

# GEORGE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2020



## SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA  
Deputy State Auditor

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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

**Shad White**  
AUDITOR

September 15, 2022

Members of the Board of Supervisors  
George County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for George County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a faint, circular watermark or background.

Shad White



GEORGE COUNTY  
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GEORGE COUNTY

FINANCIAL SECTION

GEORGE COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
George County, Mississippi

**Report on the Financial Statements**

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

***Auditor's Responsibility***

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

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

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

## ***Unmodified Opinion***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of George County, Mississippi, as of September 30, 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 Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

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

### *Supplementary and Other Information*

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

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022 on our consideration of George County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of George County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering George County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

September 15, 2022

GEORGE COUNTY

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GEORGE COUNTY

FINANCIAL STATEMENTS

GEORGE COUNTY

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GEORGE COUNTY  
Statement of Net Position  
September 30, 2020

Exhibit 1

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit George Regional Health System
<b>ASSETS</b>				
Cash	\$ 15,690,106		15,690,106	39,284,071
Restricted assets - cash		1,618,308	1,618,308	
Property tax receivable	9,670,475		9,670,475	
Accounts receivable (net of allowance for uncollectibles of \$810,433)	399,728		399,728	5,121,820
Fines receivable (net of allowance for uncollectibles of \$1,790,961)	630,142		630,142	
Loans receivable (net of allowance for uncollectibles of \$50,000)	0		0	
Intergovernmental receivables	589,413	304,273	893,686	
Other receivables	29,342		29,342	192,744
Inventories and prepaid items				2,033,133
Prepaid expenses				596,088
Due from third-party payors				288,693
Certificates of deposit				2,759,082
Other assets				5,682,949
Capital assets:				
Land and construction in progress	2,021,909	87,674	2,109,583	521,434
Other capital assets, net	58,643,319	4,927,193	63,570,512	17,932,810
<b>Total Assets</b>	<b>87,674,434</b>	<b>6,937,448</b>	<b>94,611,882</b>	<b>74,412,824</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	774,458	280,750	1,055,208	
Deferred amount on refunding		1,396	1,396	
<b>Total Deferred Outflows of Resources</b>	<b>774,458</b>	<b>282,146</b>	<b>1,056,604</b>	<b>0</b>
<b>LIABILITIES</b>				
Claims payable	133,674	31,074	164,748	
Accounts payable, trade				983,795
Accrued salaries and wages				819,778
Accrued payroll taxes				151,005
Accrued employee benefits				724,191
Due to third-party payors				244,472
Medicare accelerated and advanced payment program contractual liability				3,786,385
Provider relief fund deferred revenue				11,899,619
Paycheck protection program forgivable loan				4,878,439
Other current liabilities				193,117
Intergovernmental payables	578,940		578,940	
Accrued interest payable	32,859	31,080	63,939	
Unearned revenue	26,893		26,893	
Other payables	111,190		111,190	
Due within one year:				
Capital debt	1,654,575	601,591	2,256,166	740,495
Due in more than one year:				
Capital debt	9,909,391	1,269,498	11,178,889	9,271,319
Non-capital debt	130,548	52,745	183,293	
Net pension liability	9,654,053	3,639,855	13,293,908	
<b>Total Liabilities</b>	<b>22,232,123</b>	<b>5,625,843</b>	<b>27,857,966</b>	<b>33,692,615</b>

GEORGE COUNTY  
Statement of Net Position  
September 30, 2020

Exhibit 1

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit George Regional Health System
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	202,345	71,966	274,311	
Deferred revenues - property taxes	<u>9,670,475</u>		<u>9,670,475</u>	
Total Deferred Inflows of Resources	<u>9,872,820</u>	<u>71,966</u>	<u>9,944,786</u>	<u>0</u>
<b>NET POSITION</b>				
Net investment in capital assets	49,101,262	3,145,174	52,246,436	8,442,430
Restricted for:				
Expendable:				
General government	280,582		280,582	
Public safety	2,410,999		2,410,999	
Public works	6,930,426		6,930,426	
Health and welfare	22		22	
Culture and recreation	198,045		198,045	
Economic development and assistance	1,337,555		1,337,555	
Unrestricted	<u>(3,914,942)</u>	<u>(1,623,389)</u>	<u>(5,538,331)</u>	<u>32,277,779</u>
Total Net Position	<u>\$ 56,343,949</u>	<u>1,521,785</u>	<u>57,865,734</u>	<u>40,720,209</u>

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

GEORGE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit George Regional Health System
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,373,583	665,299	1,593,805		(1,114,479)		(1,114,479)	
Public safety	3,137,159	332,444	588,158	253,345	(1,963,212)		(1,963,212)	
Public works	4,491,571	626,634	3,442,764		(422,173)		(422,173)	
Health and welfare	1,036,034		988,637	13,741	(33,656)		(33,656)	
Culture and recreation	9,040				(9,040)		(9,040)	
Conservation of natural resources	35,090				(35,090)		(35,090)	
Economic development and assistance	1,954,371				(1,954,371)		(1,954,371)	
Interest on long-term debt	391,851				(391,851)		(391,851)	
Pension expense	864,083				(864,083)		(864,083)	
Total Governmental Activities	<u>15,292,782</u>	<u>1,624,377</u>	<u>6,613,364</u>	<u>267,086</u>	<u>(6,787,955)</u>		<u>(6,787,955)</u>	
Business-type activities:								
Regional Jail Fund	<u>3,407,960</u>	<u>3,532,027</u>	<u>51,600</u>			<u>175,667</u>	<u>175,667</u>	
Total Business-type Activities	<u>3,407,960</u>	<u>3,532,027</u>	<u>51,600</u>	<u>0</u>		<u>175,667</u>	<u>175,667</u>	
Total Primary Government	<u>\$ 18,700,742</u>	<u>5,156,404</u>	<u>6,664,964</u>	<u>267,086</u>	<u>(6,787,955)</u>	<u>175,667</u>	<u>(6,612,288)</u>	
Component unit:								
George Regional Health System	\$ 50,560,959		50,988,008	806,432				1,233,481
Total Component Unit	<u>\$ 50,560,959</u>	<u>0</u>	<u>50,988,008</u>	<u>806,432</u>				<u>1,233,481</u>

GEORGE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit George Regional Health System
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
General revenues:								
Property taxes					\$ 10,526,938		10,526,938	
Road & bridge privilege taxes					303,820		303,820	
Grants and contributions not restricted to specific programs					342,175		342,175	2,280,208
Unrestricted interest income					314,957	12,682	327,639	
Unrestricted investment income								353,902
Miscellaneous					534,488	37,982	572,470	
Transfers					(238,125)	238,125	0	
Total General Revenues and Transfers					11,784,253	288,789	12,073,042	2,634,110
Changes in Net Position					4,996,298	464,456	5,460,754	3,867,591
Net Position - Beginning, as previously reported					51,124,931	1,057,329	52,182,260	36,852,618
Prior period adjustment					222,720		222,720	
Net Position - Beginning, as restated					51,347,651	1,057,329	52,404,980	36,852,618
Net Position - Ending					\$ 56,343,949	1,521,785	57,865,734	40,720,209

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

GEORGE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2020

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Garbage & Solid Waste Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash	\$ 4,943,796	2,435,274	8,311,036	15,690,106
Property tax receivable	4,895,750	274,500	4,500,225	9,670,475
Accounts receivable (net of allowance for uncollectibles of \$810,433)		399,728		399,728
Fines receivable (net of allowance for uncollectibles of \$1,790,961)	630,142			630,142
Loans receivable (net of allowance for uncollectibles of \$50,000)			0	0
Intergovernmental receivables	573,649	8,497	7,267	589,413
Other receivables	12,854		16,488	29,342
Due from other funds		4,861	102,518	107,379
Total Assets	<u>\$ 11,056,191</u>	<u>3,122,860</u>	<u>12,937,534</u>	<u>27,116,585</u>
<b>LIABILITIES</b>				
Liabilities:				
Claims payable	\$ 34,152	3,165	96,357	133,674
Intergovernmental payables	562,823			562,823
Due to other funds	123,496			123,496
Unearned revenue		26,893		26,893
Other payables	111,190			111,190
Total Liabilities	<u>831,661</u>	<u>30,058</u>	<u>96,357</u>	<u>958,076</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	4,895,750	274,500	4,500,225	9,670,475
Unavailable revenue - accounts receivable		399,728		399,728
Unavailable revenue - fines	630,142			630,142
Total Deferred Inflows of Resources	<u>5,525,892</u>	<u>674,228</u>	<u>4,500,225</u>	<u>10,700,345</u>
<b>Fund balances:</b>				
Restricted for:				
General government			280,582	280,582
Public safety			2,410,999	2,410,999
Public works		2,418,574	4,112,124	6,530,698
Health and welfare			22	22
Culture and recreation			198,045	198,045
Economic development and assistance			1,337,555	1,337,555
Debt service			1,625	1,625
Unassigned	4,698,638			4,698,638
Total Fund Balances	<u>4,698,638</u>	<u>2,418,574</u>	<u>8,340,952</u>	<u>15,458,164</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,056,191</u>	<u>3,122,860</u>	<u>12,937,534</u>	<u>27,116,585</u>

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

GEORGE COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2020

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 15,458,164
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$85,907,093.	60,665,228
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,029,870
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,694,514)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(9,654,053)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(32,859)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	774,458
Deferred inflows of resources related to pensions	<u>(202,345)</u>
Total Net Position - Governmental Activities	\$ <u>56,343,949</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 For the Year Ended September 30, 2020

	Major Funds			Total Governmental Funds
	General Fund	Garbage & Solid Waste Fund	Other Governmental Funds	
<b>REVENUES</b>				
Property taxes	\$ 5,721,907	277,038	4,527,993	10,526,938
Road and bridge privilege taxes			303,820	303,820
Licenses, commissions and other revenue	392,522		19,152	411,674
Fines and forfeitures	309,480			309,480
Intergovernmental revenues	2,680,594	11,461	4,530,570	7,222,625
Charges for services	288,647	605,005	8,648	902,300
Interest income	94,145	51,790	169,022	314,957
Miscellaneous revenues	268,661	6,903	179,316	454,880
<b>Total Revenues</b>	<b>9,755,956</b>	<b>952,197</b>	<b>9,738,521</b>	<b>20,446,674</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,509,775		196,102	3,705,877
Public safety	2,639,723		1,189,468	3,829,191
Public works		991,250	5,267,596	6,258,846
Health and welfare	236,348		806,529	1,042,877
Culture and recreation	9,040			9,040
Conservation of natural resources	42,023			42,023
Economic development and assistance	100,268		1,862,928	1,963,196
Debt service:				
Principal			1,565,884	1,565,884
Interest			414,477	414,477
<b>Total Expenditures</b>	<b>6,537,177</b>	<b>991,250</b>	<b>11,302,984</b>	<b>18,831,411</b>
Excess of Revenues over (under) Expenditures	3,218,779	(39,053)	(1,564,463)	1,615,263
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued	139,080		745,100	884,180
Proceeds from sale of capital assets	38,926		896,659	935,585
Compensation for loss of capital assets	22,886			22,886
Transfers in			3,121,512	3,121,512
Transfers out	(2,428,539)		(931,098)	(3,359,637)
Lease principal payments	153,125			153,125
<b>Total Other Financing Sources and Uses</b>	<b>(2,074,522)</b>	<b>0</b>	<b>3,832,173</b>	<b>1,757,651</b>
<b>Net Changes in Fund Balances</b>	<b>1,144,257</b>	<b>(39,053)</b>	<b>2,267,710</b>	<b>3,372,914</b>
Fund Balances - Beginning	3,554,381	2,457,627	6,073,242	12,085,250
Fund Balances - Ending	\$ 4,698,638	2,418,574	8,340,952	15,458,164

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

GEORGE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2020

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,372,914
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,929,044 exceeded depreciation of \$1,707,895 in the current period.	2,221,149
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$79,608 and the proceeds from the sale of \$935,585 and compensation for loss of \$22,886 in the current period.	(878,863)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(12,058)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	12,981
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,565,884 exceeded debt proceeds of \$884,180.	681,704
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability.	(1,294)
The amount of decrease in accrued interest payable.	1,621
The amortization of bond premium.	21,005

GEORGE COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2020

Exhibit 4-1

Amount

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.

(153,125)

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

Recording of pension expense for the current period

(864,083)

Recording of contributions made during the year

594,347

Change in Net Position of Governmental Activities

\$ 4,996,298

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

GEORGE COUNTY  
Statement of Net Position - Proprietary Fund  
September 30, 2020

Exhibit 5

	Business-type Activities - Enterprise Fund
	Regional Jail Fund
<b>ASSETS</b>	
Current assets:	
Restricted assets - cash	\$ 1,618,308
Intergovernmental receivables	304,273
Total Current Assets	<u>1,922,581</u>
Noncurrent assets:	
Capital assets:	
Land	87,674
Other capital assets, net	4,927,193
Total Noncurrent Assets	<u>5,014,867</u>
Total Assets	<u>6,937,448</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	280,750
Deferred amount on refunding	1,396
Total Deferred Outflows of Resources	<u>282,146</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	31,074
Accrued interest payable	31,080
Capital debt:	
Other long-term liabilities	601,591
Total Current Liabilities	<u>663,745</u>
Noncurrent liabilities:	
Capital debt:	
Other long-term liabilities	1,269,498
Non-capital debt:	
Compensated absences payable	52,745
Net pension liability	3,639,855
Total Noncurrent Liabilities	<u>4,962,098</u>
Total Liabilities	<u>5,625,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	71,966
Total Deferred Inflows of Resources	<u>71,966</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,145,174
Unrestricted	<u>(1,623,389)</u>
Total Net Position	<u>\$ 1,521,785</u>

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

GEORGE COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Fund
	Regional Jail Fund
Operating Revenues	
Charges for services	\$ 3,532,027
Miscellaneous	37,982
Total Operating Revenues	<u>3,570,009</u>
Operating Expenses	
Personal services	1,693,672
Contractual services	590,361
Materials and supplies	552,392
Depreciation expense	161,112
Pension expense	303,866
Total Operating Expenses	<u>3,301,403</u>
Operating Income (Loss)	<u>268,606</u>
Nonoperating Revenues (Expenses)	
Interest income	12,682
Intergovernmental grants	51,600
Interest expense	(106,557)
Net Nonoperating Revenue (Expenses)	<u>(42,275)</u>
Net Income (Loss) Before Transfers	226,331
Transfers in	<u>238,125</u>
Changes in Net Position	464,456
Net Position - Beginning	<u>1,057,329</u>
Net Position - Ending	<u>\$ 1,521,785</u>

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

GEORGE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2020

Exhibit 7

	Business-type Activities - Enterprise Fund
	<u>Regional Jail Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,525,058
Payments to suppliers	(1,150,366)
Payments to employees	(1,933,255)
Miscellaneous receipts	<u>37,982</u>
Net Cash Provided (Used) by Operating Activities	<u>479,419</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	51,600
Cash received from other funds:	
Operating transfers in	793,852
Cash paid to other funds:	
Operating transfers out	<u>(555,727)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>289,725</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(592,012)
Interest paid on debt	<u>(74,119)</u>
Financing Activities	<u>(666,131)</u>
Cash Flows From Investing Activities	
Interest on deposits	<u>12,682</u>
Net Cash Provided (Used) by Investing Activities	<u>12,682</u>
Net Increase (Decrease) in Cash and Cash Equivalents	115,695
Cash and Cash Equivalents at Beginning of Year	1,502,613
Cash and Cash Equivalents at End of Year	<u>\$ 1,618,308</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	\$ <u>268,606</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	161,112
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(6,969)
Increase (decrease) in claims payable	(7,613)
Increase (decrease) in compensated absences liability	(30,573)
Increase (decrease) in pension liability, deferred outflows and deferred inflows, net	<u>94,856</u>
Total Adjustments	<u>210,813</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 479,419</u>

GEORGE COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2020

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 382,639
Due from other funds	16,117
Total Assets	<u>\$ 398,756</u>
<b>LIABILITIES</b>	
Intergovernmental payables	\$ <u>398,756</u>
Total Liabilities	<u>\$ 398,756</u>

GEORGE COUNTY

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GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Blended Component Unit

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government:

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

Discretely Presented Component Unit

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

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

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

#### C. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

##### Fund Financial Statements:

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

#### D. Measurement Focus and Basis of Accounting.

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

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

## GEORGE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

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

The County reports the following major Governmental Funds:

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

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

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

#### PROPRIETARY FUND TYPE

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

#### FIDUCIARY FUND TYPE

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

#### E. Account Classifications.

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

F. Deposits.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Restricted Assets.

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

J. Capital Assets.

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

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

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

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

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

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

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

K. Deferred Outflows/Inflows of Resources.

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

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

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

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

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

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

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 12 for additional details.

L. Long-term Liabilities.

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

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

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

M. 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.

N. Compensated Absences.

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

liability payable only if the payable has matured, for example an employee resigns or retires.

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

P. Property Tax Revenues.

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

(2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in capital assets, net.	\$ 222,720

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$17,691,053, and the bank balance was \$18,177,484. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Garbage & Solid Waste Fund	General Fund	\$ 4,861
Other Governmental Funds	General Fund	102,518
Agency Funds	General Fund	<u>16,117</u>
Total		<u>\$ 123,496</u>

The receivables represent the tax revenue collected in September, 2020, but not settled until October, 2020. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 2,190,414
Other Governmental Funds	Other Governmental Funds	931,098
Regional Jail Fund	General Fund	<u>238,125</u>
Total		<u>\$ 3,359,637</u>

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 122,854
Emergency management performance grant reimbursement	25,520
Coronavirus relief fund reimbursement	427,553
Mississippi Department of Corrections - housing prisoners reimbursement	6,040
Various grant reimbursements	<u>7,446</u>
Total Governmental Activities	<u>\$ 589,413</u>
<b>Business-type Activities:</b>	
Mississippi Department of Corrections - housing prisoners reimbursement	\$ 241,991
George County - housing prisoners reimbursement	26,863
City of Lucedale - housing prisoners reimbursement	510
Greene County - housing prisoners reimbursement	2,102
Coronavirus relief fund reimbursement	<u>32,807</u>
Total Business-type Activities	<u>\$ 304,273</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2020, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
George Regional Health System*	10/26/1992	0.00%	Unknown	\$ 50,000
Less: Allowance for doubtful accounts				<u>(50,000)</u>
Total, Net of allowance for doubtful accounts				<u>\$ 0</u>

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

(7) Restricted Assets.

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

Revenue fund	\$ 24,466
General account	247,942
Debt service reserve fund	428,591
Debt service reserve fund II	137,462
Depreciating and operating reserve fund	471,378
Regional jail construction fund	<u>308,469</u>
Total restricted assets	<u>\$ 1,618,308</u>

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(8) Capital Assets.

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

**Governmental activities:**

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,021,909				2,021,909
Total non-depreciable capital assets	<u>2,021,909</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,021,909</u>
<u>Depreciable capital assets:</u>					
Infrastructure	115,890,776	1,817,736			117,708,512
Buildings	10,367,107				10,367,107
Improvements other than buildings	134,280				134,280
Mobile equipment	12,869,016	1,184,312	397,215	328,270	13,984,383
Furniture and equipment	912,445	42,816	14,486		940,775
Leased property under capital leases	1,211,595	884,180	733,400	52,980	1,415,355
Total depreciable capital assets	<u>141,385,219</u>	<u>3,929,044</u>	<u>1,145,101</u>	<u>381,250</u>	<u>144,550,412</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	70,806,457	870,383			71,676,840
Buildings	1,921,999	73,369			1,995,368
Improvements other than buildings	57,432	5,374			62,806
Mobile equipment	10,550,298	598,516	191,050	259,593	11,217,357
Furniture and equipment	715,670	32,864	9,182		739,352
Leased property under capital leases	255,050	127,389	66,006	(101,063)	215,370
Total accumulated depreciation	<u>84,306,906</u>	<u>1,707,895</u>	<u>266,238</u>	<u>158,530</u>	<u>85,907,093</u>
Total depreciable capital assets, net	<u>57,078,313</u>	<u>2,221,149</u>	<u>878,863</u>	<u>222,720</u>	<u>58,643,319</u>
Governmental activities capital assets, net	<u>\$ 59,100,222</u>	<u>2,221,149</u>	<u>878,863</u>	<u>222,720</u>	<u>60,665,228</u>

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

**Business-type activities:**

	Balance Oct. 1, 2019	Additions	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>			
Land	\$ 87,674		87,674
Total non-depreciable capital assets	<u>87,674</u>	<u>0</u>	<u>87,674</u>
<u>Depreciable capital assets:</u>			
Buildings	7,415,772		7,415,772
Improvements other than buildings	130,000		130,000
Mobile equipment	78,649		78,649
Furniture and equipment	141,608		141,608
Total depreciable capital assets	<u>7,766,029</u>	<u>0</u>	<u>7,766,029</u>
<u>Less accumulated depreciation for:</u>			
Buildings	2,461,963	148,319	2,610,282
Improvements other than buildings	52,000	5,200	57,200
Mobile equipment	70,784		70,784
Furniture and equipment	92,977	7,593	100,570
Total accumulated depreciation	<u>2,677,724</u>	<u>161,112</u>	<u>2,838,836</u>
Total depreciable capital assets, net	<u>5,088,305</u>	<u>(161,112)</u>	<u>4,927,193</u>
Business-type activities capital assets, net	<u>\$ 5,175,979</u>	<u>(161,112)</u>	<u>5,014,867</u>

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
General government	\$ 92,562
Public safety	395,259
Public works	<u>1,220,074</u>
Total governmental activities depreciation expense	<u>\$ 1,707,895</u>
	<u>Amount</u>
<b>Business-type activities:</b>	
Regional jail	<u>\$ 161,112</u>

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

**Component unit:**

The George Regional Health System capital asset balances as of September 30, 2020, are as follows:

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>				
Land	\$ 521,434			521,434
Construction in progress	60,208	12,572	72,780	
Total non-depreciable capital assets	581,642	12,572	72,780	521,434
<u>Depreciable capital assets:</u>				
Land improvements	166,810			166,810
Buildings	23,380,979	410,198		23,791,177
Fixed equipment	2,433,438	79,306		2,512,744
Major moveable equipment	17,353,954	659,254	92,345	17,920,863
Automotive equipment	78,874	38,800		117,674
Total depreciable capital assets	43,414,055	1,187,558	92,345	44,509,268
<u>Less accumulated depreciation for:</u>				
Land improvements	193,396	4,562		197,958
Buildings	7,941,350	599,675		8,541,025
Fixed equipment	2,024,632	84,191		2,108,823
Major moveable equipment	15,084,369	673,226	88,210	15,669,385
Automotive equipment	52,695	6,572		59,267
Total accumulated depreciation	25,296,442	1,368,226	88,210	26,576,458
Total depreciable capital assets, net	18,117,613	(180,668)	4,135	17,932,810
Component unit capital assets, net	\$ 18,699,255	(168,096)	76,915	18,454,244

(9) Claims and Judgments.

Risk Financing.

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,415,355
Less: Accumulated depreciation	<u>(215,370)</u>
Leased Property Under Capital Leases	\$ <u><u>1,199,985</u></u>

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 972,405	35,493
2022	109,873	7,552
2023	113,960	3,463
2024	<u>11,260</u>	<u>55</u>
Total	\$ <u><u>1,207,498</u></u>	<u><u>46,563</u></u>

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(11) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
General Obligation Hospital Construction Bonds, Series 2017	\$ 2,695,000	1.75-2.50%	09/2032
Special Obligation Bonds, MDB, Series 2014A	<u>6,960,000</u>	3.00-5.00%	09/2034
Total General Obligation Bonds	<u>\$ 9,655,000</u>		
B. Capital Leases:			
District 1 - Savage mower	\$ 100,973	3.89%	11/2023
District 1 - (3) John Deere tractors	243,300	3.19%	11/2020
District 2 - Savage mower	100,973	3.89%	11/2023
District 2 - (2) John Deere tractors	169,800	3.19%	11/2020
District 3 - 2017 International 7500 truck	6,083	2.05%	01/2021
District 3 - (2) John Deere tractors	162,200	3.19%	11/2020
District 4 - Caterpillar 938M wheel loader	115,289	2.21%	10/2020
District 4 - (2) John Deere tractors	169,800	3.19%	11/2020
Sheriff's office - (4) Dodge Chargers & (1) Dodge Ram	<u>139,080</u>	3.34%	12/2022
Total Capital Leases	<u>\$ 1,207,498</u>		
C. Other Loans:			
Negotiable Note Series 2019	<u>\$ 407,391</u>	3.84%	12/2023

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Business-type Activities:</b>			
A. General Obligation Bonds:			
General Obligation Refunding Bond, Series 2019	<u>\$ 1,390,600</u>	4.00-4.50%	09/2028
B. Limited Obligation Bonds:			
Urban Renewal Revenue Refunding Bond, Series 2011	<u>\$ 460,000</u>	2.00%	04/2021
C. Equipment Notes:			
Regional Jail equipment upgrade	<u>\$ 20,293</u>	10.00%	03/2024

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

remaining to be paid on the bonds is \$469,775. Principal and interest paid for the current year and total inmate housing net revenues were \$494,141 and \$3,532,027, respectively.

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

**Governmental Activities:**

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 565,000	332,978	96,165	15,644
2022	590,000	310,463	99,858	11,951
2023	615,000	290,663	103,693	8,117
2024	635,000	269,863	107,675	4,135
2025	660,000	248,306		
2026 - 2030	3,660,000	921,013		
2031 - 2035	2,930,000	233,500		
Total	\$ 9,655,000	2,606,786	407,391	39,847

**Business-type Activities:**

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 136,300	41,440	460,000	9,775
2022	140,000	37,378		
2023	143,700	33,206		
2024	147,000	28,924		
2025	155,300	24,543		
2026 - 2030	668,300	50,612		
Total	\$ 1,390,600	216,103	460,000	9,775

Year Ending September 30	Equipment Notes	
	Principal	Interest
2021	\$ 5,095	1,801
2022	5,629	1,267
2023	6,219	677
2024	3,350	98
Total	\$ 20,293	3,843

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 5.95% of the latest property assessments.

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

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

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
<b>Governmental Activities:</b>					
Compensated absences	\$ 129,254	1,294		130,548	
General obligation bonds	10,205,000		550,000	9,655,000	565,000
Add:					
Premiums	315,082		21,005	294,077	21,005
Capital leases	1,164,916	884,180	841,598	1,207,498	972,405
Other loans	581,677		174,286	407,391	96,165
Total	\$ 12,395,929	885,474	1,586,889	11,694,514	1,654,575

	Balance Oct. 1, 2019	Reductions	Balance Sept. 30, 2020	Amount due within one year
<b>Business-type Activities:</b>				
Compensated absences	\$ 83,318	30,573	52,745	
General obligation bonds	1,513,000	122,400	1,390,600	136,300
Limited obligation bonds	925,000	465,000	460,000	460,000
Add:				
Premiums	2,116	1,920	196	196
Other loans	24,905	4,612	20,293	5,095
Total	\$ 2,548,339	624,505	1,923,834	601,591

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

**Component unit:**

*George Regional Health System:*

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

	Balance Oct. 1, 2019	Reductions	Balance Sept. 30, 2020	Amount due within one year
<b>Component Unit:</b>				
Notes payable	\$ 10,502,533	648,622	9,853,911	639,966
Capital lease obligations	272,886	114,983	157,903	100,529
Total	\$ 10,775,419	763,605	10,011,814	740,495

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(12) Defined Benefit Pension Plan.

*General Information about the Pension Plan*

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

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

Contributions. At September 30, 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 \$803,355, \$713,399 and \$704,655, respectively, equal to the required contributions for each year.

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

At September 30, 2020, the County reported a liability of \$13,293,908 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 County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2020 net pension liability was 0.068671 percent, which was based on a measurement date of June 30, 2020. This was an

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

increase of 0.001190 percent from its 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 \$1,167,949. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,468	
Net difference between projected and actual earnings on pension plan investments	531,180	
Changes of assumptions	73,098	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	143,139	274,311
County contributions subsequent to the measurement date	<u>192,323</u>	
Total	<u>\$ 1,055,208</u>	<u>274,311</u>

\$192,323 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 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 ending September 30</u>	<u>Amount</u>
2021	\$ (93,516)
2022	212,650
2023	293,479
2024	<u>175,961</u>
Total	<u>\$ 588,574</u>

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 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The 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.

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	<u>100.00 %</u>	

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 17,207,330	13,293,908	10,063,762

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

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2020:

<u>Fund</u>	<u>Deficit Amount</u>
EDA Grant - Highway and Water Improvements Fund	\$ (104,798)

(14) Contingencies.

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

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

The County was named as a defendant in a lawsuit seeking damages for the wrongful death of an inmate while in custody of the George County Regional Correctional Facility. The lawsuit resulted in a settlement. See Note 17 for additional details.

(15) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$3,914,942) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$142,286 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$632,172 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$202,345 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

The business-type activities' unrestricted net position amount of (\$1,623,389) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$50,037 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$230,713 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$71,966 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

The business-type activities' net investment in capital asset net position of \$3,145,174 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of county debt. The \$1,396 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the net investment in capital assets over the next year.

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Region 14 Singing River Mental Health/Mental Retardation Center operates in a district composed of Counties of George and Jackson. The George County Board of Supervisors appoints one of the two members of the board of commissioners. The County appropriated \$53,000 for support of the center in fiscal year 2020.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The George County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$17,000 for support of the district in the fiscal year 2020.

Mississippi Gulf Coast Community College operates in a district composed of the Counties of George, Harrison, Jackson and Stone. The college's board of trustees is composed of 23 members; three each appointed by George and Stone Counties; eight each appointed by Harrison and Jackson Counties, and one appointed at large. The County appropriated \$685,891 for maintenance and support of the college in fiscal year 2020.

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

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

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of George County evaluated the activity of the County through September 15, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2020, the County issued the following debt obligations:

GEORGE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/07/2020	2.29%	\$ 123,700	Capital lease	Ad valorem taxes
10/07/2020	2.29%	130,300	Capital lease	Ad valorem taxes
10/07/2020	2.29%	123,700	Capital lease	Ad valorem taxes
10/07/2020	2.29%	130,300	Capital lease	Ad valorem taxes
03/05/2021	0.98%	1,500,000	Negotiable note	Ad valorem taxes
04/28/2021	0.08%	7,000,000	Limited obligation note	Ad valorem taxes
05/17/2021	2.59%	43,690	Capital lease	Ad valorem taxes
11/15/2021	2.41%	162,000	Capital lease	Ad valorem taxes
12/06/2021	2.41%	137,556	Capital lease	Ad valorem taxes
12/06/2021	2.41%	143,356	Capital lease	Ad valorem taxes
12/06/2021	2.41%	137,556	Capital lease	Ad valorem taxes
12/06/2021	2.41%	143,356	Capital lease	Ad valorem taxes
02/07/2022	1.38%	4,831,259	Grant anticipation note	Grant proceeds

The County was named as a defendant in a lawsuit alleging fault on the County for the wrongful death of an inmate, who was an insulin-dependent diabetic, and who did not receive treatment for his diabetes while in the custody of the George County Regional Correctional Facility. The parties involved reached a settlement of all matters in dispute and a judgment was rendered on May 31, 2022, against the County in the amount of \$2,750,000, with the County and insurance company ordered to pay \$2,500,000 and \$250,000, respectively. Furthermore, the judgment ordered that \$1,000,000 of the \$2,750,000 was to be paid within fourteen (14) days of the date of the final judgment, and the remaining \$1,750,000 to be paid within sixty (60) days of the final judgment. As of the report date, September 15, 2022, all amounts have been settled.

GEORGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GEORGE COUNTY

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GEORGE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,636,475	5,712,454	5,712,454	
Licenses, commissions and other revenue	354,800	396,983	396,983	
Fines and forfeitures	340,200	301,170	301,170	
Intergovernmental revenues	376,750	2,237,531	2,237,531	
Charges for services	250,000	290,227	290,227	
Interest income	15,700	83,300	83,300	
Miscellaneous revenues	60,000	170,667	170,667	
Total Revenues	<u>7,033,925</u>	<u>9,192,332</u>	<u>9,192,332</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,171,825	5,782,269	3,498,549	2,283,720
Public safety	2,673,725	2,502,949	2,502,949	
Health and welfare	247,500	236,360	236,360	
Culture and recreation	36,000	9,222	9,222	
Conservation of natural resources	61,700	42,962	42,962	
Economic development and assistance	112,625	99,870	99,870	
Total Expenditures	<u>9,303,375</u>	<u>8,673,632</u>	<u>6,389,912</u>	<u>2,283,720</u>
Excess of Revenues over (under) Expenditures	<u>(2,269,450)</u>	<u>518,700</u>	<u>2,802,420</u>	<u>2,283,720</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	0	39,303	39,303	
Compensation for loss of capital assets	0	36,722	36,722	
Transfers in	0	22,945	22,945	
Transfers out	(298,550)	(144,820)	(2,428,540)	(2,283,720)
Other financing sources	30,000	153,125	153,125	
Total Other Financing Sources and Uses	<u>(268,550)</u>	<u>107,275</u>	<u>(2,176,445)</u>	<u>(2,283,720)</u>
Net Change in Fund Balance	(2,538,000)	625,975	625,975	0
Fund Balances - Beginning	<u>2,538,000</u>	<u>2,974,686</u>	<u>2,974,686</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>3,600,661</u>	<u>3,600,661</u>	<u>0</u>

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

GEORGE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Garbage & Solid Waste Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 275,100	276,865	276,865	
Intergovernmental revenues	2,100	2,964	2,964	
Charges for services	625,000	615,000	615,000	
Interest income	10,000	51,789	51,789	
Miscellaneous revenues	600	130	130	
Total Revenues	<u>912,800</u>	<u>946,748</u>	<u>946,748</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>2,847,700</u>	<u>989,826</u>	<u>989,826</u>	
Total Expenditures	<u>2,847,700</u>	<u>989,826</u>	<u>989,826</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,934,900)</u>	<u>(43,078)</u>	<u>(43,078)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>0</u>	<u>6,771</u>	<u>6,771</u>	
Total Other Financing Sources and Uses	<u>0</u>	<u>6,771</u>	<u>6,771</u>	<u>0</u>
Net Change in Fund Balance	(1,934,900)	(36,307)	(36,307)	0
Fund Balances - Beginning	<u>1,934,900</u>	<u>2,438,048</u>	<u>2,438,048</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>2,401,741</u>	<u>2,401,741</u>	<u>0</u>

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

GEORGE COUNTY

Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years\*

For the Year Ended September 30, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.068671%	0.067481%	0.070200%	0.071715%	0.069044%	0.070113%
County's proportionate share of the net pension liability (asset)	\$ 13,293,908	11,874,582	11,676,346	11,921,468	12,332,983	10,838,087
Covered payroll	\$ 4,572,621	4,394,862	4,483,447	4,600,590	4,416,895	4,385,485
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.73%	270.19%	260.43%	259.13%	279.22%	247.14%
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 twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

GEORGE COUNTY  
 Schedule of County Contributions  
 Last 10 Fiscal Years\*  
 For the Year Ended September 30, 2020  
 UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 803,355	713,399	704,655	706,905	692,493	690,714
Contributions in relation to the contractually required contribution	<u>803,355</u>	<u>713,399</u>	<u>704,655</u>	<u>706,905</u>	<u>692,493</u>	<u>690,714</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 4,616,985	4,417,331	4,474,000	4,488,288	4,396,782	4,385,485
Contributions as a percentage of covered payroll	17.40%	16.15%	15.75%	15.75%	15.75%	15.75%

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

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

GEORGE COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2020

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Garbage &amp; Solid Waste Fund</u>
Budget (Cash Basis)	\$ 625,975	(36,307)
Increase (Decrease)		
Net adjustments for revenue accruals	665,546	(1,322)
Net adjustments for expenditure accruals	<u>(147,264)</u>	<u>(1,424)</u>
GAAP Basis	<u>\$ 1,144,257</u>	<u>(39,053)</u>

## GEORGE COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2020

#### Pension Schedules

##### A. Changes of assumptions.

###### 2015

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

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

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

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

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

###### 2016

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

###### 2017

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

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

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

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

###### 2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

GEORGE COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2020

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

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

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

GEORGE COUNTY

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GEORGE COUNTY

SUPPLEMENTARY INFORMATION

GEORGE COUNTY

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GEORGE COUNTY  
 Reconciliation of Operating Costs of Solid Waste  
 For the Year Ended September 30, 2020

Operating Expenditures, Cash Basis:

Salaries	\$	377,483
Expendable Commodities:		
Gasoline and petroleum products		68,833
Repair parts		55,704
Office, field and shop supplies		12,277
Tires		27,153
Professional fees, legal advertising and other fees		437,055
Telephone and utilities		3,816
Postage and box rent		7,505
		<hr/>
Solid Waste Cash Basis Operating Expenditures		989,826
Full Cost Expenses:		
Indirect administrative costs		10,757
Depreciation on equipment		59,295
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Solid Waste Full Cost Operating Expenses	\$	<u><u>1,059,878</u></u>

GEORGE COUNTY

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GEORGE COUNTY

OTHER INFORMATION

GEORGE COUNTY

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GEORGE COUNTY  
 Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2020  
 UNAUDITED

Name	Position	Company	Bond
Frankie Massey	Supervisor District 1	Western Surety Company	\$100,000
Kelly Wright	Supervisor District 2	Western Surety Company	\$100,000
Larry McDonald	Supervisor District 3	Western Surety Company	\$100,000
Larry Havard	Supervisor District 4	Western Surety Company	\$100,000
Henry Cochran	Supervisor District 5	Western Surety Company	\$100,000
Cammie Byrd	Chancery Clerk	Western Surety Company	\$100,000
Connie Shockley	Purchase Clerk	Western Surety Company	\$75,000
Linda B. Fallon	Assistant Purchase Clerk	Western Surety Company	\$50,000
Angela Ludgood	Receiving Clerk	Western Surety Company	\$75,000
Rhonda Byrd	Assistant Receiving Clerk	Western Surety Company	\$50,000
Penny Anderson	Inventory Control Clerk	Western Surety Company	\$75,000
Glen Ecroyd	Constable	Western Surety Company	\$50,000
Jerry Havard, Jr.	Constable	Western Surety Company	\$50,000
Chad Welford	Circuit Clerk	Western Surety Company	\$100,000
Kimberly D. Davis	Deputy Circuit Clerk	Western Surety Company	\$50,000
Regina Hodges	Deputy Circuit Clerk	Western Surety Company	\$50,000
Glynnna Woodard	Deputy Circuit Clerk	Western Surety Company	\$50,000
Keith Havard	Sheriff	Western Surety Company	\$100,000
Martin A Seib	Justice Court Judge	Western Surety Company	\$50,000
Edward Bullock	Justice Court Judge	Western Surety Company	\$50,000
Sandra W. Tanner	Justice Court Clerk	Western Surety Company	\$50,000
Carrina Murrah	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Vincent Edward Carlisle	Tax Assessor-Collector	Western Surety Company	\$100,000
Corleen Nix	Deputy Tax Collector	Western Surety Company	\$50,000
Natasha Boydston	Deputy Tax Collector	Western Surety Company	\$50,000
Christy L. Dickerson	Deputy Tax Collector	Western Surety Company	\$50,000
Lena Jordan	Deputy Tax Collector	Western Surety Company	\$50,000
Lindsay Blackwood	Deputy Tax Collector	Western Surety Company	\$50,000

GEORGE COUNTY

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GEORGE COUNTY

SPECIAL REPORTS

GEORGE COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

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

Members of the Board of Supervisors  
George County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of George County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 15, 2022. Our report includes a reference to other auditors. Other auditors audited the financial statements of the George Regional Health System, as described in our report on George County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by other auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2020-001 and 2020-002 that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether George County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002.

We also noted certain matters which we have reported to the management of George County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated September 15, 2022, included within this document.

### George County's Responses to Findings

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

### Purpose of this Report

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

September 15, 2022



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

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

Members of the Board of Supervisors  
George County, Mississippi

We have examined George County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of George County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

**Purchase Clerk and Board of Supervisors.**

1. Emergency purchases should be authorized and documented in the Board of Supervisors' minutes.

**Repeat Finding** No

**Criteria** Section 31-7-13(k), Miss. Code Ann. (1972), requires the Board of Supervisors to authorize and document emergency purchases on its minutes, including a description of the commodity purchased, the purchase price and the nature of the emergency.

<b>Condition</b>	During test work, it was noted that the purchase clerk's schedules included emergency purchases that were not authorized and documented in the board minutes.
<b>Cause</b>	The County did not comply with state law.
<b>Effect</b>	The lack of proper approval and documentation could result in unauthorized purchases.
<b>Recommendation</b>	The County should approve and document in its minutes all emergency purchases.
<b>Views of Responsible Official(s)</b>	During the unprecedented times of a pandemic and COVID-19 court orders that I had not experienced before, I thought all of our "T's" were crossed and "I's" were dotted but seems these emergency purchases fell through the cracks. I can't explain why these didn't get on the board minutes as I don't handle that area. For the record, I don't agree with this finding but will take responsibility as I should have done a follow-up.
<b>Auditor's Note</b>	Although an emergency declaration was granted, all emergency purchases are still required to be authorized and documented in the Board of Supervisors' minutes. It is the Purchase Clerk's responsibility to ensure communication is made with the Board of Supervisors at the subsequent Board meeting in order to disclose all emergency purchases made.

In our opinion, except for the noncompliance referred to in the preceding paragraph, George County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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

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

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



JOE E. MCKNIGHT, CPA  
 Director, County Audit Section

September 15, 2022

GEORGE COUNTY  
Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2020

Schedule 1

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

GEORGE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2020

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
07/07/20	COVID supplies	\$ 5,240	Gulf Coast Business	Product availability
07/28/20	COVID supplies	6,300	Gulf Coast Business	Product availability

GEORGE COUNTY  
Schedule of Purchases Made Noncompetively From a Sole Source  
For the Year Ended September 30, 2020

Schedule 3

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

GEORGE COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
George County, Mississippi

In planning and performing our audit of the financial statements of George County, Mississippi for the year ended September 30, 2020, we considered George County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to George County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 15, 2022, on the financial statements of George County, Mississippi.

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

The results of our review procedures and compliance tests identified an immaterial instance of noncompliance with state laws and regulations that is an opportunity for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response is disclosed below:

**Sheriff.**

1. The Sheriff should ensure meal logs are in compliance with state law.

**Repeat Finding** No

**Criteria** Section 19-25-74, Miss. Code Ann. (1972), states the sheriff shall maintain a log of prisoners being fed daily, which will include the prisoner's name, the date and time of incarceration and release, the number of meals served to prisoners at each meal time, and the hours of the day served, and shall make affidavit as to the correctness thereof and file the same monthly with the board of supervisors. No claims for the cost or expense of feeding prisoners shall be approved by the board of supervisors for any month unless and until such log for that month is filed.

**Condition** During test work, it was noted that meal logs are not adequately maintained. We noted the following information was not included on the meal logs:

- a.) The date and time of incarceration and release for each prisoner
- b.) Sheriff's affidavit as to the correctness of the meal log

**Cause** The Sheriff did not comply with state law.

**Effect** Failure to accurately maintain a prisoner meal log could result in the loss or misappropriation of public funds.

**Recommendation** The Sheriff should ensure that the meal log is maintained, accurately completed, and presented to the Board of Supervisors.

**Views of Responsible Official(s)** The date and time of incarceration and date of release have been added to the meal log.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

September 15, 2022

GEORGE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

GEORGE COUNTY

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GEORGE COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

**Financial Statements:**

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

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**Material Noncompliance**

<b>2020-001.</b>	<u>County signed warrants without sufficient funds.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.
<b>Condition</b>	As reported in the prior year's audit report, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2020 the EDA Grant – Highway and Water Improvement Fund had a negative cash balance of \$104,798.
<b>Cause</b>	The Board of Supervisors lacked the necessary controls over cash and did not comply with state laws.
<b>Effect</b>	Failure to have sufficient cash balances in County funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balances of other funds for purposes other than the intended purpose. These types of transactions could result in the Board of Supervisors being held personally liable for such amounts.
<b>Recommendation</b>	The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.
<b>Views of Responsible Official(s)</b>	Cash balances have been reviewed; all parties will be informed of negative balances. This fund was created for economic development purposes.

GEORGE COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2020

**Former Tax Assessor-Collector.**

**Material Weakness**

**Material Noncompliance**

**2020-002.** The Tax Assessor-Collector should settle all collections.

**Repeat Finding** No

**Criteria** Section 27-29-11, Miss. Code Ann. (1972), requires the tax collector to make reports in writing, verified by his affidavit, on the first day of each month or within twenty (20) days thereafter, to the clerk of the board of supervisors, of all taxes collected by him during the preceding month for the county; and if he has collected none, the report shall be made out and state that fact.

**Condition** The former Tax Assessor-Collector did not settle October 2019 motor vehicle tax collections in the amount of \$209,770.87 to the County, City and School until May 2021.

**Cause** The former Tax Assessor-Collector did not have the necessary controls in place to ensure compliance with state laws.

**Effect** As a result, the County's cash balance was understated in the amount of \$125,951.01 for the fiscal year 2020. Also, the City and School did not receive their settlements in the amounts of \$3,877.83 and \$79,942.03, respectively, until amounts were settled in May 2021.

**Recommendation** The Tax Assessor-Collector should settle all collections to the County, City and School on the first day of each month or within twenty (20) days thereafter.

**Views of Responsible Official(s)** I concur with the audit finding. Documentation was provided to the auditors that monies were settled in May 2021.

**Auditor's Note** The former Tax Assessor-Collector retired in June 2021. The County's appointed audit representative responded to the finding on behalf of the former Tax Assessor-Collector.