surety Bonds for County Officials
For the Fiscal Year Ended September 30, 2019
Unaudited

Name	Position	Company	Bond
Kimberly Fore	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Yokeisha Harper	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Peggy Harvey	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Stewart Lee	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Michelle Marroy	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Paige Miller	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jill Moran	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Ashley Morgan	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Cody Nash	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jillian Necaie	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Marie Niolet	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Barry Pickreign	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Stephanie Ritter	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Toni Ross	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jennifer Smith	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Kamisha Taylor	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Chrishona Wade	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Justin Wetzel	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jamie White	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Brenda Whitworth	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Troy Peterson	Sheriff	Fidelity and Deposit Company	\$ 100,000
	Deputy Sheriffs	Western Surety Company	\$ 50,000
Albert J. Fountain	Justice Court Judge - District 1	Fidelity and Deposit Company	\$ 50,000
David B. Ladner	Justice Court Judge - District 2	Fidelity and Deposit Company	\$ 50,000
Louise D. Ladner	Justice Court Judge - District 3	Fidelity and Deposit Company	\$ 50,000
Melvin J. Ray	Justice Court Judge - District 4	Fidelity and Deposit Company	\$ 50,000
Bruce Strong	Justice Court Judge - District 5	Fidelity and Deposit Company	\$ 50,000
Greg Illich	Justice Court Clerk	Fidelity and Deposit Company	\$ 50,000
Krisit Brackett	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Elizabeth Cash	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Allan Cramer	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Tiffany Duvic	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Cynthia Eighmey	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Mary Mrtha Evans	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Erin Gassman	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Devin Gist	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Judy E Irons	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Ashley Ladner	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Tammy Ladner	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Jacqueline McBride	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Amanda McKay	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Rebecca Meakins	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Melanie Romero	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Merry Savoy	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Linda Woodall	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Melissa Randall Yarber	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
David V. LaRosa Sr.	Tax Collector	Fidelity and Deposit Company	\$ 100,000
	Deputy Tax Collectors	Fidelity and Deposit Company	\$ 50,000
E. T. Flurry	Tax Assessor	Fidelity and Deposit Company	\$ 100,000
	Deputy Tax Assessors	Fidelity and Deposit Company	\$ 50,000

Special Reports

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***



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Michael D. O'Neill, CPA

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Board of Supervisors
Harrison 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 Harrison County, Mississippi as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Harrison County, Mississippi's basic financial statements, and have issued our report thereon dated December 4, 2020.

Our report includes an unmodified opinion on the discretely presented component units. The report is qualified on the governmental activities and the General Fund because management did not maintain an accurate aging of fines receivable for the Circuit Courts as required by accounting principles generally accepted in the United States of America. Except as previously noted, 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harrison 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 Harrison County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Harrison County, Mississippi'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses: **2019-001**.

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 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

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

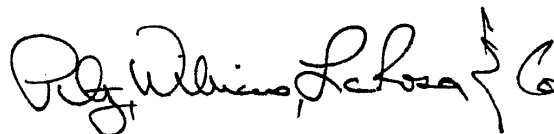
We noted certain matters that we reported to the management of Harrison County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 4, 2020, included within this document.

Harrison County, Mississippi's Response to Findings

Harrison County, Mississippi's response to the findings identified in our audit is described in the accompanying auditee corrective action plan. Harrison County, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

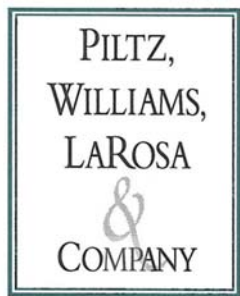
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in 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.



Certified Public Accountants

Biloxi, Mississippi
December 4, 2020

**Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**



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Michael D. O'Neill, CPA

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance

Members of the Board of Supervisors
Harrison County, Mississippi

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

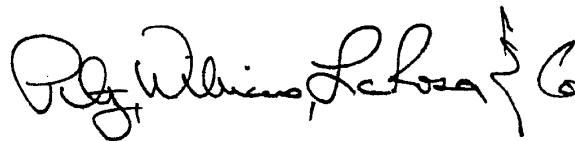
Report on Internal Control over Compliance

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

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

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

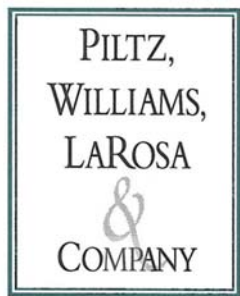
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However,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



Certified Public Accountants

Biloxi, Mississippi
December 4, 2020

**Limited Internal Control and Compliance
Review Management Report**



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Michael D. O'Neill, CPA

Limited Internal Control and Compliance Review Management Report

Members of the Board of Supervisors Harrison County, Mississippi

In planning and performing our audit of the financial statements of Harrison County, Mississippi for the year ended September 30, 2019, we considered Harrison 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 Harrison County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 4, 2020, on the financial statements of Harrison County, Mississippi.

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

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

Board of Supervisors

1. Four-year road plan not adopted and spread upon minutes by February 1.

Repeat Finding: Yes

Criteria: Mississippi Law (Statute 65-7-117) requires a four-year road plan to be adopted on or before February 1 each year.

Condition: The Board of Supervisors did not adopt and spread upon the minutes the four year road plan by February 1, 2019.

Cause: The road plan was tabled in a January board meeting and by lack of oversight failed to adopt by February 1, 2019.

Effect: Mississippi law was not followed.

Recommendation: We recommend that the County implement policies and procedures to ensure that Mississippi law is followed.

Response

Harrison County had experienced some transition in management at the road department during the beginning of the calendar year; however, the 4 year road plan was spread and approved by the board on the February 4th meeting. Going forward, Harrison County will comply with state statute and ensure that the 4 year road plan is spread on the minutes annually prior to February 1.

Fairgrounds

2. Deposits of funds are not remitted to County depository timely.

Repeat Finding: No

Criteria: Mississippi Law (Statute 19-17-11) requires for funds to be paid to the county depository on the day they are collected or on the next business day thereafter.

Condition: Deposits are not remitted from Fairgrounds to the County timely.

Cause: Funds are being held in the Fairgrounds office.

Effect: Mississippi law was not followed.

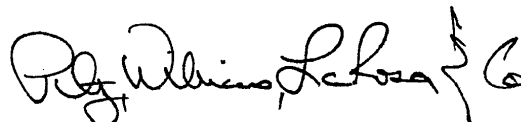
Recommendation: We recommend that the County implement policies and procedures to ensure that Mississippi law is followed.

Response

The fairground department will make sure that all monetary deposits are remitted to the bookkeeping department by the next business day at the latest in accordance with State statute 19-17-11.

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

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


Certified Public Accountants

Biloxi, Mississippi
December 4, 2020

Harrison County, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

Section 1 – Summary of Auditors’ Results

1. Type of auditors’ report issued on the financial statements:

Governmental Activities	Qualified
Discretely presented component unit	Unmodified
General Fund	Qualified
Other major funds	Unmodified
Aggregate remaining fund information	Unmodified

2. The audit disclosed one material weakness and no significant deficiencies over financial reporting.
3. The audit did not disclose any noncompliance which is material to the basic financial statements.
4. The audit did not disclose any material weaknesses or significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)
7. The major programs were:
- Homeland Security Grant CFDA # 97.067
Equitable Sharing Program Grant CFDA # 16.922
GoMESA Grant CFDA # 15.435
8. The dollar threshold used to distinguish between Type A and Type B Programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.
10. There are prior fiscal year audit findings and questioned costs relative to federal awards which require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b).

Section 2 – Finding Relating to the Financial Statements

Harrison County, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019
(Continued)

Circuit Clerk

Material Weakness

2019-001 The Circuit Court aging schedule for fines receivable does not accurately reflect receivables due to the County.

Repeat Finding Yes 2018-004

Criteria

The Circuit Court computer system is unable to determine the aging of fines receivable and the allowance for doubtful accounts is a rough estimate.

Condition

A review of the fines receivable report provided showed the aging of the total amount of fines receivable also included assessments and other monies that are not valid receivables of the County, and the allowance for doubtful accounts is a rough estimate unsupported by systematic and periodic analysis of the outstanding accounts which is required to produce a reliable aging schedule.

Cause

The software is not capable of producing sufficient information to provide the amount of fines receivable or the accurate aging of the receivables.

Effect

The lack of timely information could result in the loss of public funds by failing to collect on valid accounts.

Recommendation

After seeking Board approval, the Circuit Court Clerk should consult with the Court software provider to implement a system for analyzing the various components of the receivables so that an accurate schedule for aging fines receivable can be produced and reviewed monthly as required for collection and reporting purposes. Any discrepancies noted in the review should be corrected.

Views of Responsible Official

Management's views are found in the attached Corrective Action Plan.

Section 3 – Finding and Questioned Costs Relating to Major Federal Awards

None

AUDITEE'S CORRECTIVE ACTION PLAN AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

HARRISON COUNTY

BOARD OF SUPERVISORS

1801 23RD AVENUE • P.O. DRAWER CC • GULFPORT, MISSISSIPPI 39502-0860

TELEPHONE: 228-865-4001



December 4, 2020

Piltz, Williams, LaRosa & Co.
1077 Tommy Munro Drive
Biloxi, MS 39532

Gentlemen:

Harrison County respectfully submits the following corrective action plan for the year ended September 30, 2019.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2019-001 Corrective Action Planned:

The Circuit Clerk's Office has been in communication with Delta Computer Systems (DCS) to discuss the deficiencies that the Circuit Clerk has been experiencing and the inability to produce aging reports to comply with State Audit requirements. The Circuit Clerk has met with a representative from DCS on several occasions to review the ongoing work that DCS has completed on their software. During those meetings, the Circuit Clerk has helped DCS better understand the necessary functions and reporting requirements of the Circuit and County Court Departments that will need to be provided within the software. It is the Circuit Clerk's hope that the software provided by DCS will be available during Fiscal Year 2021. Upon notification from DCS that the software creation is complete, the Circuit Clerk will be ready to switch to their court software that is capable of producing reports that are compliant with State Audit requirements.

Anticipated Completion Date: September 30, 2021.

Contact Person Responsible for Corrective Action: Connie Ladner, 228-865-1635

Summary Schedule of Prior Audit Findings

Harrison County, Mississippi
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2019

Finding 2018-001: The Justice Court Clerk aging schedule for fines receivable does not accurately reflect receivables due to the County.

Condition: A review of the fines receivable report provided showed the aging of the total amount of fines receivable also included assessments and other monies that are not valid receivables of the County; the allowance for doubtful accounts is a rough estimate unsupported by systematic and periodic analysis of the outstanding accounts which is required to produce a reliable aging schedule.

Recommendation: After seeking Board approval, the Justice Court Clerk should consult with the Court software provider to implement a system for analyzing the various components of the receivables so that an accurate schedule for aging fines receivable can be produced and reviewed monthly as required for collection and reporting purposes. Any discrepancies noted in the review should be corrected.

Current Status: The corrective action plan was implemented successfully.

Finding 2018-002: The Justice court is inconsistently assessing collection fees for delinquent payments and there were “unidentified funds” in the cash accounts.

Condition: The in-house collection fee is inconsistently assessed and in some instances is assessed before the account’s status is determined to be delinquent. Not all funds are identified in the cash accounts..

Recommendation: The Justice Court Department should assess the in-house collection fee as set forth in MS Code 19-3-41. The Justice Court Department should make every effort to identify all funds in the cash accounts and then take appropriate actions for the resolution of those funds.

Current Status: The corrective action plan was implemented successfully.

Finding 2018-003: There is a deficiency in internal control in the Deputy Justice Court Clerk’s office.

Condition: There is a lack of separation of duties and supervision in the Justice Court Clerk department.

Recommendation: The Justice Court Clerk needs to implement oversight and control procedures and limit the duties of the Deputy Justice Court Clerk.

Current Status: The corrective action plan was implemented successfully.

Harrison County, Mississippi
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2019
(Continued)

Finding 2018-004: The Circuit Court aging schedule for fines receivable does not accurately reflect receivables due to the County.

Condition: A review of the fines receivable report provided showed the aging of the total amount of fines receivable also included assessments and other monies that are not valid receivables of the County; the allowance for doubtful accounts is a rough estimate unsupported by systematic and periodic analysis of the outstanding accounts which is required to produce a reliable aging schedule.

Recommendation: After seeking Board approval, the Circuit Court Clerk should consult with the Court software provider to implement a system for analyzing the various components of the receivables so that an accurate schedule for aging fines receivable can be produced and reviewed monthly as required for collection and reporting purposes. Any discrepancies noted in the review should be corrected.

Current Status: The corrective action plan is ongoing. An updated status is available in the corrective action plan for finding 2019-001.