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DESOTO COUNTY, MISSISSIPPI

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2020



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**DESOTO COUNTY, MISSISSIPPI
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INDEPENDENT AUDITORS' REPORT

Members of the Board of
Supervisors
DeSoto County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of DeSoto County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Members of the Board of
Supervisors

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the County's proportionate share of the net pension liability and contributions, and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 14, 2022

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

INTRODUCTION

The discussion and analysis of DeSoto County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

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

FINANCIAL HIGHLIGHTS

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

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

Total net position increased \$36,431,960 which represents a 19% increase from the prior fiscal year.

The County had \$119,783,731 in total revenues. Property tax and road and bridge tax revenues account for \$75,902,254 and 2,715,535, respectively, or 63% and 2%, respectively, of total revenues. Intergovernmental Revenues in the form of reimbursements, shared revenue or grants, account for \$26,864,617 or 22% of total revenues. Charges for services account for \$8,694,255 or 7% of total revenue. Other revenues such as fines, fees, interest income etc. account for the remaining 5% of total revenues.

The County had \$83,351,771 in total expenses; \$26,864,617 of these expenses were offset by charges for services, grants or outside contributions. General revenues of \$90,626,961 were adequate to cover the remaining amount of expenses.

Among major funds, the General Fund had \$68,356,482 in revenues and \$53,214,789 in expenditures. The General Fund also had net other financing uses of \$31,552,697. The General fund balance decreased \$16,411,004 from the prior year.

Among major funds, the Road Maintenance Fund had \$7,914,238 in revenues and \$8,559,354 in expenditures. The Road Maintenance Fund also had net other financing sources of \$7,369. The Road Maintenance fund balance decreased \$637,747 from the prior year.

Among major funds, the Bridge and Culvert Fund had \$9,995,122 in revenues and \$9,158,546 in expenditures. The Bridge and Culvert Fund also had net other financing sources of \$4,460,107. The Bridge and Culvert fund balance increased \$5,296,683 from the prior year.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

Among major funds, the Debt Service Fund had \$6,801,056 in revenues and \$6,978,583 in expenditures. The Debt Service Fund fund balance decreased \$177,527 from the prior year.

Capital Assets, net of accumulated depreciation, increased by \$14,541,521 or 9% from the prior year.

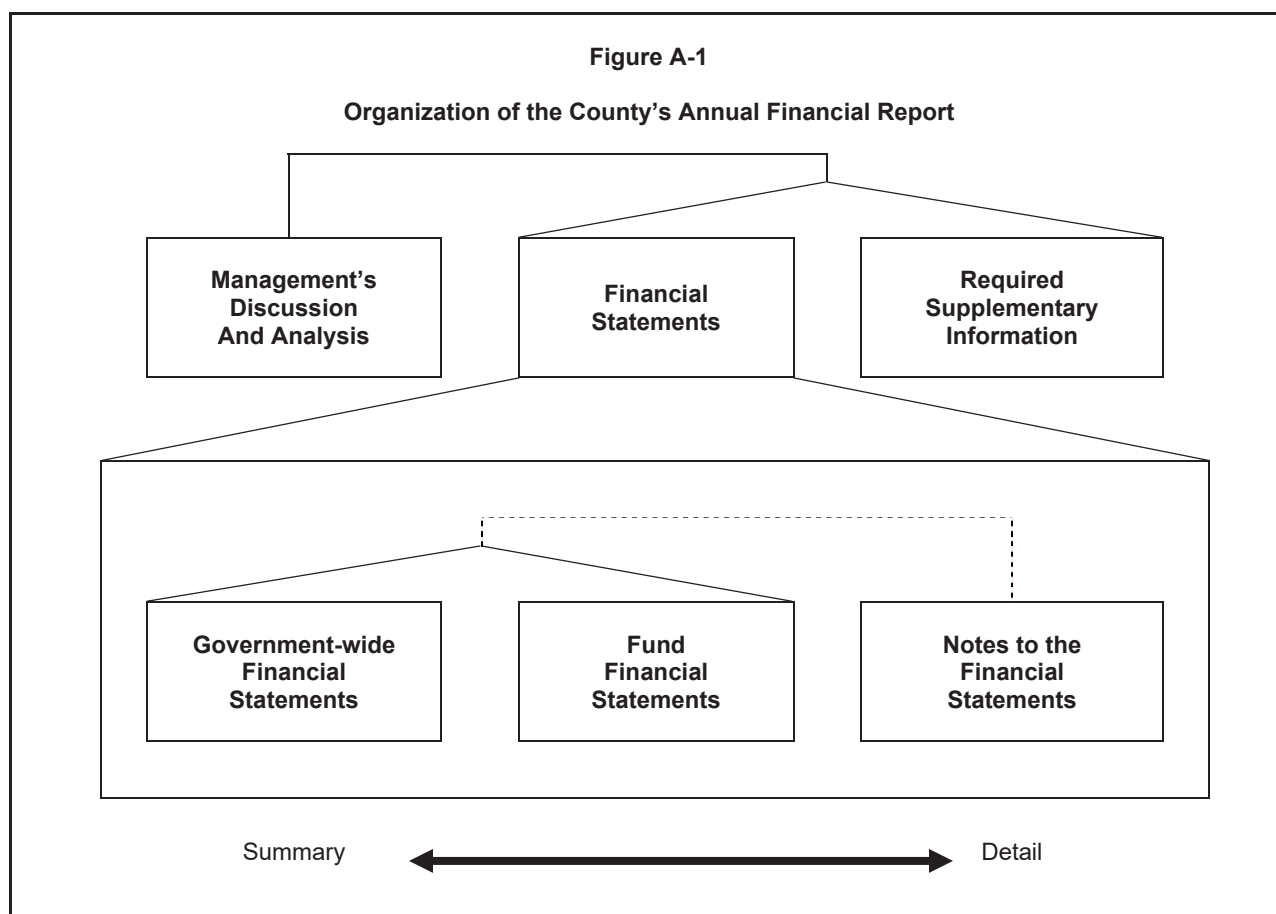
Long-term liabilities increased by \$20,867,756 or 16% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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

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

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

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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

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

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

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

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

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

The component units are as follows:

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

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

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

The government-wide financial statements can be found on pages 15-17 of this report.

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

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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

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

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

The basic governmental funds financial statements can be found on pages 18-19 and 21 of this report.

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

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

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 30-59 of this report.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

Required Supplementary Information

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund, Roads Maintenance- Special Revenue fund and Bridge and Culvert Fund- Special Revenue Fund. This required supplementary information can be found on pages 79-81 of this report.

This report also presents a schedule of the County's proportionate share of the net pension liability of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. This schedule is presented to show trending data over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board (GASB). This required supplementary information can be found on page 82 of this report.

This report also presents a schedule of County contributions to PERS over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board (GASB). This required supplementary information can be found on page 83 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of government's financial position. In the case of DeSoto County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$226,693,361 as of September 30, 2020.

The County's net position \$136,301,923 (60%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) adjusted for related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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

The following table presents a summary of the County's net position at September 30, 2020 and 2019.

	2020	2019	Change
Assets			
Current Assets	\$ 275,625,460	\$ 225,633,699	22%
Capital Assets, Net	175,037,090	160,495,569	9%
Total Assets	<u>450,662,550</u>	<u>386,129,268</u>	17%
Deferred Outflows of resources	<u>6,570,417</u>	<u>3,263,892</u>	101%
Liabilities			
Current Liabilities	13,513,504	8,863,299	52%
Long-Term Liabilities	66,874,044	54,521,632	23%
Net Pension Liability	85,160,756	76,645,412	10%
Total Liabilities	<u>165,548,304</u>	<u>140,030,343</u>	18%
Deferred Inflows of Resources	<u>64,991,302</u>	<u>59,101,416</u>	9%
Net Position			
Net Investment in Capital Assets	136,301,923	134,096,459	2%
Restricted	131,708,457	80,325,752	64%
Unrestricted	(41,317,019)	(24,160,810)	-71%
Total Net Position	<u>\$ 226,693,361</u>	<u>\$ 190,261,401</u>	19%

Additional information on net position:

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

	2020	2019
Total Unrestricted Net Position - Governmental Activities	\$ (41,317,019)	\$ (24,160,810)
Unrestricted Decrease in Net position Resulting from Recognition of the Net pension Liability	<u>79,252,309</u>	<u>75,620,272</u>
Unrestricted Net Position, Exclusive of the Net Pension Liability Effect	<u>\$ 37,935,290</u>	<u>\$ 51,459,462</u>

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

Changes in Net Position – DeSoto County's total revenues for the fiscal year ended September 30, 2020 were \$119,783,731. The total cost for all services provided was \$83,351,771. The increase in net position was \$36,431,960.

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 8,694,255	\$ 20,852,028	-58%
Operating Grants	18,771,960	2,182,983	760%
Capital Grants	1,690,555	639,434	164%
General Revenues:			
Property Taxes	75,902,254	72,693,847	4%
Road and Bridge Privilege Taxes	2,715,535	2,558,916	6%
Unrestricted Grants and Contributions	6,402,102	1,270,268	404%
Other General Revenue	<u>5,607,070</u>	<u>3,521,485</u>	59%
Total Revenues	<u>119,783,731</u>	<u>103,718,961</u>	15%
Expenses			
General Government	10,820,420	24,725,513	-56%
Public Safety	26,762,567	26,342,309	2%
Public Works	31,574,495	19,423,244	63%
Health and Welfare	1,795,524	2,255,273	-20%
Culture and Recreation	1,388,481	1,391,789	0%
Conservation of Natural Resources	1,074,620	1,202,171	-11%
Economic Development	380,992	365,547	4%
Interest on Long-Term Debt	1,466,419	1,237,688	18%
Pension Expense	<u>8,088,254</u>	<u>7,399,740</u>	9%
Total Expenses	<u>83,351,771</u>	<u>84,343,274</u>	-1%
Change in Net Position	<u><u>\$ 36,431,960</u></u>	<u><u>\$ 19,375,687</u></u>	88%

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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

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

	Total Costs	Net Costs
General Government	\$ 10,820,420	\$ (14,853,389)
Public Safety	26,762,567	24,992,285
Public Works	31,574,495	29,861,816
Health and Welfare	1,795,524	1,795,524
Culture and Recreation	1,388,481	1,388,481
Conservation of Natural Resources	1,074,620	1,074,620
Economic Development	380,992	380,992
Interest on Long-Term Debt	1,466,419	1,466,419
Pension Expense	8,088,254	8,088,254
Total	<u>\$ 83,351,771</u>	<u>\$ 54,195,001</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the 2020 fiscal year, its governmental funds reported a combined fund balance of \$177,667,041 an increase of \$37,882,154 or 27% from the previous year.

The General Fund is the principal operating fund of the County. The fund balance in the General Fund decreased \$16,411,004 for fiscal year 2020. The decrease was budgeted as a function of budgetary control by the County.

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

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

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

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets – As of September 30, 2020, DeSoto County's total capital assets was \$312,070,349. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, and construction in progress. This amount represents an increase from the previous year of \$18,774,149 or 6%.

Total accumulated depreciation as of September 30, 2020 was \$137,033,259, including \$6,067,651 of depreciation expense for the year. The balance in total net capital assets was \$175,037,090 at year-end.

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

Long-term Liabilities – At September 30, 2020, DeSoto County had \$65,327,381 in long-term debt outstanding. This includes general obligation bonds of \$63,185,000, unamortized premiums of \$1,902,760, and other loan payable of \$239,621. As of September 30, 2020 \$8,218,409 is due within one year.

The remaining long-term liability, \$86,707,419, consisted of compensated absences, \$1,546,663, and net pension liability, \$85,160,756.

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

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

CURRENT ISSUES

The DeSoto County Board of Supervisors has always strived to ensure that the county is financially stable and has accomplished this by committing itself to financial excellence for many years. DeSoto County has been experiencing phenomenal growth over the past several years, and while the amount of growth in 2020 was less than previous years, it is still steady and the trend is for continued growth for the next several years. The County's population has grown over the past 30 years and that growth is expected to continue as follows:

Between seven and ten companies locate to DeSoto County each year. The County averages several industrial expansions annually. Unemployment is at 5.2%, in the state of Mississippi. The County's Growth has been complemented by conservative, yet progressive leadership. The catalyst of the growth is a strong school system and pro-active leadership from the County Board of Supervisors that has allowed the county to keep the tax millage rate low from year to year. In the 2020 fiscal year, the County Board of Supervisors financed the County's operations without raising the tax rate. Due to the County Board of Supervisors' conservative financial approach, the County has been able to establish substantial cash reserves to ensure the County remains in a good position to endure the economic cycles that come and go from year to year.

De Soto County Tax Millage Rates 2010-2020

<u>Fiscal Year</u>	<u>General County</u>	<u>Road/ Bridge</u>	<u>Debt Service</u>	<u>Solid Waste</u>	<u>Total</u>
2010	25.28	8.84	5.58	1.32	41.02
2011	26.28	7.84	5.58	1.32	41.02
2012	26.88	7.54	5.38	1.22	41.02
2013	27.42	7.00	5.38	1.22	41.02
2014	26.92	7.00	5.88	1.22	41.02
2015	26.65	6.97	6.18	1.22	41.02
2016	26.65	6.97	6.03	1.37	41.02
2017	27.09	6.97	5.59	1.37	41.02
2018	27.09	6.97	5.59	1.37	41.02
2019	27.09	6.97	5.59	1.37	41.02
2020	28.09	7.41	3.40	2.12	41.02

**DESOTO COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Cash	\$ 178,068,896	\$ 18,942,602
Property Tax Receivable, Net	67,466,794	-
Receivable from Component Unit	18,125,000	-
Accounts Receivable, Net for Uncollectibles of \$338,578	62,703	1,326,816
Fines Receivable, Net		
Uncollectibles of \$4,980,852	1,404,855	-
Loans Receivable	8,548,986	-
Intergovernmental Receivables	964,914	-
Other Receivables	303,545	-
Inventories	-	63,117
Prepaid Items	679,767	530,553
Capital Assets:		
Land and Construction in Progress	29,018,073	6,346,673
Other Capital Assets, Net	146,019,017	34,076,849
Subtotal Capital Assets	<u>175,037,090</u>	<u>40,423,522</u>
Total Assets	<u>450,662,550</u>	<u>61,286,610</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	5,908,447	646,092
Deferred Amount on Refunding	661,970	-
Total Deferred Outflows of Resources	<u>6,570,417</u>	<u>646,092</u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020

	Primary Government	
	Governmental Activities	Component Units
LIABILITIES		
Accounts Payable and Accrued Payroll	\$ 6,796,036	\$ 1,061,826
Accrued Liabilities	-	27,239
Intergovernmental Payables	2,970,969	-
Accrued Interest Payable	209,859	368,824
Event Security Deposits	-	37,410
Unearned Revenue	-	280,000
Amounts Held in Custody for Others	3,536,640	-
Long-Term Liabilities:		
Compensated Absence	1,546,663	186,141
Net Pension Liability	85,160,756	4,892,366
Due With One Year:		
Capital	7,395,588	2,517,433
Non-Capital	822,821	657,446
Due in More than One Year:		
Capital	51,627,172	17,345,922
Non-Capital	5,481,800	9,339,691
Total Liabilities	<u>165,548,304</u>	<u>36,714,298</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount on Refunding	-	651,053
Deferred Inflows Related to Pensions	-	212,195
Property Tax for Future Reporting Period	64,991,302	-
Total Deferred Inflows of Resources	<u>64,991,302</u>	<u>863,248</u>
NET POSITION		
Net Investment in Capital Assets	136,301,923	20,560,167
Restricted:		
General Government	17,405,981	-
Public Safety	2,887,609	-
Public Works	98,233,176	-
Health and Welfare	2,227,202	-
Debt Service	10,954,489	-
Unrestricted	(41,317,019)	3,794,989
Total Net Position	<u>\$ 226,693,361</u>	<u>\$ 24,355,156</u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

					Primary Government	
					Net (Expense) Revenue and Changes in Net Position	
		Program Revenues				
			Operating	Capital		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General Government	\$ 10,820,420	\$ 6,901,849	\$ 18,771,960	\$ -	\$ 14,853,389	\$ -
Public Safety	26,762,567	1,770,282	-	-	(24,992,285)	-
Public Works	31,574,495	22,124	-	1,690,555	(29,861,816)	-
Health and Welfare	1,795,524	-	-	-	(1,795,524)	-
Culture and Recreation	1,388,481	-	-	-	(1,388,481)	-
Conservation of Natural Resources	1,074,620	-	-	-	(1,074,620)	-
Economic Development and Assistance	380,992	-	-	-	(380,992)	-
Interest on Long-Term Debt	1,466,419	-	-	-	(1,466,419)	-
Pension Expense	8,088,254	-	-	-	(8,088,254)	-
Total Governmental Activities	<u>83,351,771</u>	<u>8,694,255</u>	<u>18,771,960</u>	<u>1,690,555</u>	<u>(54,195,001)</u>	
Component Units:						
Emergency Communications District	1,412,533	1,877,573	-	-		465,040
Convention and Visitors Bureau	<u>11,355,405</u>	<u>4,625,490</u>	<u>30,000</u>	<u>-</u>		<u>(6,699,915)</u>
Total	<u>\$ 12,767,938</u>	<u>\$ 6,503,063</u>	<u>\$ 30,000</u>	<u>\$ -</u>		<u>\$ (6,234,875)</u>
General Revenues:						
Property Taxes					75,902,254	-
Road and Bridge Privilege Taxes					2,715,535	-
Tourism Tax					-	9,663,711
Grants and Contributions Not Restricted to Specific Programs					6,402,102	-
Unrestricted Interest Income					2,652,561	136,203
Loss on disposal of assets					-	(8,870)
Miscellaneous					2,954,509	498,795
Total General Revenues					<u>90,626,961</u>	<u>10,289,839</u>
Changes in Net Position					36,431,960	4,054,964
Net Position - Beginning					<u>190,261,401</u>	<u>20,300,192</u>
Net Position - Ending					<u>\$ 226,693,361</u>	<u>\$ 24,355,156</u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund	Bridge and Culvert Fund	Debt Service		
ASSETS						
Cash	48,096,871	13,097,075	35,619,736	10,863,200	\$ 69,869,306	\$ 177,546,188
Property Tax Receivable	47,068,412	3,165,210	7,843,741	5,880,017	3,509,414	67,466,794
Due from Component Unit	-	-	-	18,125,000	-	18,125,000
Accounts Receivable, Net of Allowance for Uncollectibles of \$338,578	54,970	-	-	-	-	54,970
Fines Receivable, Net of Allowance for Uncollectibles of \$4,980,852	1,404,855	-	-	-	-	1,404,855
Intergovernmental Receivables	849,975	-	-	-	114,939	964,914
Loans Receivable	8,548,986	-	-	-	-	8,548,986
Other Receivables	72,071	-	-	-	231,474	303,545
Due from Other Funds	16,014	327,414	116,690	91,289	1,256,765	1,808,172
Prepaid Items	679,767	-	-	-	-	679,767
Total Assets	\$ 106,791,921	\$ 16,589,699	\$ 43,580,167	\$ 34,959,506	\$ 74,981,898	\$ 276,903,191

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Major Funds					
	General Fund	Road Maintenance Fund	Bridge and Culvert Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Payroll	\$ 2,690,095	\$ 201,500	\$ 161,925	\$ -	\$ 3,290,722	\$ 6,344,242
Intergovernmental Payables	2,969,579	24,000	-	-	(22,610)	2,970,969
Due to Other Funds	767,772	-	-	-	1,040,400	1,808,172
Amounts Held in Custody for Others	1,951,044	-	-	-	1,585,596	3,536,640
Total Liabilities	8,378,490	225,500	161,925	-	5,894,108	14,660,023
Deferred Inflows of Resources:						
Unavailable Revenue:						
Property Taxes	44,592,920	3,165,210	7,843,741	5,880,017	3,509,414	64,991,302
Fines Receivable	1,404,855	-	-	-	-	1,404,855
Accounts Receivable	54,970	-	-	-	-	54,970
Accounts Receivable- Component Unit	-	-	-	18,125,000	-	18,125,000
Total Deferred Inflows of Resources	46,052,745	3,165,210	7,843,741	24,005,017	3,509,414	84,576,127
Fund Balances:						
Nonspendable:						
Loans Receivable	8,548,986	-	-	-	-	8,548,986
Prepaid Insurance	679,767	-	-	-	-	679,767
Restricted for:						
General Government	5,739,460	-	-	-	11,666,521	17,405,981
Public Safety	627,156	-	-	-	2,260,453	2,887,609
Public Works	-	13,198,989	35,574,501	-	49,459,686	98,233,176
Health and Welfare	35,486	-	-	-	2,191,716	2,227,202
Culture and Recreation	-	-	-	-	-	-
Debt Service	-	-	-	10,954,489	-	10,954,489
Unassigned	36,729,831	-	-	-	-	36,729,831
Total Fund Balances	52,360,686	13,198,989	35,574,501	10,954,489	65,578,376	177,667,041
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 106,791,921	\$ 16,589,699	\$ 43,580,167	\$ 34,959,506	\$ 74,981,898	\$ 276,903,191

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances for Governmental Funds		\$ 177,667,041
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation of \$137,033,259		175,037,090
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Due from Component Unit	18,125,000	
Accounts Receivable	54,970	
Fines Receivable	<u>1,404,855</u>	19,584,825
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Long-term debt	(65,327,381)	
Compensated absences	<u>(1,546,663)</u>	(66,874,044)
Net pension obligations not due and payable in the current period and, therefore, are not reported in the funds.		(85,160,756)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(209,859)
Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position		78,647
Deferred amounts on refunding of debt is not a financial resource and therefore not reported in the funds		661,970
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		<u>5,908,447</u>
Total Net Position of Governmental Activities		<u><u>\$ 226,693,361</u></u>

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund	Bridge and Culvert Fund	Debt Service		
REVENUES						
Property Taxes	\$ 53,213,353	\$ 3,394,981	\$ 8,322,167	\$ 6,470,829	\$ 4,500,924	\$ 75,902,254
Road and Bridge Privilege Taxes	-	2,715,535	-	-	-	2,715,535
Licenses, Commissions, and Other Revenue	3,893,726	9,847	-	-	819,833	4,723,406
Fines and Forfeitures	1,685,551	-	-	-	84,731	1,770,282
Intergovernmental Revenues	6,402,102	1,269,817	420,738	112,746	18,659,214	26,864,617
Charges for Services	1,886,485	12,277	-	-	301,805	2,200,567
Interest Income	674,949	222,178	628,727	208,864	917,843	2,652,561
Miscellaneous Revenues	600,316	289,603	623,490	8,617	352,386	1,874,412
Total Revenues	68,356,482	7,914,238	9,995,122	6,801,056	25,636,736	118,703,634
EXPENDITURES						
Current:						
General Government	19,155,587	-	-	153,027	6,070,334	25,378,948
Public Safety	29,580,833	-	-	-	3,057,966	32,638,799
Public Works	540,630	8,559,354	9,158,546	-	14,570,971	32,829,501
Health and Welfare	1,806,895	-	-	-	122,496	1,929,391
Culture and Recreation	1,395,000	-	-	-	-	1,395,000
Conservation of Natural Resources	324,499	-	-	-	823,238	1,147,737
Economic Development and Assistance	380,992	-	-	-	-	380,992
Debt Service:						
Principal	25,294	-	-	5,675,000	-	5,700,294
Interest	5,059	-	-	1,150,556	-	1,155,615
Total Expenditures	53,214,789	8,559,354	9,158,546	6,978,583	24,645,005	102,556,277
Excess of Revenues Over (Under)						
Expenditures Before Other Financing Sources (Uses)	15,141,693	(645,116)	836,576	(177,527)	991,731	16,147,357
OTHER FINANCING SOURCES (USES)						
Proceeds from Bond Issuance	-	-	-	-	21,675,000	21,675,000
Proceeds from Sale of Capital Assets	-	-	-	-	46,150	46,150
Proceeds From Insurance	467,523	-	375,000	-	191,424	1,033,947
Transfers In	886,520	30,445	4,105,000	-	27,101,423	32,123,388
Transfers Out	(32,906,740)	(23,076)	(19,893)	-	(193,979)	(33,143,688)
Total Other Financing Sources (Uses)	(31,552,697)	7,369	4,460,107	-	48,820,018	21,734,797
NET CHANGE IN FUND BALANCES	(16,411,004)	(637,747)	5,296,683	(177,527)	49,811,749	37,882,154
Fund Balances - Beginning of Year	68,771,690	13,836,736	30,277,818	11,132,016	15,766,627	139,784,887
FUND BALANCES - END OF YEAR	<u>\$ 52,360,686</u>	<u>\$ 13,198,989</u>	<u>\$ 35,574,501</u>	<u>\$ 10,954,489</u>	<u>\$ 65,578,376</u>	<u>\$ 177,667,041</u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 37,882,154

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$20,609,172 exceeded depreciation of \$6,067,651 14,541,521

Certain revenues recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting.

Accounts Receivable	(50,965)	
Fines Receivable	67,386	16,421

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount of new debt (\$21,675,824) including premium of \$675,824,

repayments of \$8,594,844 (of which \$2,395,000 was paid by the Desoto Convention and Visitor Bureau) and net premium amortization of \$4,062 (12,401,094)

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

Increase in Receivable from Component Unit	20,000	
Decrease in Accrued Interest Payable	310,804	
Decrease in Compensated Absences	48,682	
Amortization of Deferred Amounts on Refunding	(655,742)	(276,256)

An internal service fund is used by management to charge the cost of health insurance to individual funds. The net loss is reported within governmental activities 301,251

Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Decrease in Deferred Outflow of Resources- Pension	3,962,267	
Decrease in Deferred Inflow of Resources- Pension	921,040	
Increase in Net Pension Liability	(8,515,344)	(3,632,037)

Change in Net Position of Governmental Activities \$ 36,431,960

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2020**

	<u>Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 522,708
Accounts Receivable	<u>7,733</u>
Total Assets	<u>530,441</u>
LIABILITIES	
Current Liabilities:	
Claims and Judgements Payable	<u>451,794</u>
Total Liabilities	<u>451,794</u>
NET DEFICIT	
Restricted for:	
Health Insurance	<u>78,647</u>
Total Net Position	<u><u>\$ 78,647</u></u>

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2020

	Internal Service Fund
OPERATING REVENUES	
Premiums	6,414,635
OPERATING EXPENSES	
Claim Payments	7,137,839
Total Operating Expenses	<u>7,137,839</u>
OPERATING LOSS	(723,204)
NONOPERATING REVENUES	
Interest Income	4,155
Total Nonoperating Revenues	<u>4,155</u>
TRANSFERS IN	
Governmental Funds- General	1,020,300
CHANGE IN NET POSITION	<u>301,251</u>
NET DEFICIT	
Beginning of Year	(222,604)
End of Year	<u><u>\$ 78,647</u></u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2020**

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Receipts/Premiums from Employees	\$ 6,408,597
Cash Payments for Claims and Benefits	<u>(7,223,365)</u>
Net Cash Used by Operating Activities	<u>(814,768)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Deposits	<u>4,155</u>
Net Cash Provided by Investing Activities	<u>4,155</u>
NET CASH FLOWS BY NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers In	<u>1,020,300</u>
Net Cash Provided by Financing Activities	<u>1,020,300</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	209,687
Cash and Cash Equivalents - Beginning of Year	<u>313,021</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 522,708</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Loss	\$ (723,204)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Effect of Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(6,038)
Decrease in Claims Payable	<u>(85,526)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (814,768)</u></u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash	\$ 83,321	\$ 150,585
Intergovernmental Receivable	73,140	-
Total Assets	<u>156,461</u>	<u>150,585</u>
LIABILITIES		
Due to Other Government	73,140	-
Amounts Held in Custody for Others	56,196	150,585
Total Liabilities	<u>129,336</u>	<u>\$ 150,585</u>
NET POSITION		
Held in Trust for Individuals, Organizations, and Other Governments	<u>27,125</u>	
Total Net Position	<u>\$ 27,125</u>	

See accompanying Notes to Basic Financial Statements.

DESOTO COUNTY, MISSISSIPPI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2020

	Private Purpose Trust Funds
ADDITIONS	
Interest Income	\$ 1,329
Total Additions	<u>1,329</u>
DEDUCTIONS	
Administrative Expense	46,197
Transfers Out	<u>-</u>
Total Deductions	<u>46,197</u>
CHANGES IN NET POSITION	(44,868)
Net Position - Beginning of Year	<u>71,993</u>
NET POSITION - END OF YEAR	<u><u>\$ 27,125</u></u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT NET POSITION
SEPTEMBER 30, 2020**

	Emergency Communications District	Convention and Visitors Bureau	Total
ASSETS			
Cash	\$ 3,870,169	\$ 15,072,433	\$ 18,942,602
Accounts Receivable	372,319	954,497	1,326,816
Inventories	-	63,117	63,117
Prepaid Items	405,737	124,816	530,553
Capital Assets:			
Land and Construction in Progress	-	6,346,673	6,346,673
Other Capital Assets, Net	-	34,076,849	34,076,849
Total Assets	<u>4,648,225</u>	<u>56,638,385</u>	<u>61,286,610</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	-	646,092	646,092
Total Deferred Outflows of Resources	<u>-</u>	<u>646,092</u>	<u>646,092</u>
LIABILITIES			
Claims Payable	450,681	611,145	1,061,826
Accrued Liabilities	-	27,239	27,239
Accrued Interest Payable	11,220	357,604	368,824
Event Security Deposits	-	37,410	37,410
Unearned Revenue	-	280,000	280,000
Compensated Absence	-	186,141	186,141
Long-Term Liabilities:			
Due With One Year:			
Capital Debt	-	2,517,433	2,517,433
Noncapital Debt	407,626	249,820	657,446
Due in More than One Year:			
Capital Debt	-	17,345,922	17,345,922
Noncapital Debt	4,343,640	4,996,051	9,339,691
Net Pension Liability	-	4,892,366	4,892,366
Total Liabilities	<u>5,213,167</u>	<u>31,501,131</u>	<u>36,714,298</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	-	212,195	212,195
Deferred Amount on Refunding	-	651,053	651,053
Total Deferred Inflows of Resources	<u>-</u>	<u>863,248</u>	<u>863,248</u>
NET POSITION			
Net Investment in Capital Assets	-	20,560,167	20,560,167
Unrestricted	(564,942)	4,359,931	3,794,989
Total Net Position	<u>\$ (564,942)</u>	<u>\$ 24,920,098</u>	<u>\$ 24,355,156</u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Component Units	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Emergency Communication District	Convention and Visitors Bureau	
Emergency Communication District	\$ 1,412,533	\$ 1,877,573	\$ -	\$ 465,040	\$ -	\$ 465,040
Convention and Visitors Bureau	11,355,405	4,625,490	30,000	-	(6,699,915)	(6,699,915)
Total Governmental Activities	<u>12,767,938</u>	<u>6,503,063</u>	<u>30,000</u>	<u>465,040</u>	<u>(6,699,915)</u>	<u>(6,234,875)</u>
General Revenues:						
Tourism Tax				-	9,663,711	9,663,711
Unrestricted Interest Income				27,007	109,196	136,203
Loss on disposal of assets				-	(8,870)	(8,870)
Miscellaneous				-	498,795	498,795
Total General Revenues				<u>27,007</u>	<u>10,262,832</u>	<u>10,289,839</u>
Changes in Net Position				492,047	3,562,917	4,054,964
Net Position - Beginning				(1,056,989)	21,357,181	20,300,192
Net Position - Ending				<u>\$ (564,942)</u>	<u>\$ 24,920,098</u>	<u>\$ 24,355,156</u>

See accompanying Notes to Basic Financial Statements.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial Reporting Entity

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

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

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

Individual Component Unit Disclosures

Blended Component Units

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units

The component unit columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. The majority of the members of the governing bodies of these component units were not appointed by the County Board of Supervisors.

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

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

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

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

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

Basis of Presentation

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

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 assets used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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

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

The County reports the following major governmental funds:

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

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

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

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

Additionally, the County reports the following fund types:

Governmental Fund Types

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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

Proprietary Fund Type

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

Fiduciary Fund Types

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

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

Account Classifications

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

Deposits and Investments

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of 14 days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any County, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

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

Receivables

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

The County's receivables include related party transactions with the DeSoto Convention Center and Visitor Bureau (the Bureau), component unit. As of September 30, 2020, the following transactions existed:

- Outstanding long term debt for 2020 bonds issued by the County on behalf of the Bureau. The Bureau is contractually obligated to repay the long-term debt. As of September 30, 2020 the outstanding debt was \$18,125,000.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables (continued)

- Outstanding loan receivable with the Bureau. As of September 30, 2020, the outstanding loan balance was \$5,245,871. (see note 3)

Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/ borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Inventories and Prepaid Items

Inventories in component units are valued at cost, which approximates market, using the first in/first out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available.

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A
Infrastructure	-	20- 50 Years
Buildings	50,000	40 Years
Improvements other Than Buildings	25,000	5-50 Years
Mobile Equipment	5,000	5-10 Years
Furniture and Equipment	5,000	3 to 7 Years
Leased Property Under Capital Leases	*	*

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

Deferred Outflows/Inflows of Resources

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

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

Deferred Outflows Related to Pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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

Court Fines
Ambulance Charges
Due from Component Unit- 2009 Bonds

Deferred Inflows Related to Pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

Pensions

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

Long-Term Liabilities

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

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvements of those assets.

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

Unrestricted Net Position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

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

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

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

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

Fund Financial Statements (continued)

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

Property Tax Revenues

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

Intergovernmental Revenues in Governmental Funds

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

NOTE 2 DEPOSITS

Primary Government

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$178,302,802 and the bank balance was \$184,125,760. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 3 LOANS RECEIVABLE

At September 30, 2020, the DeSoto County Convention and Visitors Bureau had \$5,245,871 in loans payable for previous loans the County made to the Bureau for acquisition and construction costs related to the DeSoto County Convention and Visitors Bureau. During October 2013, the County and Bureau entered into an agreement to repay the original loan totaling \$7,494,614 with no interest. Agreement terms include monthly payments of \$20,818 beginning November 1, 2013 and concluding October 1, 2043.

At September 30, 2020, the DeSoto County Regional Utility Authority had \$2,989,944 in loans payable for a previous loan the County made to the Authority for acquisition and construction costs designed to facilitate county growth. During July 2013, the County and Authority entered into an agreement to repay the original loan totaling \$3,900,000 with no interest. Agreement terms include monthly payments of \$10,834 paid beginning October 1, 2014 and concluding September 1, 2044.

On September 30, 2020, the Fairhaven Fire Department had \$60,480 in loans payable for a previous loan the County made to the Department. On August 20, 2015, DeSoto County entered into an agreement with Fairhaven Fire Department to construct a fire facility. The County loaned \$204,820 to be paid back annually beginning July 1, 2016. Agreement terms indicate no interest annual payments of \$13,548. In December 2018 the loan terms were amended to reduce the total outstanding amount due. The loan will conclude November 2024.

On September 30, 2020, The City of Horn Lake had \$252,691 in loans payable for a loan the County made to the city for refunding of voided tax sale. During August 2018, the County and the City entered into an agreement to repay the original loan totaling \$505,382 with no interest. Agreement terms include annual payments of \$6,495 beginning February 2019 and concluding February 2022.

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

Description	Date of Loan	Maturity Date	Amount
DeSoto County Convention and Visitors Bureau	10-2013	10-2043	\$ 5,245,871
DeSoto County Regional Utility Authority	07-2013	09-2044	2,989,944
Fairhaven Fire Department Project	08-2015	07-2030	60,480
City of Horn Lake	08-2018	02-2022	252,691
Total			<u>\$ 8,548,986</u>

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 4 INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2020:

Due From/To Other Funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 16,014	\$ 767,772
Other Governmental Funds	1,256,765	1,040,400
Road Maintenance Fund	327,414	-
Bridges and Culvert Fund	116,690	-
Debt Service Fund	91,289	-
Total	<u>\$ 1,808,172</u>	<u>\$ 1,808,172</u>

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

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer From</u>	<u>Amount</u>
Governmental funds:		Governmental funds:	
Other Governmental Funds	\$ 26,935,508	General Fund	\$ 26,935,508
General Funds	884,762	General Fund	884,762
Roads Maintenance	4,138	General Fund	4,138
Bridges and Culvert	4,105,000	General Fund	4,105,000
General Fund	1,758	Other Governmental Funds	1,758
Other Governmental Funds	165,915	Other Governmental Funds	165,915
Roads Maintenance	26,307	Other Governmental Funds	26,307
Total Governmental Funds	<u>32,123,388</u>		<u>32,123,388</u>
Internal Service Fund	977,331	General Fund	977,331
Internal Service Fund	19,893	Bridges and Culvert Fund	19,893
Internal Service Fund	23,076	Roads Maintenance Fund	23,076
Total Internal Service Funds	<u>1,020,300</u>		<u>1,020,300</u>
Total Governmental and Internal Service Fund	<u><u>\$ 33,143,688</u></u>	Total Governmental Funds	<u><u>\$ 33,143,688</u></u>

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables at September 30, 2020 consisted of the following:

Primary Government

	<u>Amount</u>
Governmental Funds:	
Due from State Government:	
State of Mississippi	\$ 154,564
Due From Local Government:	615,440
Due From Federal Government:	
U.S Department of Justice	79,971
U.S Department of Homeland Security	114,939
Total Governmental Funds	<u>\$ 964,914</u>

NOTE 6 CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2020:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Balance End of Year</u>
Primary Government					
Governmental Activities:					
Nondepreciable:					
Land	\$ 4,395,734	\$ -	\$ (20,700)	\$ -	\$ 4,375,034
Construction in Progress	9,499,706	16,325,086	-	(1,181,753)	24,643,039
Total Nondepreciable	<u>13,895,440</u>	<u>16,325,086</u>	<u>(20,700)</u>	<u>(1,181,753)</u>	<u>29,018,073</u>
Depreciable:					
Infrastructure	159,464,122	1,062,500	-	-	160,526,622
Buildings	81,001,580	260,267	-	1,097,185	82,359,032
Improvements Other Than Buildings	1,105,955	33,333	(1,069)	-	1,138,219
Mobile Equipment	37,829,103	2,948,686	(1,833,954)	84,568	39,028,403
Total Depreciable	<u>279,400,760</u>	<u>4,304,786</u>	<u>(1,835,023)</u>	<u>1,181,753</u>	<u>283,052,276</u>
Accumulated Depreciation:					
Buildings	19,134,340	1,670,544	-	-	20,804,884
Improvements Other Than Buildings	463,234	37,054	(1,069)	-	499,219
Mobile Equipment	21,652,774	2,145,089	(1,833,954)	-	21,963,909
Infrastructure	91,550,283	2,214,964	-	-	93,765,247
Total Accumulated Depreciation	<u>132,800,631</u>	<u>6,067,651</u>	<u>(1,835,023)</u>	<u>-</u>	<u>137,033,259</u>
Total Depreciable Capital Assets, Net	<u>146,600,129</u>	<u>(1,762,865)</u>	<u>-</u>	<u>1,181,753</u>	<u>146,019,017</u>
Total Capital Assets, Net	<u>\$ 160,495,569</u>	<u>\$ 14,562,221</u>	<u>\$ (20,700)</u>	<u>\$ -</u>	<u>\$ 175,037,090</u>

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

<u>Governmental Activities</u>	
General Government	\$ 241,772
Public Safety	1,993,872
Public Works	3,819,887
Health and Welfare	678
Culture and Recreation	3,917
Conservation of Natural Resources	<u>7,525</u>
Total	<u>\$ 6,067,651</u>

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Starlanding Road Projects	1,396,609	Not Determined
Commerce Street extension- Della to Jaybird	381,727	Not Determined
Lewisburg Sidewalks Desgin	23,076	Not Determined
Ingrams MillRoad Bridge Replacement	110,701	Not Determined
Craft Road Box Calvert	35,125	Not Determined
Nail Road- Hacks to Poke	677,143	Not Determined
Swinnea Road - Bankston to Starlanding	242,857	Not Determined
Craft Road- 1395 Soiuth of Bethel to Harbor	258,033	FY 2022
Nail Swinnea and Craft	62,836	Not Determined
Deoto County Flood Risk Feasibility Study	120,981	Not Determined
Holly Springs Road Segment 2 Design	719,832	Not Determined
Holly Springs Road Segment 1 CE & I	856,190	Not Determined
Nail Road Preliminary Alignment- Polk to Center Hill	24,493	FY 2022
Polk Lane	73,054	Not Determined
US 51 at Kapik	14,173	Not Determined
Amazon Transportation Improvements	50,230	Not Determined
Total	<u>\$ 5,047,060</u>	

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 7 CLAIMS AND JUDGEMENTS

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Lipscomb and Pitts effective from January 1, 2020 to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

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

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

The County has purchased coinsurance which functions as two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$110,000, and the aggregate policy covers all claims submitted for FY 2020.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). At September 30, 2020, the amount of these liabilities was \$451,794. An analysis of claims activities is presented below:

	Beginning of Year	Claims and Changes	Premiums and changes	End of Year
2017 to 2018	\$ 974,504	\$ 5,034,269	\$ 5,030,274	\$ 978,499
2018 to 2019	978,499	7,176,939	7,618,118	537,320
2019 to 2020	537,320	6,500,161	6,414,635	451,794

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 LONG-TERM LIABILITIES

Debt outstanding as of September 30, 2020, consisted of the following:

Primary Government Governmental Activities	Amount Outstanding	Interest Rate Percentage	Final Maturity Date
General Obligation Bonds:			
2020 General Obligation bonds	\$ 21,000,000	3.00%	September 2040
2019 Refunding Bonds	15,210,000	2.50-5.00%	November 2029
2016 General Obligation Refunding Bonds	6,065,000	2.00-5.00%	September 2029
2015 General Obligation Refunding Bonds	7,330,000	2.00-5.00%	July 2024
2013 General Obligation Bonds	7,505,000	2.50-3.13%	September 2033
2012 Refunding Bonds	6,075,000	2.00-4.00%	July 2024
Total General Obligation Bonds	<u>\$ 63,185,000</u>		
Other Loans:			
Civic Center Tourism Center	<u>\$ 239,621</u>	2.00%	April 2029

New issuance of Series 2020 General Obligation Public Improvement Bonds - On March 16, 2020 the County issued \$21,000,000 in general obligation public improvement bonds at a premium of 675,824, and a fixed interest rate of 3%. The proceeds were deposited in the County's construction fund to used for capital projects within the County. The repayments will begin April 2021, and mature September 2040. The debt service requirement for repayment of the bonds to maturity will be the following:

Governmental Activities Year Ending September 30,	2020 General Obligation Bonds	
	Principal	Interest
2021	\$ 800,000	\$ 605,500
2022	825,000	606,000
2023	845,000	581,250
2024	870,000	555,900
2025	895,000	529,800
2026-2030	4,855,000	2,231,250
2031-2035	5,550,000	1,462,500
2036-2040	6,360,000	582,450
Total	<u>\$ 21,000,000</u>	<u>\$ 7,154,650</u>

Advance refunding of Series 2009B Refunding Bonds – On October 31, 2019, Desoto County issued Series 2019 Refunding Bonds for \$15,335,000 (on behalf of the DeSoto Convention and Visitors Bureau) with an interest rate of 5% to advance refund \$15,835,000 of the Series 2009B outstanding bond issue. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position. The net proceeds of \$16,207,589 (after payment of \$460,050 in underwriting fees and other issuance costs) were issued directly to the Convention and Visitors Bureau. The bonds were called on November 1, 2019. The repayment of the bonds are the responsibility of the Convention and Visitors Bureau. The County's long-term debt schedule and annual debt service requirements includes the net change in the outstanding bond liability for the Convention and Visitors Bureau.

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

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

Governmental Activities Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 7,525,000	\$ 2,285,682	\$ 27,821	\$ 4,127
2022	7,850,000	2,519,307	30,353	4,028
2023	7,705,000	1,830,993	30,353	3,597
2024	6,930,000	1,434,207	30,353	2,954
2025	5,265,000	3,031,181	30,353	2,401
2026-2030	13,380,000	4,973,944	90,388	3,888
2031-2035	8,170,000	513,444	-	-
2036-2040	6,360,000	190,800	-	-
Total	<u>\$ 63,185,000</u>	<u>\$ 16,779,558</u>	<u>\$ 239,621</u>	<u>\$ 20,995</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, 2020, the amount of outstanding debt was equal to 3.23% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

Governmental Activities	Beginning of Year	Increases	Decreases	End of Year	Due Within One Year
Bond Payable	\$ 50,755,000	\$ 21,000,000	\$ 8,570,000	\$ 63,185,000	\$ 7,525,000
Unamortized Premiums	1,906,822	675,824	679,886	1,902,760	665,588
Other Loans	264,465	-	24,844	239,621	27,821
Compensated Absences	1,595,345	-	48,682	1,546,663	-
Net Pension Liability	76,645,412	8,515,344	-	85,160,756	-
Total	<u>\$ 131,167,044</u>	<u>\$ 30,191,168</u>	<u>\$ 9,323,412</u>	<u>\$ 152,034,800</u>	<u>\$ 8,218,409</u>

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Component Units

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

DeSoto County provides to the Convention and Visitors Bureau refunding bond funds for improvements at the DeSoto Civic Center in Southaven. DeSoto County maintains a bond fund in its name for the payment of the principal and interest on the Bonds, and the payment of Agent's fees in connection with this. The Convention and Visitors Bureau shall for as long as any principal of and interest on the Bonds remain outstanding, provide to the County adequate and sufficient funds which may be lawfully used for the payment of the principal of and interest on the Bonds. The Convention and Visitors Bureau has included this debt issuance and resulting liability in their financial statements and shall annually take such action as necessary to include its payment of the debt service payments on the Bonds, as a part of its annual budget year. As of September 30, 2020, the Convention and Visitors Bureau was responsible for the repayment of the Series 2019 bonds, \$3,150,000 of the Series 2016 bonds and other loan payable reported in the County long term liabilities. For FY 2020, the Convention and Visitors Bureau total bond principal payments to the County was \$2,395,000. The Convention and Visitors Bureau refunded Series 2009B bonds during FY 20, effect on the outstanding bond payable is noted in the table below.

The following is a summary of changes in component units' long-term liabilities and obligations for the year ended September 30, 2020:

Combined Component Units	Beginning of Year	Increases	Decreases	End of Year	Due Within One Year
Bonds Payable	\$ 26,100,000	\$ 15,335,000	\$ 18,635,000	\$ 22,800,000	\$ 2,725,000
Deferred Loss- 2016 Refunding	(87,695)	87,695	-	-	-
Deferred Gain- 2019 Refunding	-	732,435	81,382	651,053	-
Unamortized Premiums	1,522,559	1,332,639	1,279,279	1,575,919	174,254
Capital Leases	264,506	-	25,803	238,703	25,805
Loans Payable	5,495,691	-	249,821	5,245,870	249,820
Compensated Absences	154,032	32,109	-	186,141	-
Net Pension Liability	4,551,219	341,147	-	4,892,366	-
Total	<u>\$ 38,000,312</u>	<u>\$ 17,861,025</u>	<u>\$ 20,271,285</u>	<u>\$ 35,590,052</u>	<u>\$ 3,174,879</u>

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information About the Pension Plan

Plan Description. DeSoto County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$5,096,861, 4,611,088 and \$4,336,581, respectively, equal to the required contributions for each year.

At September 30, 2020, the County reported a liability for its proportionate share of the net pension liability of \$85,160,756. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At September 30, 2020, the County's proportionate share used to calculate the September 30, 2020 net pension liability was 0.43991%, which was based on a measurement date of June 30, 2020. This was an increase of 0.00423% from the proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$8,088,254.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 739,205	\$ -
Changes in Assumptions	476,392	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,498,078	-
County's Contributions Subsequent to the Measurement Date	1,194,772	-
Total	<u>\$ 5,908,447</u>	<u>\$ -</u>

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date consisting of \$1,194,772 will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 301,010
2022	1,626,919
2023	1,658,538
2024	1,127,208
Total	<u>\$ 4,713,675</u>

Actuarial Assumptions. The total pension liability in the June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed Market
Inflation	2.75%
Salary Increases	3.00-18.25%, percent, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.” The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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

Actuarial Assumptions (Continued).

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22%	4.75%
Global Equity	12%	5.00%
Fixed Income	20%	0.50%
Real Estate	10%	4.00%
Private Equity	8%	6.25%
Cash	1%	0.00%
Total	<u>100 %</u>	.

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
County's Proportionate Share of Net Pension Liability	\$ 110,230,135	\$ 85,160,756	\$ 64,468,446

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

NOTE 10 CONTINGENCIES

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

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

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

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

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

- \$136,780,000 Mississippi Development Bank Special Obligation Bonds, Series 2010B (DeSoto County, Mississippi Highway Construction Project)
- \$82,940,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (DeSoto County, Mississippi Highway Construction Project)
- \$24,155,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2015A (DeSoto County, Mississippi Highway Refunding Project)
- \$43,785,000 Mississippi Development Bank Special Obligation Bonds, Series 2017A (DeSoto County, Mississippi Highway Construction Project)
- \$47,730,000 Mississippi Development Bank Special Obligation Bonds, Series 2019A (DeSoto County, Mississippi Highway Construction Project)

Under the Cooperative Agreement, the Commission (MDOT) agrees to pay to the Trustee amounts sufficient to pay the principal and interest on the bonds listed. Nothing in the bonds or any other document executed by the County will obligate the County financially in any way or be a charge against its general credit or taxing powers. The total amount outstanding as of September 30, 2020 is as follows:

<u>Issue</u>	<u>Outstanding Amount</u>
Mississippi Development Bank, Series 2010B Taxable	\$ 136,780,000
Mississippi Development Bank, Series 2014	53,005,000
Mississippi Development Bank, Series 2015 Refunding	21,965,000
Mississippi Development Bank, Series 2017A	37,240,000
Mississippi Development Bank, Series 2019	47,730,000
Total Outstanding Amount	<u>\$ 296,720,000</u>

NOTE 12 RELATED ORGANIZATIONS

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

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 13 JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURES

The county participates in the following jointly governed organizations:

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

North Delta Planning and Development District operates in a district composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The DeSoto County Board of Supervisors appoints 4 of 30 members of the Board of directors. DeSoto County appropriated \$223,620 for the operation of the district in fiscal year 2020, and \$104,745 for the cost of the county- wide transportation service for disabled and elderly citizens.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The DeSoto County Board of Supervisors appoint one of the 21 members of the Board of commissioners. DeSoto County levied a .75 mill tax, which resulted in \$20,467 to help support the district in fiscal year 2020.

Region IV Community Mental Health District, composed of Alcorn, DeSoto, Prentiss, Tippah, Tishomingo counties, provides community based health programming for both youth and adults and provides an array of counseling services for anyone in need. Region IV Community Mental Health District currently operates within the DeSoto County School District and provides in-school counseling and therapy to students in need of services. In accordance with state law, the DeSoto County Board of Supervisors allocated \$200,000 in fiscal year 2020 in order to participate as a member of Region IV and for countywide services from the mental health care provider. Region IV is managed by an appointed five member Board of Directors, with each Director appointed by the participating Board of Supervisors from each county.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The DeSoto County Board of Supervisors appoints two of the 23 members of the college Board of trustees. DeSoto County levied 4.11 mills of tax, which resulted in \$7,727,616 for maintenance and support of the college in fiscal year 2020.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 13 JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The DeSoto County Board of Supervisors appoints one of the 30 Board members. DeSoto County did not appropriate any funds for support of the agency in fiscal year 2020.

NOTE 14 TAX ABATEMENTS

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

Facts and Assumptions

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

- Mississippi Code Section 27-31-101, allows the County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation, however they do not have the authority to exempt ad valorem taxes for school districts and shall not exceed a period longer than 10 years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: Warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3 and telecommunications enterprises meeting minimum criteria.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 14 TAX ABATEMENTS (CONTINUED)

- Mississippi Code Section 27-31-105, allows County Board of Supervisors, at their discretion, to grant tax exemptions for any enterprise who makes additions to or expansions of the facilities or properties or replaces equipment used in conjunction with or necessary to the operation of such enterprises from ad valorem taxation with the exception of school district taxes and not to exceed a period longer than 10 years. The initial request for exemption must be made in writing by June 1st of the year immediately following the year in which the additions, expansions or replacements are completed. The time of the exemption shall commence from the date of completion of the additions, expansions or replacements and shall extend for a period not to exceed 10 years, however the County Board of Supervisors in lieu of granting the exemption for one period of ten years, may grant the exemption in consecutive periods of five years each, not to exceed ten years.
- Mississippi Code Section 27-31-104, allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The County Board of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the County Board of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.
- Mississippi Code Section 21-45-1, allows County Board of Supervisors, at their discretion, to enter into agreements with municipalities and enterprises for tax increment financing incentives. Any redevelopment project may contain a provision that county ad valorem taxes, if any, levied upon taxable property in a redevelopment project shall be divided according to a tax increment financing plan. After adoption of a redevelopment plan containing a tax increment financing plan, property taxable at the time of the certification shall be included in the assessed value at its most recently determined valuation, the "original assessed value." Each year thereafter the assessed value of the real and personal property within the redevelopment area will be captured and will either show an increase or decrease from the original assessed value. This new value will be the "current assessed value." Any amount by which the current assessed value exceeds the original assessed value is the amount for purposes of tax increment financing that a portion will be captured and used for retiring redevelopment bonds. Only a portion of the current assessed value is authorized to be utilized for the redevelopment project, the remainder of the taxes will be settled to the various County tax levy funds.

DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 14 TAX ABATEMENTS (CONTINUED)

Facts and Assumptions (Continued)

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

The charts below identifies the total tax abatements issued during fiscal year 2020 and details of specific abatements determined as significant to the County:

Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year	Company Reported Capital in Investment	Employees Retained or New	Estimated Overall Payroll
Personal/Real Tax Exemptions	\$ 4,919,658	\$ 856,153,464	9,297	\$ 352,346,274
Fee in Lieu	\$ 3,649,080	\$ 75,278,087	475	\$ 10,500,000
Tax Increment Financing	\$ 10,420	\$ 5,800,000	30	\$ 250,000

Tax Abatement: Schedule of Personal and Property Tax Exemptions

<u>Company Name</u>	<u>Abatement Effect on Tax Revenue</u>			<u>Abatement Criteria</u>
	<u>Personal</u>	<u>Real</u>	<u>Total</u>	
Amerisourcebergen Drug Corporation	\$ 165,242	\$ 66,042	\$ 231,284	Distribution
BPI Coating Solutions, Inc.	25,338	-	25,338	Manufacturing
Diamond Comic Distributions	40,518	41,213	81,731	Manufacturing
Fedex Ground Package System	44,433	27,227	71,660	Distribution
Milwaukee Electric Tool	44,622	228,154	272,776	Distribution
Performance Food Group, Vistar	25,185	38,824	64,009	Distribution
Sephora USA, Inc	49,564	101,278	150,842	Manufacturing
Williams-Sonoma Direct, Inc.	106,572	112,587	219,159	Distribution
Williams-Sonoma Retail Services	9,986	-	9,986	Distribution
Remainder (*)	516,128	3,276,745	3,792,873	
Total Tax Abatements: Reduction of Personal and Property Taxes	<u>\$ 1,027,588</u>	<u>\$ 3,892,070</u>	<u>\$ 4,919,658</u>	

Notes to the Schedule:

(*) the County did not list all abatements issued during the fiscal year to the volume. Contact the County for a full listing of abatements issued during fiscal year 2020.

**DESOTO COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 14 TAX ABATEMENTS (CONTINUED)

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

<u>Company Name</u>	<u>Abatement Effect on Tax Revenue</u>			<u>Abatement Criteria</u>
	<u>Personal</u>	<u>Real</u>	<u>Total</u>	
View inc.	\$ 682,672	\$ 114,544	\$ 797,216	Minimum Capital Investment
McKesson Corporation (Williams-Sonoma)	132,650	180,574	313,224	Minimum Capital Investment
Teleflex Medical, Inc.	10,993	174,319	185,312	Minimum Capital Investment
Remainder (*)	<u>1,247,975</u>	<u>1,105,353</u>	<u>2,353,328</u>	
Total Tax Abatements: Fee In Lieu of Personal and Property Taxes	<u>\$ 2,074,290</u>	<u>\$ 1,574,790</u>	<u>\$ 3,649,080</u>	

Notes to the Schedule:

(*) the County did not list all abatements issued during the fiscal year to the volume. Contact the County for a full listing of abatements issued during fiscal year 2020.

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

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

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

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

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

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Measurement Focus and Basis of Accounting

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

The Districts financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used, regardless of when the related cash flows take place. Revenues and expenses are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with the District’s primary operations. All other revenues and expenses are reported as nonoperating.

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

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

Cash and Cash Equivalents

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

Capital Assets

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

Compensated Absences

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

Long-Term Liabilities

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

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

Budgetary Comparison

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

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is classified as follows:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvements of those assets.

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

Unrestricted Net Position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

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

NOTE 2 CASH AND CASH EQUIVALENTS

The carrying amount of the District’s total deposits with financial institutions at September 30, 2020 was \$3,870,169 and the bank balance was \$3,880,929. The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 ACCOUNTS RECEIVABLE

The District has accounts receivable in the amount of \$372,319 which consists of telephone service charges to multiple telephone service providers in the DeSoto County area. These receivables are generally collected with 60 to 90 days of the month for which the service is provided.

NOTE 4 PREPAID EXPENSES

The District has prepaid expenses in the amount of \$405,737. These prepaid expenses are amounts paid in advance for the annual service contract's pertaining to the District's Emergency communications equipment.

NOTE 5 LONG-TERM LIABILITY

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

Component Units	Beginning of Year	Increases	Decreases	End of Year	Due Within One Year
Bonds Payable	\$ 5,065,000	\$ -	\$ 390,000	\$ 4,675,000	\$ 400,000
Unamortized Premiums	83,893	-	7,627	76,266	7,626
Total	<u>\$ 5,148,893</u>	<u>\$ -</u>	<u>\$ 397,627</u>	<u>\$ 4,751,266</u>	<u>\$ 407,626</u>

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 400,000	\$ 128,637	\$ 528,637
2022	415,000	116,413	531,413
2023	430,000	103,738	533,738
2024	445,000	92,281	537,281
2025	455,000	81,588	536,588
2026-2030	2,530,000	194,550	2,724,550
Total	<u>\$ 4,675,000</u>	<u>\$ 717,207</u>	<u>\$ 5,392,207</u>

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description. The District contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

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

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the District is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.4% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 DEFINED BENEFIT PENSION PLAN

The District's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019, and 2018 were \$15,321, \$14,539 and 14,155, respectively, equal to the required contributions for each year.

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

NOTE 7 RISK MANAGEMENT

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

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

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

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

Financial Reporting Entity

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

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

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

Encumbrance Accounting

The Bureau does not use the encumbrance method of accounting.

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Government-Wide Financial Statements

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

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

Inventory

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows are related to pensions and debt refunding. See Notes 5 and 7 for further details.

Deferred Amount on Refunding – For current refundings reported in the governmental activities is the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. See Note 7 for further details.

Compensated Absences

Employees are granted vacation and sick leave benefits in accordance with administrative policy. Vacation days earned may be carried forward. In the event of termination, an employee is reimbursed for up to 30 days of accumulated vacation. The remainder may be applied toward the employees' retirement. Employees may also apply unused accumulated sick leave towards their retirement. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long- term liabilities in the government-wide financial statements.

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Liabilities

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

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Pensions

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

Net Position

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

Use of Estimates

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH AND CASH EQUIVALENTS

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

The carrying amount of the Bureau's total deposits with financial institutions at September 30, 2020 was \$15,072,433 and the bank balance was \$15,144,861. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer.

Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the Bureau's deposits might not be recovered. The Bureau does not have a formal policy for custodial credit risk. As of September 30, 2020, the Bureau was not exposed to custodial credit risk.

NOTE 3 CONTRACT REVENUE

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 SUMMARY OF CHANGES IN CAPITAL ASSETS

Changes in capital assets for the year ended September 30, 2020 were as follows:

Component Unit:	Beginning of Year	Increases	Decreases	End of Year
Nondepreciable:				
Land	\$ 6,328,825	\$ -	\$ -	\$ 6,328,825
Construction in Progress	-	17,848	-	17,848
Total Nondepreciable	6,328,825	17,848	-	6,346,673
Depreciable:				
Intangible	-	-	-	-
Buildings and Improvements	51,807,941	1,220,067	11,146	53,016,862
Machinery and Equipment	2,863,701	278,319	96,357	3,045,663
Furniture and Fixtures	192,255	-	98,823	93,432
Total Depreciable	54,863,897	1,498,386	206,326	56,155,957
Accumulated Depreciation:				
Buildings and Improvements	18,335,773	1,426,684	11,146	19,751,311
Machinery and Equipment	1,989,752	350,456	94,970	2,245,238
Furniture and Fixtures	172,759	1,140	91,340	82,559
Total Accumulated Depreciation	20,498,284	1,778,280	197,456	22,079,108
Total Depreciable Capital Assets, Net	34,365,613	(279,894)	8,870	34,076,849
Total Capital Assets, Net	\$ 40,694,438	\$ (262,046)	\$ 8,870	\$ 40,423,522

NOTE 5 LONG-TERM DEBT

Changes in long-term debt for the year ended September 30, 2020 were as follows:

Component Units	Beginning of Year	Increases	Decreases	End of Year	Due Within One Year
Bonds Payable	\$ 21,035,000	\$ 15,335,000	\$ 18,245,000	\$ 18,125,000	\$ 2,325,000
Deferred Loss- 2016 Refunding	(87,695)	87,695	-	-	-
Deferred Gain- 2019 Refunding	-	732,435	81,382	651,053	-
Unamortized Premiums	1,438,666	1,332,639	1,271,652	1,499,653	166,628
Capital Leases	264,506	-	25,803	238,703	25,805
Loans Payable	5,495,691	-	249,821	5,245,870	249,820
Compensated Absences	154,032	32,109	-	186,141	-
Net Pension Liability	4,551,219	341,147	-	4,892,366	-
Total	\$ 32,851,419	\$ 17,861,025	\$ 19,873,658	\$ 30,838,786	\$ 2,767,253

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 LONG-TERM DEBT (CONTINUED)

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

Advance refunding – On October 31, 2019, Desoto County issued \$15,335,000 in general obligation refunding bonds with an interest rate of 5% to advance refund \$15,835,000 of the Series 2009B outstanding bond issue. The net proceeds of \$16,207,589 (after payment of \$460,050 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position. Those bonds were called on November 1, 2019.

The Bureau advance refunded the above bonds to reduce its total debt service payments over the next ten years by \$637,628 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$564,988.

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,574,820	\$ 800,275	\$ 3,375,095
2022	2,689,820	685,950	3,375,770
2023	2,804,820	570,525	3,375,345
2024	1,839,820	474,650	2,314,470
2025	1,924,820	399,075	2,323,895
2026-2030	8,789,102	683,750	9,472,852
2031-2035	1,249,102	63,000	1,312,102
2036-2040	1,249,102	-	1,249,102
2041-2045	249,464	-	249,464
Total	<u>\$ 23,370,870</u>	<u>\$ 3,677,225</u>	<u>\$ 27,048,095</u>

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Capital leases are comprised of leases for a score board, the tourism building and energy saving equipment. The future minimum capital lease payments and the net present value of these minimum lease payments as of September 30, 2020 were as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>
2021	\$ 30,354
2022	30,353
2023	30,353
2024	30,353
2025	30,353
2026-2030	<u>110,656</u>
Total minimum least payments	262,422
Interest	<u>(23,719)</u>
Present Value of minium lease payments	<u><u>\$ 238,703</u></u>

NOTE 6 CONTINGENCIES

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

NOTE 7 PENSION OBLIGATIONS

General Information about the Pension Plan

Plan Description. The Bureau contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the 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 Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359- 3589 or 1-800-444-PERS.

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the Bureau is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Bureau's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$290,763, \$282,452, and \$230,562, respectively.

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 PENSION OBLIGATIONS (CONTINUED)

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

Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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

At September 30, 2020, the Bureau reported a liability of \$4,892,366 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Bureau's proportion of the net pension liability was based on the Bureau's employer contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2020, the Bureau's proportion was 0.0253%, which was an decrease of 0.0006% from its proportion measured as of June 30, 2019.

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 PENSION OBLIGATIONS (CONTINUED)

General Information about the Pension Plan (Continued)

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

For the year ended September 30, 2020, the Bureau recognized pension expense of \$565,780. At September 30, 2020 the Bureau reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 42,358	\$ -
Changes in Assumptions	28,017	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	328,483	(27,821)
Changes in Proportionate Share of Contributions	171,668	240,016
Bureaus's Contributions Subsequent to the Measurement Date	75,566	-
Total	<u>\$ 646,092</u>	<u>\$ 212,195</u>

\$75,566 reported as deferred outflows of resources related to pensions resulting from Bureau contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 264,305	\$ 89,608
2022	166,480	84,965
2023	74,983	37,622
2024	64,758	-
Total	<u>\$ 570,526</u>	<u>\$ 212,195</u>

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 PENSION OBLIGATIONS (CONTINUED)

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from 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. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22%	4.75%
Global Equity	12%	5.00%
Fixed Income	20%	0.50%
Real Estate	10%	4.00%
Private Equity	8%	6.25%
Cash	1%	0.00%
Total	<u>100 %</u>	.

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 PENSION OBLIGATIONS (CONTINUED)

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

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Bureau's Proportionate Share of Net Pension Liability	\$ 6,332,566	\$ 4,892,366	\$ 3,703,621

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

NOTE 8 RISK MANAGEMENT

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

**DESOTO COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

REQUIRED SUPPLEMENTARY INFORMATION

DESOTO COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 47,456,300	\$ 47,496,800	\$ 49,948,673	\$ 2,451,873
Licenses, Commissions, and Other Revenue	3,071,000	3,071,000	3,576,222	505,222
Fines and Forfeitures	1,601,250	1,717,687	1,404,077	(313,610)
Intergovernmental Revenues	5,164,784	5,164,784	6,262,726	1,097,942
Charges for Services	735,265	744,496	1,586,980	842,484
Interest Income	500,000	525,000	675,099	150,099
Miscellaneous Revenues	158,766	156,355	599,451	443,096
Total Revenues	<u>58,687,365</u>	<u>58,876,122</u>	<u>64,053,228</u>	<u>5,177,106</u>
EXPENDITURES				
Current:				
General Government	18,357,793	18,582,733	16,728,594	1,854,139
Public Safety	27,545,280	27,658,682	27,285,578	373,104
Public Works	457,217	503,843	459,736	44,107
Health and Welfare	1,579,078	1,895,861	1,802,252	93,609
Culture and Recreation	1,395,000	1,395,000	1,395,000	-
Conservation of Natural Resources	351,624	351,624	324,164	27,460
Economic Development	399,304	419,304	380,992	38,312
Debt Service				
Principal	25,294	25,294	25,294	-
Interest	5,060	5,060	5,059	1
Total Expenditures	<u>50,115,650</u>	<u>50,837,401</u>	<u>48,406,669</u>	<u>2,430,732</u>
Excess of Revenues Over (Under) Expenditures	8,571,715	8,038,721	15,646,559	7,607,838
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	68,000	69,296	423,649	354,353
Transfers In	30,354	30,354	884,762	854,408
Transfers Out	(18,655,524)	(19,855,494)	(32,893,341)	(13,037,847)
Total Other Financing Sources (Uses)	<u>(18,557,170)</u>	<u>(19,755,844)</u>	<u>(31,584,930)</u>	<u>(11,829,086)</u>
NET CHANGE IN FUND BALANCES	(9,985,455)	(11,717,123)	(15,938,371)	(4,221,248)
Fund Balances - Beginning of Year	<u>6,466,525</u>	<u>5,506,520</u>	<u>49,684,121</u>	<u>44,177,601</u>
FUND BALANCES - END OF YEAR	<u>\$ (3,518,930)</u>	<u>\$ (6,210,603)</u>	<u>\$ 33,745,750</u>	<u>\$ 39,956,353</u>

See Accompanying Notes to Required Supplementary Information.

**DESOTO COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
ROAD MAINTENANCE FUND
YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 3,190,200	\$ 3,190,200	\$ 3,343,882	\$ 153,682
Road and Bridge Privilege Taxes	2,000,000	2,000,000	2,439,220	439,220
Licenses, Commissions, and Other Revenue	5,000	5,000	9,847	4,847
Intergovernmental Revenues	1,731,301	1,750,301	1,269,817	(480,484)
Charges for Services			12,277	12,277
Interest Income	240,000	240,000	222,178	(17,822)
Miscellaneous Revenues	268,366	298,064	289,654	(8,410)
Total Revenues	<u>7,434,867</u>	<u>7,483,565</u>	<u>7,586,875</u>	<u>103,310</u>
EXPENDITURES				
Public Works	21,006,791	21,055,489	8,143,227	12,912,262
Total Expenditures	<u>21,006,791</u>	<u>21,055,489</u>	<u>8,143,227</u>	<u>12,912,262</u>
Excess of Revenues Over (Under) Expenditures	(13,571,924)	(13,571,924)	(556,352)	13,015,572
OTHER FINANCING SOURCES (USES)				
Transfers In	95,000	95,000	30,445	(64,555)
Other Financing Sources	(23,076)	(23,076)	(23,076)	-
Total Other Financing Sources (Uses)	<u>71,924</u>	<u>71,924</u>	<u>7,369</u>	<u>(64,555)</u>
NET CHANGE IN FUND BALANCES	(13,500,000)	(13,500,000)	(548,983)	12,951,017
Fund Balances - Beginning of Year	<u>(7,425,181)</u>	<u>(7,325,326)</u>	<u>13,636,109</u>	<u>20,961,435</u>
FUND BALANCES - END OF YEAR	<u>\$ (20,925,181)</u>	<u>\$ (20,825,326)</u>	<u>\$ 13,087,126</u>	<u>\$ 33,912,452</u>

See Accompanying Notes to Required Supplementary Information.

**DESOTO COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
BRIDGE AND CULVERT FUND
YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Postive (Negative)
REVENUES				
Property Taxes	\$ 7,893,800	\$ 7,893,800	\$ 8,205,478	\$ 311,678
Intergovernmental	-	40,739	420,738	379,999
Interest Income	350,000	350,000	628,727	278,727
Miscellaneous Revenues	370,000	662,170	623,507	(38,663)
Total Revenues	<u>8,613,800</u>	<u>8,946,709</u>	<u>9,878,450</u>	<u>931,741</u>
EXPENDITURES				
Public Works	<u>43,098,907</u>	<u>44,186,816</u>	<u>9,196,192</u>	<u>34,990,624</u>
Total Expenditures	<u>43,098,907</u>	<u>44,186,816</u>	<u>9,196,192</u>	<u>34,990,624</u>
Excess of Revenues Over (Under) Expenditures	(34,485,107)	(35,240,107)	682,258	35,922,365
OTHER FINANCING SOURCES (USES)				
Proceeds from Settlement	-	375,000	375,000	-
Transfers In	4,105,000	4,105,000	4,105,000	-
Transfers Out	(19,893)	(19,893)	(19,893)	-
Total Other Financing Sources (Uses)	<u>4,085,107</u>	<u>4,460,107</u>	<u>4,460,107</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(30,400,000)	(30,780,000)	5,142,365	35,922,365
Fund Balances - Beginning of Year	<u>(30,442,387)</u>	<u>(43,323,182)</u>	<u>23,609,271</u>	<u>66,932,453</u>
FUND BALANCES - END OF YEAR	<u><u>\$ (60,842,387)</u></u>	<u><u>\$ (74,103,182)</u></u>	<u><u>\$ 28,751,636</u></u>	<u><u>\$ 102,854,818</u></u>

See Accompanying Notes to Required Supplementary Information.

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

	2020*	2019*	2018*	2017*	2016*	2015*
County's proportion of the net pension liability (asset)	0.439910%	0.435684%	0.426941%	0.426552%	0.388673%	0.388673%
County's proportionate share the net pension liability (asset)	85,160,756	76,645,412	71,012,973	70,907,420	69,179,485	60,081,181
County's covered payroll	28,547,931	28,588,547	27,267,103	27,363,530	24,705,549	24,213,403
County's proportionate share the net pension liability (asset) as a percentage of its covered payroll	298.31%	268.10%	260.43%	259.13%	280.02%	248.13%
Plan Fiduciary net position as a percentage of the Total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

	2020*	2019*	2018*	2017*	2016*	2015*
Contractually required contribution	\$ 5,096,861	\$ 4,611,088	\$ 4,336,581	\$ 4,158,765	\$ 4,002,356	\$ 3,824,965
Contributions in relation to the						
Contractually required contribution	5,096,861	4,611,088	4,336,581	4,158,765	4,002,356	3,824,965
Contribution deficiency (excess)	-	-	-	-	-	-
County's covered payroll	\$ 29,292,305	\$ 27,267,103	\$ 27,533,828	\$ 26,404,842	\$ 25,411,784	\$ 24,285,492
Contributions as a percentage of covered payroll	17.40%	16.91%	15.75%	15.75%	15.75%	15.75%

Notes to Schedule:

Valuation date: June 30, 2019
measurement date: June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age
Amortization method Level Percentage of payroll, open
Remaining amortization period 30.9 years
Asset valuation method 5-year smoothed Market
Inflation 2.75%
Salary Increases 3.00-18.25%, percent, including inflation
Investment rate of return 7.75%, net of pension plan investment expense, including inflation

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

NOTE 1 BUDGETARY COMPARISON SCHEDULE

Budgetary Information

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the County Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the sheriff, the tax assessor and the tax collector for his or her respective department, prepares an original budget for each of the governmental funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the County 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.

Basis of Presentation

The budgetary comparison schedule – budget and actual (non-GAAP basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non-GAAP basis) and variances between the final budget and the actual amounts. The schedule is presented for the general fund and each major special revenue fund. The budgetary comparison schedule – budget and actual (non-GAAP basis) is a part of required supplementary information.

Budget/GAAP Reconciliation

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

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

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

	General Fund	Maintenance Fund	Culvert Fund
Budget (Cash Basis)	\$ (15,938,371)	\$ (548,983)	\$ 5,142,365
Increase (Decrease)			
Net Adjustment for Revenue Accruals	4,305,012	327,363	116,672
Net Adjustment for Expenditure Accruals	(4,777,645)	(416,127)	37,646
GAAP Basis	<u>\$ (16,411,004)</u>	<u>\$ (637,747)</u>	<u>\$ 5,296,683</u>

DESOTO COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

NOTE 2 PENSION SCHEDULES

Changes of Assumptions

2019

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

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

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

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

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

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

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

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

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

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

2016

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

NOTE 2 PENSION SCHEDULES (CONTINUED)

2015

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

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

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

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

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

Changes in Benefit Provisions

2016

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

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

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

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

	2020*	2019*	2018*	2017*	2016*	2015*
Bureau's proportion of the net pension liability (asset)	0.025300%	0.026000%	0.023000%	0.022000%	0.020000%	0.019000%
Bureau's proportionate share the net pension liability (asset)	4,892,366	4,551,219	3,837,559	3,595,806	3,590,541	2,970,878
Bureau's covered payroll	1,682,824	1,684,910	1,473,347	1,387,660	1,285,881	1,220,717
Bureau's proportionate share the net pension liability (asset) as a percentage of its covered payroll	290.72%	270.12%	260.47%	259.13%	279.23%	243.37%
Plan Fiduciary net position as a percentage of the Total pension liability	61.59%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Contractually required contribution	\$ 290,722	\$ 277,164	\$ 236,379	\$ 225,558	\$ 212,360	\$ 192,617
Contributions in relation to the						
Contractually required contribution	290,763	282,452	230,562	225,558	212,228	192,593
Contribution deficiency (excess)	<u>(41)</u>	<u>(5,288)</u>	<u>5,817</u>	<u>-</u>	<u>132</u>	<u>24</u>
Bureau's covered payroll	\$ 1,670,817	\$ 1,713,021	\$ 1,500,822	\$ 1,432,120	\$ 1,348,300	\$ 1,222,965
Contributions as a percentage of covered payroll	17.40%	16.49%	15.36%	15.75%	15.74%	15.75%

Notes to Schedule:

Valuation date: June 30, 2019

measurement date: June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed Market
Inflation	2.75%
Salary Increases	3.00-18.25%, percent, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

See Accompanying Notes to Required Supplementary Information.

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 PENSION SCHEDULES (CONTINUED)

Changes of Assumptions

2019

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

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

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

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

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

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

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

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

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

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

2016

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

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 PENSION SCHEDULES (CONTINUED)

2015

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

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

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2016

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