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WASHINGTON COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019

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

**WASHINGTON COUNTY
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WASHINGTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Washington County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Delta Regional Medical Center or the Greenville Port Commission, component units, which represent 99.56 percent, 101.59 percent and 99.30 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors. However, we did audit the Washington County Library System, component unit, which represents 0.44 percent, (1.59) deficit percentage and 0.70 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Our audits and the component unit audits of the Delta Regional Medical Center and Greenville Port Commission were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

Washington County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the

basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of Washington County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washington County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

October 28, 2020

WASHINGTON COUNTY

FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Delta Regional Medical Center	Greenville Port Commission	Washington County Library System	Total Component Units
ASSETS							
Cash	\$ 20,817,632		\$ 20,817,632	\$ 22,903,728	\$ 3,209,509	\$ 294,157	\$ 26,407,394
Investments		\$ 635,929	635,929				
Property tax receivable	19,445,778	742,764	20,188,542				
Fines receivable, (net of allowance for uncollectibles of \$12,674,430)	483,447		483,447				
Intergovernmental receivables	342,942	286,845	629,787	13,854,605			13,854,605
Other receivables	571,608	8,600	580,208		91,304		91,304
Inventories and prepaid items		263,582	263,582	2,297,783			2,297,783
Capital lease receivable	27,098		27,098		6,449		6,449
Internal balances	3,019,170	(3,019,170)	-				
Capital assets:							
Land and construction in progress	8,534,790	28,030	8,562,820	5,645,870	266,251		5,912,121
Other capital assets, net	66,338,739	13,073,930	79,412,669	33,588,736	6,310,262	113,331	40,012,329
Other assets				2,888,465			2,888,465
Total Assets	119,581,204	12,020,510	131,601,714	81,179,187	9,883,775	407,488	91,470,450
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	1,941,525	342,622	2,284,147	165,389	91,146	26,091	282,626
Deferred outflows related to OPEB			-			8,509	8,509
Deferred amount on refunding		971,833	971,833				
Total Deferred Outflows of Resources	1,941,525	1,314,455	3,255,980	165,389	91,146	34,600	291,135
LIABILITIES							
Claims payable	1,117,760	152,209	1,269,969	10,780,351	61,035	12,440	10,853,826
Claims and judgments payable	688,221		688,221				
Intergovernmental payables	527,234		527,234				
Accrued interest payable	32,491	110,154	142,645				
Other payables	245,872		245,872		30,697		30,697
Long-term liabilities							
Other postemployment benefits	17,139,034	3,024,535	20,163,569			98,867	98,867
Net pension liability	26,766,181	4,723,445	31,489,626	8,275,729	1,257,474	1,108,296	10,641,499
Due within one year:							
Capital related debt	1,358,446	1,035,000	2,393,446	644,677			644,677
Non-capital debt	140,000		140,000				
Due in more than one year:							
Capital related debt	5,625,560	13,798,818	19,424,378	14,954,643			14,954,643
Non-capital debt	683,901	49,713	733,614		55,983	25,186	81,169
Total Liabilities	54,324,700	22,893,874	77,218,574	34,655,400	1,405,189	1,244,789	37,305,378
DEFERRED INFLOWS OF RESOURCES							
Property tax for future reporting period	19,445,778	742,764	20,188,542				
Capital leases for future reporting period	68		68				
Deferred inflows related to OPEB			-			11,178	11,178
Deferred inflows related to bond refunding			-	319,322			319,322
Deferred inflows related to pensions	323,917	57,162	381,079	397,462	91,983	39,597	529,042
Total Deferred Inflows of Resources	19,769,763	799,926	20,569,689	716,784	91,983	50,775	859,542
NET POSITION							
Net investment in capital assets	67,889,523	(1,731,858)	66,157,665	24,626,856	6,576,513	113,331	31,316,700
Restricted for:							
Expendable:							
General government	101,545		101,545				
Public safety	703,578		703,578				
Public works	2,529,243		2,529,243				
Culture and recreation	222,312		222,312				
Economic development	45,000		45,000				
Debt service	447,929		447,929	3,412			3,412
Capital expenditures			-	330,044			330,044
Unrestricted	(24,510,864)	(8,626,977)	(33,137,841)	21,012,080	1,901,236	(966,807)	21,946,509
Total Net Position	\$ 47,428,266	\$ (10,358,835)	\$ 37,069,431	\$ 45,972,392	\$ 8,477,749	\$ (853,476)	\$ 53,596,665

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

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

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Delta Regional Medical Center	Greenville Port Commission	Washington County Library System	Total Component Units
Primary government:											
Governmental activities:											
General government	\$ 14,071,151	\$ 1,113,293	\$ 918,728		\$ (12,039,130)		\$ (12,039,130)				
Public safety	5,666,720	567,673	202,038	\$ 201,431	(4,695,578)		(4,695,578)				
Public works	7,715,047	14,400	116,600	\$ 2,737,653	(4,846,394)		(4,846,394)				
Health and welfare	533,609		89,532		(444,077)		(444,077)				
Culture and recreation	541,800				(541,800)		(541,800)				
Conservation of natural resources	106,218				(106,218)		(106,218)				
Economic development and assistance	423,023				(423,023)		(423,023)				
Interest on long-term debt	223,210				(223,210)		(223,210)				
Pension expense	2,897,461				(2,897,461)		(2,897,461)				
OPEB expense	1,948,336				(1,948,336)		(1,948,336)				
Total Governmental Activities	34,126,575	1,695,366	1,326,898	2,939,084	(28,165,227)		(28,165,227)				
Business-type activities:											
Correctional facility	5,107,334	4,304,565				(802,769)	(802,769)				
Total Business-type Activities	5,107,334	4,304,565				(802,769)	(802,769)				
Total Primary Government	\$ 39,233,909	\$ 5,999,931	\$ 1,326,898	\$ 2,939,084	(28,165,227)	(802,769)	(28,967,996)				
Component Units:											
Delta Regional Medical Center	\$ 110,889,914	\$ 108,872,222						\$ (2,017,692)			\$ (2,017,692)
Greenville Port Commission	1,610,119	910,925		\$ 395,139					\$ (304,055)		(304,055)
Washington County Library System	780,864		\$ 801,524							\$ 20,660	20,660
Total Component Units	\$ 113,280,897	\$ 109,783,147	\$ 801,524	\$ 395,139				(2,017,692)	(304,055)	20,660	(2,301,087)
General revenues:											
Property taxes					24,477,849	905,199	25,383,048				
Road & bridge privilege taxes					537,037		537,037				
Grants and contributions not restricted to specific programs					3,139,140		3,139,140	470,033			470,033
Unrestricted interest income					333,775	19,233	353,008		30,800		30,800
Unrestricted investment income							-	1,236,996			1,236,996
Gain (Loss) on disposal of capital assets					(13,926)		(13,926)				-
Miscellaneous					2,112,288		2,112,288	1,056,260	234,140		1,290,400
Total General Revenues					30,586,163	924,432	31,510,595	2,763,289	264,940	-	3,028,229
Changes in Net Position					2,420,936	121,663	2,542,599	745,597	(39,115)	20,660	727,142
Net Position - Beginning, as previously reported					45,043,905	(10,480,498)	34,563,407	45,226,795	8,516,864	(874,136)	52,869,523
Prior period adjustments					(36,575)		(36,575)				-
Net Position - Beginning, as restated					45,007,330	(10,480,498)	34,526,832	45,226,795	8,516,864	(874,136)	52,869,523
Net Position - Ending					\$ 47,428,266	\$ (10,358,835)	\$ 37,069,431	\$ 45,972,392	\$ 8,477,749	\$ (853,476)	\$ 53,596,665

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

WASHINGTON COUNTY
Balance Sheet – Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds				
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 16,436,210	\$ 1,197,295	\$ 1,403,923	\$ 1,780,204	\$ 20,817,632
Property tax receivable	15,143,799	1,021,306	2,364,247	916,426	19,445,778
Fines receivable (net of allowance for uncollectibles of \$12,674,430)	483,447				483,447
Capital lease receivable	27,098				27,098
Intergovernmental receivables	307,487			35,455	342,942
Advances to other funds	3,031,165				3,031,165
Due from other funds	196,461	52,723	45,407	16,734	311,325
Other receivable	439,923				439,923
Total Assets	<u>36,065,590</u>	<u>2,271,324</u>	<u>3,813,577</u>	<u>2,748,819</u>	<u>44,899,310</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Claims payable	652,812	106,447	323,022	35,479	1,117,760
Claims and judgments payable	688,221				688,221
Intergovernmental payables	527,234				527,234
Due to other funds	191,635				191,635
Other payables	245,872				245,872
Total Liabilities	<u>2,305,774</u>	<u>106,447</u>	<u>323,022</u>	<u>35,479</u>	<u>2,770,722</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	15,143,799	1,021,306	2,364,247	916,426	19,445,778
Unavailable revenue - fines	483,447				483,447
Unavailable revenue - capital leases	27,098				27,098
Total Deferred Inflows of Resources	<u>15,654,344</u>	<u>1,021,306</u>	<u>2,364,247</u>	<u>916,426</u>	<u>19,956,323</u>
FUND BALANCES					
Nonspendable:					
Advances	3,031,165				3,031,165
Restricted for:					
General Government				101,545	101,545
Public safety				703,578	703,578
Public Works		1,143,571	1,126,308	259,364	2,529,243
Culture and recreation				222,312	222,312
Economic development				45,000	45,000
Debt service				480,420	480,420
Unassigned	15,074,307			(15,305)	15,059,002
Total Fund Balances	<u>18,105,472</u>	<u>1,143,571</u>	<u>1,126,308</u>	<u>1,796,914</u>	<u>22,172,265</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,065,590</u>	<u>\$ 2,271,324</u>	<u>\$ 3,813,577</u>	<u>\$ 2,748,819</u>	<u>\$ 44,899,310</u>

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

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 22,172,265
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$102,936,728.	74,873,529
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	483,447
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(7,807,907)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(17,139,034)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(26,766,181)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the Funds.	27,030
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,941,525
Deferred inflows of resources related to pensions	(323,917)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(32,491)
Total Net Position - Governmental Activities	<u>\$ 47,428,266</u>

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

WASHINGTON COUNTY **Exhibit 4**
Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2019

	Major Funds				
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 17,545,049	\$ 1,817,379	\$ 3,716,830	\$ 1,398,591	\$ 24,477,849
Road and bridge privilege taxes		537,037			537,037
Licenses, commissions and other revenue	851,848			44,347	896,195
Fines and forfeitures	197,985				197,985
Intergovernmental revenues	3,170,375	673,797		3,560,951	7,405,123
Charges for services	99,122			482,951	582,073
Interest income	333,775				333,775
Miscellaneous revenues	2,096,266			16,022	2,112,288
Total Revenues	<u>24,294,420</u>	<u>3,028,213</u>	<u>3,716,830</u>	<u>5,502,862</u>	<u>36,542,325</u>
EXPENDITURES					
Current:					
General government	14,296,790			252,034	14,548,824
Public safety	5,751,986			470,262	6,222,248
Public works	141,165	3,680,707	3,435,580	3,006,131	10,263,583
Health and welfare	489,527			88,416	577,943
Culture and recreation	438,208			34,975	473,183
Conservation of natural resources	106,218				106,218
Economic development and assistance	449,777				449,777
Debt service:					
Principal	675,363	240,127		845,115	1,760,605
Interest	20,731	33,584		175,267	229,582
Total Expenditures	<u>22,369,765</u>	<u>3,954,418</u>	<u>3,435,580</u>	<u>4,872,200</u>	<u>34,631,963</u>
Excess of Revenues over (under) Expenditures	<u>1,924,655</u>	<u>(926,205)</u>	<u>281,250</u>	<u>630,662</u>	<u>1,910,362</u>
OTHER FINANCING SOURCES (USES)					
Lease principal payments	455,257				455,257
Long-term capital debt issued		523,000			523,000
Transfers in				283,611	283,611
Transfers out	(283,611)				(283,611)
Total Other Financing Sources and Uses	<u>171,646</u>	<u>523,000</u>	<u>-</u>	<u>283,611</u>	<u>978,257</u>
Net Changes in Fund Balances	<u>2,096,301</u>	<u>(403,205)</u>	<u>281,250</u>	<u>914,273</u>	<u>2,888,619</u>
Fund Balances - Beginning	<u>16,009,171</u>	<u>1,546,776</u>	<u>845,058</u>	<u>882,641</u>	<u>19,283,646</u>
Fund Balances - Ending	<u>\$ 18,105,472</u>	<u>\$ 1,143,571</u>	<u>\$ 1,126,308</u>	<u>\$ 1,796,914</u>	<u>\$ 22,172,265</u>

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

WASHINGTON COUNTY
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

Exhibit 4-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 2,888,619
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 \$3,573,525, exceeded depreciation of \$1,783,436 in the current period.	1,790,089
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$13,926 in the current period.	(13,926)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	19,113
Debt proceeds provide current financial resources to Government Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$523,000 was exceeded by debt repayments of \$1,760,605.	1,237,605
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Accrued interest payable	6,372
Compensated absences	(47,289)
Net amortization on bond premium and discount	1,336
Other postemployment benefits payable	(1,744,158)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the changes in net position differs from change in fund balances by the principal collections on the capital leases.	(455,257)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(2,897,461)
Recording of contributions made for the current fiscal year	1,635,893
Change in Net Position of Governmental Activities	<u>\$ 2,420,936</u>

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

WASHINGTON COUNTY
Statement of Net Position – Proprietary Fund
September 30, 2019

Exhibit 5

	Business-type Activities Enterprise Fund WCRCF
ASSETS	
Current assets:	
Investments	\$ 635,929
Property tax receivable	742,764
Intergovernmental receivables	286,845
Due from other funds	76,771
Other receivables	8,600
Inventories	47,252
Total Current Assets	<u>1,798,161</u>
Noncurrent assets:	
Prepaid bond insurance	216,330
Capital Assets:	
Land	28,030
Other capital assets, net	13,073,930
Total Noncurrent Assets	<u>13,318,290</u>
Total Assets	<u>15,116,451</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	342,622
Deferred amount on refunding	971,833
Total Deferred Outflows of Resources	<u>1,314,455</u>
LIABILITIES	
Current liabilities:	
Claims payable	152,209
Accrued interest payable	110,154
Due to other funds	207,040
Advances from other funds	2,888,901
Capital debt:	
Other long-term liabilities	1,035,000
Total Current Liabilities	<u>4,393,304</u>
Noncurrent liabilities:	
Other postemployment benefits payable	3,024,535
Net pension liability	4,723,445
Capital related debt:	
Other long-term liabilities	13,798,818
Non-capital debt:	
Compensated absences payable	49,713
Total Non-Current Liabilities	<u>21,596,511</u>
Total Liabilities	<u>25,989,815</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	57,162
Deferred inflows related to property taxes	742,764
Total Deferred Inflows of Resources	<u>799,926</u>
NET POSITION	
Net investment in capital assets	(1,731,858)
Unrestricted	(8,626,977)
Total Net Position	<u>\$ (10,358,835)</u>

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

WASHINGTON COUNTY
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
For the Year Ended September 30, 2019

Exhibit 6

	<u>Business-type</u> <u>Activities</u> <u>Enterprise Fund</u> <u>WCRCF</u>
Operating Revenues	
Charges for services	\$ 4,304,565
Total Operating Revenues	<u>4,304,565</u>
Operating Expenses	
Personal services	2,234,374
Contractual services	581,124
Materials and supplies	599,813
Indirect cost allocation	38,566
Depreciation expense	308,150
Pension expense	511,318
OPEB expense	343,824
Total Operating Expenses	<u>4,617,169</u>
Operating Income (Loss)	<u>(312,604)</u>
Non-operating Revenues (Expense)	
Interest income	19,233
Property tax	905,199
Interest expense	(459,807)
Other income (expense)	(30,358)
Net Non-Operating Revenues (Expense)	<u>434,267</u>
Change in Net Position	121,663
Net Position - Beginning	(10,480,498)
Net Position - Ending	<u><u>\$ (10,358,835)</u></u>

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

WASHINGTON COUNTY
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities Enterprise Fund WCRCF
Cash Flows from Operating Activities	
Receipts from customers	\$ 4,298,898
Payments to employees	(2,543,124)
Payments to suppliers	(1,152,286)
Net Cash Provided (Used) by Operating Activities	<u>603,488</u>
Cash Flows From Non-Capital Financing Activities	
Loans from other funds	(802,574)
Cash received from property taxes	904,030
Other receipts	51,600
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>153,056</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on debt	(1,010,000)
Interest paid on debt	(466,102)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,476,102)</u>
Cash Flows From Investing Activities	
Interest on investments	19,233
Proceeds from sale of investment securities	700,325
Net Cash Provided (Used) by Investing Activities	<u>719,558</u>
Net Increase or Decrease in Cash and Cash Equivalents	<u>-</u>
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (312,604)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	308,150
Pension expense adjustment	222,631
OPEB expense adjustment	307,792
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(2,967)
(Increase) decrease in interfund receivables	(3,869)
(Increase) decrease in prepaid bond insurance	18,676
Increase (decrease) in claims payable	49,711
Increase (decrease) in compensated absences liability	15,968
Total Adjustments	<u>916,092</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 603,488</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,391,985
Due from other funds	10,579
Other receivables	142,264
Total Assets	<u>1,544,828</u>
LIABILITIES	
Intergovernmental payables	651,681
Advances from other funds	142,264
Other payables	750,883
Total Liabilities	<u>\$ 1,544,828</u>

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

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

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

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

The County reports the following major Governmental Funds:

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

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

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

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed or assigned. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

I. Inventories and Prepaid Items.

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

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

J. Capital Assets.

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

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

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

Asset Classification	Capitalization Thresholds	Estimated Useful Life
Land	0	N/A
Infrastructure	0	20 to 50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Leased property under capital leases	*	*

*Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

K. Deferred Outflows/Inflows of Resources.

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

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

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

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

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Capital leases for future reporting period/unavailable revenue – capital leases – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

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

L. Pensions.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

M. Other Postemployment Benefits (OPEB).

The County has adopted a policy allowing retirees to obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential resulting in a postemployment healthcare benefit. Accounting principles generally accepted in the United States of America require the other postemployment benefit liability, deferred outflows and deferred inflows of resources related to other postemployment benefits, and other postemployment benefit expenses be reported in the government-wide financial statements and Proprietary Funds financial statements.

N. Long-term liabilities.

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

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

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Fund Financial Statements:

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

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

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

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

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

Fund Balance Flow Assumption – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, 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.

P. Property Tax Revenues.

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of the original purchase occurs.

Q. 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.

R. Compensated Absences.

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

NOTE 2 - PRIOR PERIOD ADJUSTMENTS.

A summary of significant equity adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities.	
Explanation	Amount
Adjustment to record mobile equipment asset purchased with lease proceeds	91,000
Adjustment to record lease proceeds acquired for the purchase of mobile equipment	\$ (127,575)
Total prior period adjustments	(36,575)

NOTE 3 - DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$22,209,617 and the bank balance was \$22,029,444. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Investments:

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

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury	Less than one year	1	\$ 635,929	N/A

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

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

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

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

NOTE 4 - INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2019:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	W.C. Regional Correctional Facility	\$ 196,461
W. C. Regional Correctional Facility	General Fund	76,771
Highway Maintenance Fund	General Fund	52,723
Bridge and Culvert Fund	General Fund	45,407
Other Governmental Funds	General Fund	16,734
Agency	W.C. Regional Correctional Facility	10,579
Total		<u>\$ 398,675</u>

Receivables represent: the general fund and enterprise fund are due to operating cash (\$157,895) and indirect cost allocation (\$38,566); property tax accrual (\$9,396) and prisoner housing (\$67,375); the agency fund and enterprise fund are amounts due to the inmate welfare fund (\$10,579). All other

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

receivables represent the tax revenue collected but not settled until October 2019. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	W.C. Regional Correctional Facility	\$ 2,888,901
General Fund	Agency	142,264
Total		<u>\$ 3,031,165</u>

The General Fund receivable of \$142,264 is the amount owed in settlement of a prior years' theft. This amount has not been paid in several years. The advance of \$2,888,901 is comprised of: indirect cost allocations (\$170,796) and operating cash (\$2,718,105) made in prior years that have not been paid.

C. Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 283,611
Total		<u>\$ 283,611</u>

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

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

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

Governmental Activities		
<u>Description</u>	<u>Amount</u>	
State Legislative Tax Credit	\$	256,135
VOCA/VAWA Grant		50,272
MDOC - Prisoner Housing		1,080
MS Department of Health - Tobacco Tire Grant		29,100
MDEQ - Waste Tire Grant		6,355
Total Governmental Activities	<u>\$</u>	<u>342,942</u>
Business-Type Activities		
<u>Description</u>	<u>Amount</u>	
MS Department of Corrections	\$	215,020
County Municipalities		71,825
Total Business-Type Activities	<u>\$</u>	<u>286,845</u>

NOTE 6 - OTHER RECEIVABLE.

The Governmental Activities other receivable of \$571,608 represents amounts due from the tax collector (\$53,673), MARS warehouse rent (\$386,250) and Agency Funds (\$131,685). The other receivable of \$8,600 for Business-type Activities represents amounts due for nurse reimbursement.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 7 - CAPITAL ASSETS.

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

Governmental activities:	Balance				Balance
	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 4,704,445				\$ 4,704,445
Construction in progress	6,469,154	2,299,929		(4,938,738)	3,830,345
Total non-depreciable capital assets	11,173,599	2,299,929	-	(4,938,738)	8,534,790
Depreciable capital assets:					
Infrastructure	121,797,946			4,938,738	126,736,684
Buildings	20,976,024	200,000			21,176,024
Improvements other than buildings	3,840,567				3,840,567
Mobile equipment	8,473,000	458,217	139,258	538,444	9,330,403
Furniture and equipment	4,478,499	92,379			4,570,878
Leased property under capital leases	3,536,355	523,000		(438,444)	3,620,911
Total depreciable capital assets	163,102,391	1,273,596	139,258	5,038,738	169,275,467
Less accumulated depreciation for:					
Infrastructure	79,754,450	474,695			80,229,145
Buildings	8,930,130	291,570			9,221,700
Improvements other than buildings	472,438	153,624			626,062
Mobile equipment	6,877,729	397,764	125,332	520,532	7,670,693
Furniture and equipment	3,694,483	49,476			3,743,959
Leased property under capital leases	1,540,394	416,307		(511,532)	1,445,169
Total accumulated depreciation	101,269,624	1,783,436	125,332	9,000	102,936,728
Total depreciable capital assets, net	61,832,767	(509,840)	13,926	5,029,738	66,338,739
Governmental activities capital assets, net	\$ 73,006,366	1,790,089	13,926	91,000	\$ 74,873,529

Adjustments are due to reclassification of assets and to correct prior period error.

Business-type activities:	Balance				Balance
	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 28,030				\$ 28,030
Total non-depreciable capital assets	28,030	-	-	-	28,030
Depreciable capital assets:					
Buildings	15,181,373				15,181,373
Improvements other than buildings	113,001				113,001
Furniture and equipment	2,455,771				2,455,771
Total depreciable capital assets	17,750,145	-	-	-	17,750,145
Less accumulated depreciation for:					
Buildings	2,125,396	303,628			2,429,024
Improvements other than buildings	31,654	4,522			36,176
Furniture and equipment	2,211,015				2,211,015
Total accumulated depreciation	4,368,065	308,150	-	-	4,676,215
Total depreciable capital assets, net	13,382,080	(308,150)	-	-	13,073,930
Business-type activities capital assets, net	\$ 13,410,110	(308,150)	-	-	\$ 13,101,960

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 432,700
Public safety	290,717
Public works	929,965
Culture and recreation	130,054
Total governmental activities depreciation expense	<u>\$ 1,783,436</u>
Business-type Activities:	
Public safety	\$ 308,150
Total business-type activities depreciation expense	<u>\$ 308,150</u>

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Governmental activities:		
Infrastructure	Unknown	Fiscal 2020

CAPITAL ASSETS – COMPONENT UNITS

Delta Regional Medical Center	Balance				Balance
	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 4,677,347				\$ 4,677,347
Construction in progress	2,065,033	623,631		(1,720,141)	968,523
Total non-depreciated capital assets	<u>6,742,380</u>	<u>623,631</u>	<u>-</u>	<u>(1,720,141)</u>	<u>5,645,870</u>
Depreciable capital assets:					
Land improvements	860,754				860,754
Buildings	42,929,717		3,268,804	1,554,399	41,215,312
Fixed equipment	12,077,437	236,507	3,244,534		9,069,410
Equipment	82,263,184	586,187			82,849,371
Total depreciable capital assets	<u>138,131,092</u>	<u>822,694</u>	<u>6,513,338</u>	<u>1,554,399</u>	<u>133,994,847</u>
Less accumulated depreciation for:					
Land improvements	763,054	9,622			772,676
Buildings	29,614,193	783,276	3,218,018		27,179,451
Fixed equipment	11,183,992	64,187	3,244,534		8,003,645
Equipment	61,617,253	2,833,086			64,450,339
Total accumulated depreciation	<u>103,178,492</u>	<u>3,690,171</u>	<u>6,462,552</u>	<u>-</u>	<u>100,406,111</u>
Total depreciable capital assets, net	<u>34,952,600</u>	<u>(2,867,477)</u>	<u>50,786</u>	<u>1,554,399</u>	<u>33,588,736</u>
Total capital assets, net	<u>\$ 41,694,980</u>	<u>(2,243,846)</u>	<u>50,786</u>	<u>(165,742)</u>	<u>\$ 39,234,606</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Greenville Port Commission	Balance				Balance
	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 152,882				\$ 152,882
Construction in progress	-	78,807		34,562	113,369
Total non-depreciated capital assets	152,882	78,807	-	34,562	266,251
Depreciable capital assets:					
Building facilities	823,460				823,460
Improvements other than buildings	2,738,246			(34,562)	2,703,684
Machinery and equipment	9,770,689	54,485	29,153		9,796,021
Office furniture and fixtures	49,008				49,008
Total depreciable capital assets	13,381,403	54,485	29,153	(34,562)	13,372,173
Less accumulated depreciation for:					
Building facilities	225,253	22,179			247,432
Improvements other than buildings	1,044,031	138,300			1,182,331
Machinery and equipment	5,182,108	422,550	21,518		5,583,140
Office furniture and fixtures	49,008				49,008
Total accumulated depreciation	6,500,400	583,029	21,518	-	7,061,911
Total depreciable capital assets, net	6,881,003	(528,544)	7,635	(34,562)	6,310,262
Total capital assets, net	\$ 7,033,885	(449,737)	7,635	-	\$ 6,576,513

Washington County Library System	Balance				Balance
	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
Depreciable capital assets:					
Equipment and fixtures	678,104	14,031			692,135
Other	285,090				285,090
Total depreciable capital assets	963,194	14,031	-	-	977,225
Less accumulated depreciation for:					
Equipment and fixtures	630,270	15,916			646,186
Other	204,799	12,909			217,708
Total accumulated depreciation	835,069	28,825	-	-	863,894
Total capital assets, net	\$ 128,125	(14,794)	-	-	\$ 113,331

NOTE 8 - CLAIMS AND JUDGMENTS.

Risk Financing:

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Benefit Trust, a public entity risk pool. The pool is a claims servicing organization with the County retaining the risk of loss on all claims to which the County is exposed. Premium payments to the pool are determined on an actuarial basis. The County has reinsurance which functions on a specific stop loss coverage. The coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$55,000. Claim expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following table provides changes in the balances of claims liabilities for fiscal years 2018 and 2019:

	2018	2019
Unpaid Claims, Beginning of Fiscal Year	\$ 461,737	\$ 664,166
Plus: Incurred Claims (Including IBNRs)	4,524,021	4,997,671
Less: Claims payments	4,321,592	4,973,616
Unpaid Claims, End of Fiscal Year	<u>\$ 664,166</u>	<u>\$ 688,221</u>

NOTE 9 - CAPITAL LEASES.

As Lessor:

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

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

Class of Property	Amount
Buildings:	
MARS - Warehouse	\$ 5,894,901
Less: Accumulated depreciation	1,061,091
Total	<u>\$ 4,833,810</u>

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

Year Ending September 30,	Principal	Interest
2020	27,030	68
Total	<u>\$ 27,030</u>	<u>\$ 68</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,941,801
Other furniture and equipment	\$ 650,110
Siemens energy project	1,029,000
Total	3,620,911
Less: Accumulated depreciation	1,445,169
Leased Property Under Capital Leases	<u>\$ 2,175,742</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 598,501	\$ 43,687
2021	465,186	28,511
2022	188,482	19,125
2023	162,377	14,069
2024	126,127	9,560
2025-2028	300,584	14,743
Total	<u>\$ 1,841,257</u>	<u>\$ 129,695</u>

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS.

Plan Description

The Washington County Board of Supervisors administers the County's health insurance plan which is authorized by Section 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Washington County Board of Supervisors. The County is self-insured through the Mississippi Public Entity Employee Benefit Trust (the Plan), with reinsurance purchased from a commercial carrier that is effective for claims in excess of \$55,000. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. Effective October 1, 2017, the County implemented GASB Statement 75, which requires reporting on an accrual basis the liability associated with other postemployment benefits as well as any related deferred outflows and inflows. The County does not issue a publicly available financial report of the Plan.

Funding Policy

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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premiums for the County's health insurance plan. Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2019, retiree premiums range from \$178 to \$652 depending on dependent coverage and Medicare eligibility.

Changes in Total OPEB Liability

The County's Total OPEB liability of \$20,163,569 was measured as of September 30, 2019 and was determined by an actuarial valuation date of October 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

	<u>Total OPEB Liability (a)</u>
Balance at September 30, 2018	18,111,620
Changes for the Year:	
Service cost	1,576,478
Interest	715,682
Benefits paid	(240,211)
Net Changes	<u>2,051,949</u>
Balances at September 30, 2019	<u><u>\$ 20,163,569</u></u>

Changes in Assumptions

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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4. The medical aging factors were updated to adjust for age and gender and are assumed to follow the Yamamoto aging assumptions.

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

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

		1% Decrease 6.25% decreasing to 2.68% over 75 years	Current 7.25% decreasing to 3.68% over 75 years	1% Increase 8.25% decreasing to 4.68% over 75 years
OPEB liability September 30, 2019	\$	16,286,584	20,163,569	25,341,081

Sensitivity of the OPEB liability to changes in the discount rate

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

		1% Decrease 2.68%	Current Rate 3.68%	1% Increase 4.68%
OPEB liability September 30, 2019	\$	24,862,056	20,163,569	16,571,768

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

For the year ended September 30, 2019, the County recognized OPEB expense of \$2,292,160. At September 30, 2019, the County reported no deferred outflows of resources and no deferred inflows of resources related to OPEB, therefore, there will be no amortization of changes of assumptions and experience losses (gains). Also, no amounts are reported as deferred outflows or inflows of resources related to OPEBs will be recognized in pension expense.

NOTE 11 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Benefit Provided. Membership in PERS is a condition of employment granted upon hiring for qualified employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age of 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of the average compensation for each year of creditable service up to and including 30 years (25 years for those became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2019, PERS members are required to contribute 9% of their annual covered salary, and the County is required to contribute an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$1,924,580, \$1,719,796, and \$1,692,615, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the County reported a liability of \$31,489,626 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019 net pension liability was 0.179 percent, which was based on a measurement date of June 30, 2019. This was an increase of .007 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$3,408,779. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

WASHINGTON COUNTY
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,896	\$ 31,243
Net difference between projected and actual earnings on pension plan investments		281,238
Changes of assumptions	308,358	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,421,553	68,598
Contributions subsequent to the measurement date	536,340	
	<u>\$ 2,284,147</u>	<u>\$ 381,079</u>

The \$536,340 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Deferred Inflows Aging:	
Year ending September 30:	Amount
2020	\$ 722,706
2021	170,590
2022	329,665
2023	143,767
Total	<u>\$ 1,366,728</u>

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

Inflation percentage	2.75%
Salary increases, including inflation	3.00% - 18.25%
Investment rate of return net of pension plan investment expense, including inflation	7.75%

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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%
	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate of (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
County's proportionate share of the net pension liability	\$ 41,394,212	31,489,626	23,314,290

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

DEFINED BENEFIT PENSION PLAN - COMPONENT UNITS

Greenville Port Commission

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

Contributions. The Port Commission contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$76,812, \$71,557, and \$73,186, respectively, equal to the required contributions for each year.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

At September 30, 2019 the Port Commission reported a liability of \$1,257,474 for its proportionate share of the net pension liability. At June 30, 2019, the Port's proportion was 0.007148 percent, which was a decrease of 0.000011 percent from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Port Commission recognized pension expense of \$110,515. At September 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 943	\$ 1,415
Net difference between projected and actual earnings on investments	47,668	64,038
Changes of assumptions	12,139	
Changes in the proportion and differences between actual contributions and proportionate share contributions	9,218	26,530
Contributions subsequent to the measurement date	21,178	
	<u>\$ 91,146</u>	<u>\$ 91,983</u>

The \$21,178 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows/Deferred Inflow Aging:</u>	
<u>Year ending September 30:</u>	<u>Amount</u>
2020	\$ 152
2021	(31,267)
2022	3,360
2023	5,740
Total	<u>\$ (22,015)</u>

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

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 1,652,993	1,257,474	931,009

Washington County Library

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

Contributions. The System's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$63,771, \$62,157, and \$66,811, respectively, equal to the required contributions for each year.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

At September 30, 2019 the System reported a liability of \$1,108,296 for its proportionate share of the net pension liability. At June 30, 2019, the System's proportion was 0.0063 percent, which was no change from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the System recognized pension expense of \$84,787. At September 30, 2019, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 658	\$ 1,251
Net difference between projected and actual earnings on investments		12,991
Changes of assumptions	10,873	
Changes in the proportion and differences between actual contributions and proportionate share contributions		25,355
Contributions subsequent to the measurement date	14,560	
	<u>\$ 26,091</u>	<u>\$ 39,597</u>

The \$14,560 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows/Deferred Inflow Aging:</u>	
<u>Year ending September 30:</u>	<u>Amount</u>
2020	\$ (7,669)
2021	(28,550)
2022	3,093
2023	5,060
Total	<u>\$ (28,066)</u>

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

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Proportionate share of the net pension liability	\$ 1,456,891	1,108,296	820,559

Delta Regional Medical Center

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

Plan Description. The Plan is a single-employer defined benefit pension plan, administered by the Director of the Medical Center's Department of Human Resources. Benefit provisions are contained in the plan document and were established and can be amended by action of the Medical Center's Board of Trustees. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan.

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

Summary of Participant Data

<u>Employees Covered by the Plan at June 30, 2019</u>	<u>Number of</u>
Active Employees	293
Inactive employees entitled to but not yet receiving benefits	481
Inactive employees or beneficiaries currently receiving benefits	316
Total	<u>1,090</u>

Contributions. The Medical Center's Board of Trustees has the authority to establish and amend the contribution requirements of the Medical Center and active employees. The Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Medical Center is required to contribute amounts necessary to fund the Plan at an actuarially determined rate. The current actuarially required minimum rate is 3.5 percent of annual covered payroll. For the years ended September 30, 2019 and 2018, the Medical Center contributed \$1,344,000 and \$995,969, respectively, to the Plan.

Net Pension Liability

The Medical Center's net pension liability was measured as of June 30, 2019 for the year ended September 30, 2019 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2018 rolled forward to June 30, 2019.

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Cash	6.26%	0.57%
US Core Fixed Income	46.81%	1.45%
US Large Caps	37.77%	4.43%
Global Equity	7.99%	5.37%
US REITs	1.17%	5.03%
	100.00%	

Discount Rate. The discount rate used to measure the total pension liability at September 30, 2019 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended September 30, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of July 1, 2018	\$ 28,090,317	\$ 18,959,191	\$ 9,131,126
Changes for the year:			
Service Cost	-	-	-
Interest	1,777,663	-	1,777,663
Differences between expected and actual experience	303,214	-	303,214
Benefit payments	(1,507,059)	(1,507,059)	-
Employer contributions	-	1,344,000	(1,344,000)
Net investment income	-	1,592,274	(1,592,274)
Net changes	573,818	1,429,215	(855,397)
Balance as of June 30, 2019	\$ 28,664,135	\$ 20,388,406	\$ 8,275,729

Sensitivity Analysis. The following presents the net position liability of the Medical Center as of September 30, 2019 calculated using the discount rate of 6.50 percent, as well as what the Medical Center's net

WASHINGTON COUNTY
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For the Year Ended September 30, 2019

pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50 percent) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease	Current	1% Increase
	5.50%	6.50%	7.50%
Net pension liability	\$ 11,675,372	\$ 8,275,729	\$ 5,448,972

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended September 30, 2019, the Medical Center recognized pension expense of \$1,056,530. At September 30, 2019, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 165,389	\$ 140,520
Net difference between projected and actual earnings on pension plan investments		256,942
Contributions made subsequent to measurement date		
Total	<u>\$ 165,389</u>	<u>\$ 397,462</u>

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

Year Ending June 30,	Amount
2020	\$ (48,011)
2021	(75,057)
2022	(35,978)
2023	(73,027)
Total	<u>\$ (232,073)</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 12 - LONG TERM DEBT.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
GO Road and Bridge Refunding Bonds, Series 2011	\$ 430,000	2.00/3.00	07-22
GO Bonds, Series 2011	1,840,000	2.50/3.50	12-26
GO Recreational Facilities Bonds, Series 2013	2,355,000	3.625	09-28
Total General Obligation Bonds	<u>\$ 4,625,000</u>		
B. Capital Leases:			
2015 Excavator	\$ 26,136	2.58	03-20
15 Sheriff Vehicles	137,148	2.07	03-21
4 2017 Mack GU713 Dump Trucks	154,306	2.29	03-21
E911 Console System	279,378	2.66	08-21
2017 Isuzu NPR HD Truck w/Isuzu AL125 Paint Striper	55,350	2.39	11-21
Weiler Paver Model P385B	132,812	3.99	02-22
2 2018 Dodge Rams - Sheriff	38,263	3.59	06-23
2 CAT Motor Graders (SNs N9F1164 & N9F101165)	332,200	3.28	04-24
Suntrust energy savings project	685,664	2.03	03-28
Total Capital Leases	<u>\$ 1,841,257</u>		
C. Other Loans:			
2 Garbage Trucks	\$ 18,591	2.07	12-19
Warehouse Project - (CAP Loan)	929,158	3.00	05-22
Total Other Loans	<u>\$ 947,749</u>		
<u>Business-type Activities:</u>			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2017	<u>\$ 8,300,000</u>	3.00	07-31
B. Limited Obligation Bonds:			
Special Obligation Refunding Bonds, Series 2017	<u>\$ 6,295,000</u>	1.85/3.75	07-31

Pledge of Future Revenues – The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$7,210,000 in Taxable Special Obligation Urban Renewal Revenue Refunding Bonds, Series 2017 issued in Washington County, Mississippi. Proceeds from the bonds provided partial financing of the refunding of limited obligation bonds, series 2009 used for the construction of the Washington County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through Trustmark National Bank. Annual principal and interest payments on the bonds are expected to require less than 15 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,732,194. Principal and interest paid for the current year and total inmate housing revenues were \$645,152 and \$4,304,565, respectively.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

Governmental Activities:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
2020	460,000	149,969	439,945	22,177
2021	475,000	139,238	434,170	9,297
2022	500,000	122,075	73,634	276
2023	365,000	106,900		
2024	385,000	95,206		
2025-2028	2,440,000	247,495		
Total	<u>\$ 4,625,000</u>	<u>\$ 860,883</u>	<u>\$ 947,749</u>	<u>\$ 31,750</u>

Business-type Activities:	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
2020	585,000	249,000	450,000	191,920
2021	600,000	231,450	460,000	182,920
2022	620,000	213,450	470,000	173,030
2023	640,000	194,850	485,000	161,750
2024	660,000	175,650	495,000	148,898
2025-2029	3,600,000	569,850	2,715,000	509,676
2030-2031	1,595,000	72,150	1,220,000	69,000
Total	<u>\$ 8,300,000</u>	<u>\$ 1,706,400</u>	<u>\$ 6,295,000</u>	<u>\$ 1,437,194</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 2.89% of the latest property assessments.

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

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 342,092	47,289			\$ 389,381	
General obligation bonds	5,250,000		625,000		4,625,000	\$ 460,000
Add: Bond premium	6,163		1,643		4,520	
Less: Bond discount	(307)		(307)		-	
Capital leases	1,840,511	523,000	649,829	127,575	1,841,257	598,501
Other loans	1,433,525		485,776		947,749	439,945
Total	<u>\$ 8,871,984</u>	<u>570,289</u>	<u>1,761,941</u>	<u>127,575</u>	<u>\$ 7,807,907</u>	<u>\$ 1,498,446</u>

Adjustments are to correct prior period error.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Business-type Activities:						
Compensated absences	\$ 33,745	15,968			49,713	
General Obligation Refunding Bonds	8,865,000		565,000		8,300,000	\$ 585,000
Special Obligation Refunding Bonds	6,740,000		445,000		6,295,000	\$ 450,000
Add: Bond premium	265,490		21,099		244,391	
Less: Bond discount	(6,055)		(482)		(5,573)	
Total	<u>\$ 15,898,180</u>	<u>15,968</u>	<u>1,030,617</u>	<u>-</u>	<u>\$ 14,883,531</u>	<u>\$ 1,035,000</u>

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

LONG TERM DEBT - COMPONENT UNITS

Delta Regional Medical Center

A summary of long-term debt, including capital lease obligations at September 30, 2019 is as follows:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Hospital Revenue and Limited Obligation Refunding Bonds - Series 2019	\$ 14,710,000	4.25	09-36
Capital lease obligation	<u>889,320</u>	7.00	07-30
	15,599,320		
Less current portion of long-term debt	<u>(644,677)</u>		
Long-term debt, excluding current portion	<u>\$ 14,954,643</u>		

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

Year Ending September 30,	Revenue Bonds		Capital Lease Obligations
	Principal	Interest	Principal & Interest
2020	600,000	314,324	105,554
2021	630,000	599,675	114,204
2022	655,000	572,900	114,204
2023	685,000	545,063	114,204
2024	715,000	515,950	114,204
2025-2029	4,065,000	2,096,950	618,620
2030-2034	5,030,000	1,155,150	101,649
2035-2036	<u>2,330,000</u>	<u>149,600</u>	
			1,282,639
Less amount representing interest			<u>393,319</u>
	<u>\$ 14,710,000</u>	<u>5,949,612</u>	<u>889,320</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Bonds payable						
Washington County FHA-insured						
Revenue Bond, Series 2007	\$ 26,615,000		26,615,000		-	\$ -
Add: bond premium	920,706		920,706		-	
Capital lease obligations	929,366		40,046		889,320	44,677
Hospital Revenue and Limited						
Obligation Bonds - Series 2019	-	14,710,000	-		14,710,000	600,000
Total	<u>\$ 28,465,072</u>	<u>14,710,000</u>	<u>27,575,752</u>	<u>-</u>	<u>15,599,320</u>	<u>\$ 644,677</u>

Greenville Port Commission

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

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019
Compensated absences	\$ 50,004	5,979			\$ 55,983
Total	<u>\$ 50,004</u>	<u>5,979</u>	<u>-</u>	<u>-</u>	<u>\$ 55,983</u>

Washington County Library System

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

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019
Compensated absences	\$ 39,992		14,806		\$ 25,186
Total	<u>\$ 39,992</u>	<u>-</u>	<u>14,806</u>	<u>-</u>	<u>\$ 25,186</u>

NOTE 13 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

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

Fund	Deficit Amount
Solid Waste Management Planning	\$ 51,078
Youth Drug Court JAG Grant Fund	38,727
State Aid	21,778
MS Tobacco Fund	15,305
Election Support Fund	6,098
Garbage Collection Fund	1,210

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 14 - CONTINGENCIES.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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

Hospital Revenue and Limited Obligation Debt Contingencies – On July 31, 2019, the County issued Hospital Revenue and Limited Obligation Refunding Bonds, Series 2019 (Revenue Bonds) in the amount of \$14,710,000, bearing interest at 4.25%, to provide partial funds for the advance refunding of the outstanding FHA-insured Mortgage Revenue Bonds, Series 2007 with an outstanding amount of approximately \$26,615,000. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of Hospital Revenue and Limited Obligation debt outstanding at September 30, 2019, is as follows:

Description	Amount
Hospital Revenue and Limited Obligation Refunding Bonds, Series 2019	\$ 14,710,000

NOTE 15 - NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS).

No commitment debt is repaid only by the entities for which that debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states that the absence of obligation of the County other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance Sept. 30, 2019
Industrial revenue bonds	\$ 7,935,000
Urban renewal notes	6,825,000
Total	<u>\$ 14,760,000</u>

NOTE 16 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(24,510,864) 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 \$455,889 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended

WASHINGTON COUNTY
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For the Year Ended September 30, 2019

September 30, 2020. The \$1,485,636 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$323,917 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 deficit amount of \$(24,510,864) includes the effect of deferring the recognition of revenue resulting from capital leases receivable. The \$68 balance of deferred inflows of resources at September 30, 2019, will be recognized as revenue and will increase the unrestricted net position in the next fiscal year.

The business-type activities' unrestricted net position deficit amount of \$(8,626,977) includes the effect of deferring the recognition of expenses resulting from an advance refunding of County debt. \$83,899 of the \$971,833 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 12 years.

The business-type activities' unrestricted net position deficit amount of \$(8,626,977) 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 \$80,451 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 \$262,171 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$57,162 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.

NOTE 17 -JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Washington County Board of Supervisors appoints two of the 20 members of the College Board of Trustees. The County levied 4.0 mills for the college for maintenance, improvement and enlargement in the fiscal year 2019.

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Washington County Board of Supervisors appoints five of the 22 members of the board of trustees. The County appropriated \$24,000 to the organization in the fiscal year 2019.

NOTE 18 - TAX ABATEMENT

Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures*, requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Washington County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

and citizenry of the County. The County had tax abatement agreements with ten entities as of September 30, 2019.

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

Category	Fiscal Year 2019	
	% of Taxes Abated	Ad Valorem Taxes Abated
Warehouses or manufacturing/operating facilities-real property	100.00%	\$ 148,764
Additions, expansions or equipment replacement-personal property	100.00%	896,203
Total ad valorem tax abated		<u>\$ 1,044,967</u>

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

NOTE 19 - SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Washington County evaluated the activity of the County through October 28, 2020 (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
5/27/2020	3.25%	\$ 109,681	Lease Purchase	Ad valorem taxes

Management is continuing to evaluate the impact of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, on the County's operations. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal year 2019. As such, our financial position, operations, and cash flows will be negatively impacted for the fiscal year 2020 and may hinder our ability to meet the needs of our constituents. Management has and will take the necessary actions to marginalize the disruption caused by the outbreak. The specific impact on our financial position, operations, and cash flows is not readily determinable as of the date of these financial statements, therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WASHINGTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 18,129,386	17,530,809	17,530,809	\$ -
Licenses, commissions and other revenue	770,600	785,803	785,803	-
Fines and forfeitures	190,000	197,985	197,985	-
Charges for services	60,000	98,042	98,042	-
Intergovernmental revenues	3,090,135	3,156,865	3,156,865	-
Interest income	55,000	290,616	290,616	-
Miscellaneous revenues	844,500	517,746	517,746	-
Total Revenues	<u>23,139,621</u>	<u>22,577,866</u>	<u>22,577,866</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	13,766,841	12,562,404	12,562,404	-
Public safety	6,138,844	5,778,491	5,778,491	-
Health and welfare	631,865	492,645	492,645	-
Culture and recreation	444,349	439,599	439,599	-
Conservation of natural resources	122,700	108,948	108,948	-
Economic development and assistance	515,969	449,777	449,777	-
Debt Service	654,767	696,094	696,094	-
Total Expenditures	<u>22,275,335</u>	<u>20,527,958</u>	<u>20,527,958</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>864,286</u>	<u>2,049,908</u>	<u>2,049,908</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Lease principal payments	491,000	154,500	154,500	-
Sources	15,000	93,140	93,140	-
Uses	<u>(20,499)</u>	<u>(716,687)</u>	<u>(716,687)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>485,501</u>	<u>(469,047)</u>	<u>(469,047)</u>	<u>-</u>
Net Change in Fund Balance	1,349,787	1,580,861	1,580,861	-
Fund Balance - Beginning	<u>(6,798,689)</u>	<u>11,965,939</u>	<u>11,965,939</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (5,448,902)</u>	<u>13,546,800</u>	<u>13,546,800</u>	<u>\$ -</u>

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

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
HIGHWAY MAINTENANCE FUND
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,146,998	1,812,566	1,812,566	\$ -
Intergovernmental revenues	449,000	618,073	618,073	-
Miscellaneous revenues	427,000	590,690	590,690	-
Total Revenues	2,022,998	3,021,329	3,021,329	-
EXPENDITURES				
Public works	2,835,691	3,138,277	3,138,277	-
Debt service	265,000	273,711	273,711	-
Total Expenditures	3,100,691	3,411,988	3,411,988	-
Excess of Revenues over (under) Expenditures	(1,077,693)	(390,659)	(390,659)	-
Net Change in Fund Balance	(1,077,693)	(390,659)	(390,659)	-
Fund Balance - Beginning	(3,117,125)	1,585,242	1,585,242	-
Fund Balance - Ending	\$ (4,194,818)	1,194,583	1,194,583	\$ -

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

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
BRIDGE & CULVERT FUND
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,791,980	3,703,006	3,703,006	\$ -
Total Revenues	2,791,980	3,703,006	3,703,006	-
 EXPENDITURES				
Public works	4,001,836	3,227,168	3,227,168	-
 Total Expenditures	4,001,836	3,227,168	3,227,168	-
 Excess of Revenues over (under) Expenditures	(1,209,856)	475,838	475,838	-
 Net Change in Fund Balance	(1,209,856)	475,838	475,838	-
Fund Balance - Beginning	(834,668)	952,107	952,107	-
 Fund Balance - Ending	<u>\$ (2,044,524)</u>	<u>1,427,945</u>	<u>1,427,945</u>	<u>\$ -</u>

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

WASHINGTON COUNTY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
September 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Changes for the Year:		
Service Cost	\$ 1,576,478	1,520,523
Interest	715,682	642,851
Benefit payments/refunds	<u>(240,211)</u>	<u>(231,685)</u>
Net Change in total OPEB liability	2,051,949	1,931,689
Total OPEB liability - beginning, as restated	<u>18,111,620</u>	<u>16,179,931</u>
Total OPEB liability - ending (a)	<u><u>\$ 20,163,569</u></u>	<u><u>18,111,620</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 240,211	231,685
Benefit payments/refunds	<u>(240,211)</u>	<u>(231,685)</u>
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - beginning	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - ending (b)	<u><u>-</u></u>	<u><u>-</u></u>
Net OPEB Liability - ending (a) - (b)	<u><u>\$ 20,163,569</u></u>	<u><u>18,111,620</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.0%	0.0%
Covered-employee payroll	\$ 10,464,776	10,159,977
Net OPEB Liability as a percentage of covered-employee payroll	192.7%	178.3%

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

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

WASHINGTON COUNTY
SCHEDULE OF OPEB CONTRIBUTIONS
LAST 10 FISCAL YEARS*
September 30, 2019

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 2,922,968	2,684,587
Contributions in relation to the actuarially determined contribution	<u>240,211</u>	<u>231,685</u>
Contribution deficiency (excess)	<u>\$ 2,682,757</u>	<u>2,452,902</u>
Covered employee payroll	\$ 10,464,776	10,159,977
Contributions as a percentage of covered employee payroll	2.3%	2.3%

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

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

WASHINGTON COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2019
UNAUDITED

	2019	2018	2017	2016	2015	2014
WASHINGTON COUNTY						
County's proportion of the net pension liability (asset)	0.179%	0.172%	0.165%	0.167%	0.172%	0.172%
County's proportionate share of the net pension liability (asset)	\$ 31,489,626	\$ 28,608,709	\$ 27,428,604	\$ 29,830,369	\$ 26,587,808	\$ 20,877,651
County's covered payroll	\$ 11,657,108	\$ 10,965,025	\$ 10,603,668	\$ 10,675,319	\$ 10,716,121	\$ 10,254,113
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.13%	260.91%	258.67%	279.43%	248.11%	203.60%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
COMPONENT UNIT - GREENVILLE PORT COMMISSION						
Commission's proportion of the net pension liability (asset)	0.007148%	0.007159%	0.00747%	0.0070%	0.0080%	
Commission's proportionate share of the net pension liability (asset)	\$ 1,257,474	\$ 1,190,755	\$ 1,241,768	\$ 1,250,376	\$ 1,236,642	
Commission's covered payroll	\$ 465,512	\$ 464,673	\$ 479,486	\$ 460,990	\$ 498,616	
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.13%	256.26%	258.98%	271.24%	248.01%	
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	
COMPONENT UNIT - WASHINGTON COUNTY LIBRARY						
Library's proportion of the net pension liability (asset)	0.0063%	0.0063%	0.0066%	0.0066%	0.0071%	0.0074%
Library's proportionate share of the net pension liability (asset)	\$ 1,108,296	\$ 1,047,878	\$ 1,097,145	\$ 1,178,924	\$ 1,097,520	\$ 898,225
Library's covered payroll	\$ 408,914	\$ 403,997	\$ 422,662	\$ 424,174	\$ 442,174	\$ 460,685
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	271.03%	259.38%	259.58%	277.93%	248.21%	194.98%
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 twelve months ended at the measurement date of June 30 of the fiscal years presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County and Component Units have only presented information for the years in which information is available.

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

DELTA REGIONAL MEDICAL CENTER – A COMPONENT UNIT OF WASHINGTON COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended September 30, 2019
UNAUDITED

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ -	\$ 42,046	\$ 56,525	\$ 441,695	490,706
Interest on total pension liability	1,777,663	1,789,547	1,751,794	1,598,830	1,547,795
Differences between expected & actual experience	303,214	(572,890)	1,782,929	(194,015)	(95,165)
Benefit payments	(1,507,059)	(1,295,266)	(1,133,330)	(1,038,177)	(983,322)
Net change in total pension liability	573,818	(36,563)	2,457,918	808,333	960,014
Total pension liability, beginning	28,090,317	28,126,880	25,668,962	24,860,629	23,900,615
Total pension liability, ending (a)	28,664,135	28,090,317	28,126,880	25,668,962	24,860,629
Plan Fiduciary Net Position					
Employer contributions	1,344,000	1,002,664	1,083,329	1,338,128	838,590
Net investment income	1,592,274	992,263	1,428,854	752,788	429,704
Benefit payments	(1,507,059)	(1,295,266)	(1,133,330)	(1,038,177)	(983,322)
Administrative expenses	-	-	-	(27,241)	(28,627)
Net change in fiduciary net position	1,429,215	699,661	1,378,853	1,025,498	256,345
Fiduciary net position, beginning	18,959,191	18,259,530	16,880,677	15,855,179	15,598,834
Fiduciary net position, ending (b)	20,388,406	18,959,191	18,259,530	16,880,677	15,855,179
Net pension liability, ending (a) - (b)	\$ 8,275,729	\$ 9,131,126	\$ 9,867,350	\$ 8,788,285	\$ 9,005,450
Fiduciary net position as a percentage of the total pension liability	71.13%	67.49%	64.92%	65.76%	63.78%
Covered employee payroll	\$ 15,529,549	\$ 15,803,760	\$ 18,481,088	\$ 20,365,267	\$ 22,586,180
Net pension liability as a percentage of covered payroll	53.29%	57.78%	53.39%	43.15%	39.87%

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

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

WASHINGTON COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2019
UNAUDITED

	2019	2018	2017	2016	2015
WASHINGTON COUNTY					
Contractually required contribution	\$ 1,924,580	\$ 1,719,796	\$ 1,692,615	\$ 1,708,550	\$ 1,694,754
Contributions in relation to the contractually required contribution	<u>1,924,580</u>	<u>1,719,796</u>	<u>1,692,615</u>	<u>1,708,550</u>	<u>1,694,754</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 11,897,387	\$ 10,919,320	\$ 10,746,762	\$ 10,847,934	\$ 10,760,346
Contributions as a percentage of covered employee payroll	16.18%	15.75%	15.75%	15.75%	15.75%
COMPONENT UNIT - GREENVILLE PORT COMMISSION					
Contractually required contribution	\$ 76,812	\$ 71,557	\$ 73,186	\$ 74,814	\$ 79,665
Contributions in relation to the contractually required contribution	<u>76,812</u>	<u>71,557</u>	<u>73,186</u>	<u>74,814</u>	<u>79,665</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 475,800	\$ 454,330	\$ 464,673	\$ 475,010	\$ 505,810
Contributions as a percentage of covered payroll	16.14%	15.75%	15.75%	15.75%	15.75%
COMPONENT UNIT - WASHINGTON COUNTY LIBRARY					
Contractually required contribution	\$ 63,771	\$ 62,157	\$ 66,811	\$ 66,047	\$ 68,685
Contributions in relation to the contractually required contribution	<u>63,771</u>	<u>62,157</u>	<u>66,811</u>	<u>66,047</u>	<u>68,685</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Library's covered payroll	\$ 396,203	\$ 394,651	\$ 424,198	\$ 419,347	\$ 436,096
Contributions as a percentage of covered payroll	16.10%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County and the Component Units have 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 to the Required Supplementary Information are an integral part of this schedule.

DELTA REGIONAL MEDICAL CENTER – A COMPONENT UNIT OF WASHINGTON COUNTY
SCHEDULE OF THE MEDICAL CENTER'S CONTRIBUTIONS
Years Ended September 30, 2019
UNAUDITED

Year Ended September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Payroll
2019	\$ 836,141	\$ 1,344,000	\$(507,859)	\$ 15,529,549	8.65%
2018	655,860	995,969	(340,109)	15,803,760	6.30%
2017	953,390	953,390	-	18,481,088	5.16%
2016	969,968	969,968	-	20,365,267	4.76%
2015	939,446	939,446	-	22,586,180	4.16%
2014	944,920	944,920	-	25,120,081	3.76%
2013	1,071,487	1,071,487	-	27,546,026	3.89%
2012	1,082,409	1,082,409	-	26,593,764	4.07%
2011	931,812	931,812	-	25,730,054	3.62%
2010	746,189	746,189	-	26,112,402	2.86%

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

WASHINGTON COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

Budgetary Comparison Schedule

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ 1,580,861	(390,659)	\$ 475,838
Increase (Decrease)			
Net adjustments for revenue accruals	335,814	6,883	13,824
Net adjustments for expenditure accruals	179,626	(19,429)	(208,412)
GAAP Basis	<u>\$ 2,096,301</u>	<u>(403,205)</u>	<u>\$ 281,250</u>

WASHINGTON COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

Pension Schedules

A. Changes of assumptions.

County, Port Commission, and Library System

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%.

2017

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

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

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

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

2016

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

WASHINGTON COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

2015

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

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

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

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

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

B. Changes in benefit provisions.

County, Port Commission, and Library System.

2016

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

C. Methods and assumptions used in calculations of actuarially determined contributions.

County, Port Commission, and Library System.

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

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

WASHINGTON COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

Delta Regional Medical Center

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

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed periods
Amortization period	17 years
Amortization growth rate	3.50 percent
Asset valuation method:	
Smoothing record	3 years
Recognition method	Non-asymptotic
Corridor	80.00 to 120.00 percent
Inflation	3.00 percent
Salary increases, including inflation	5.00 percent
Investment rate of return	6.50 percent
Retirement age	65
Mortality	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per scale AA

WASHINGTON COUNTY

OTHER INFORMATION

WASHINGTON COUNTY
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS
For the Year Ended September 30, 2019
UNAUDITED

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

WASHINGTON COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Washington County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Washington County, Mississippi, as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 28, 2020. We audited the financial statements of the Washington County Library System, a component unit, but other auditors audited the financial statements of Delta Regional Medical Center and the Greenville Port Commission, component units, as described in our report on Washington County's financial statements. This report does not include the results of our testing of internal control over financial reporting and on compliance and other matters of the Library System or the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those audits.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Washington County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated October 28, 2020 included within this document.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 28, 2020

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

Members of the Board of Supervisors
Washington County, Mississippi

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

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

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

In our opinion, Washington County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 28, 2020

WASHINGTON COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2019

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

WASHINGTON COUNTY

Schedule 3

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

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Washington County, Mississippi

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

In addition, for areas not considered material to Washington County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 28, 2020, on the financial statements of Washington County, Mississippi.

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

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

1. The Payroll Clerk should ensure that all appropriate documentation is placed in the employee file.

Repeat Finding: No

Criteria:	The County is responsible for establishing and maintaining an effective system of internal controls pertaining to the documentation in employee files.
Condition:	During the course of our test work, we noted that employee files did not contain properly completed I-9, Employment Eligibility Verification forms.
Cause:	The employee files are not being reviewed regularly to identify files without proper documentation.
Effect:	The County could face penalties and fines for not maintaining properly completed I-9 Forms used to verify eligibility to work lawfully in the United States.
Recommendation:	The County should maintain a complete employee file system, which would ensure that the County is in compliance with State and Federal employee documentation requirements.
Response:	We are working to ensure compliance with federal immigration regulations.

2. Public Officials and Employees Should Ensure Compliance with State Law over Surety Bonding Requirements.

Repeat Finding: No

Criteria: Multiple state laws require public officials and public employs to give bond each term of office or annually for the positions held.

Condition: During the course of our test work, we found the following instances of non-compliance:

- (3) Deputy Circuit Clerks' bonds expired and were not renewed for FY 2019;
- (3) Deputy Circuit Clerks who were not bonded at all;
- Tax Collector's bond expired and was not renewed for FY 2019;
- (7) Deputy Tax Collectors' bonds expired and were not renewed for FY 2019;
- (3) Deputy Tax Collectors' bonds were for an indefinite period of time;
- Purchase Clerk's bond expired and was not renewed for FY 2019;
- Receiving Clerk and Assistant Receiving Clerks' were either not bonded or their bonds expired and were not renewed for FY 2019;
- Road Manager's bond was for an indefinite period of time;

- (1) Justice Court Judge, the Justice Court Clerk, and (4) Deputy Justice Court Clerks' bonds were for an indefinite period of time;
- (1) Deputy Justice Court Clerk's bond expired and was not renewed for FY 2019.

Cause: This is due to a lack of oversight by the Board of Supervisors, Department Heads, and certain employees to verify that surety bonds are properly in place for coverage amounts, duration, and positions as required by law.

Effect: Failure to have a bond properly in place could limit the amount available for recovery if a loss occurred.

Recommendation: The Board of Supervisors and Department Heads should implement procedures to ensure that County Officials and employees' bonds meet the requirements of State laws.

Response: We are working to ensure all officials and employees are bonded according to state requirements.

3. Deficit Fund Balances.

Repeat Finding: Yes

Criteria: Management is responsible for establishing a proper internal control system to ensure the County operates within its means.

Condition: We noted deficit fund balances at September 30, 2019. These deficit fund balances existed in Solid Waste Fund, Youth Court JAG Grant Fund, State Aid Roads Fund, Mississippi Tobacco Fund, Election Support Fund, and the Garbage Collection Fund. (See Note 13 for deficit fund balances of individual funds).

Cause: The Solid Waste Fund, Youth Court JAG Grant Fund, State Aid Roads Fund, Mississippi Tobacco Fund, Election Support Fund, and the Garbage Collection Fund were operating with a cash deficit.

Effect: Generally Accepted Accounting Principles require disclosure for funds that are not otherwise visible on the face of the financial statements that results of financial transactions show a negative fund balances thus causing the County to be out of agreement with Generally Accepted Accounting Principles.

Recommendation: The Board of Supervisors should determine the reasons for the deficit fund balance and take the appropriate actions to reduce the deficit.

Response: We are working to eliminate deficit fund balances to ensure proper accounting principles are followed.

4. No bank reconciliations of the Inmate Trust Fund Account.

Repeat Finding: No

Criteria: An effective system of internal controls requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition: During the course of our test work we found that bank reconciliations had not been prepared for the Inmate Trust Fund Account.

Cause: Employees were not following proper protocols for reconciling the account.

Effect : Not completing an accurate bank reconciliation results in a weakness in the system of internal controls over cash.

Recommendation: The management of the Washington County Regional Correction Facility should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis and maintain records of such.

Response We will comply with the finding recommendation.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 28, 2020

WASHINGTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

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