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Harrison County, Mississippi

**Audited Financial Statements
And Special Reports**

For the Year Ended September 30, 2020



Harrison County, Mississippi
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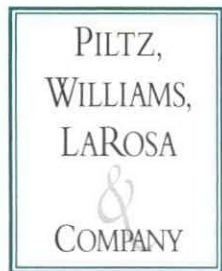
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FINANCIAL SECTION



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Independent Auditors' Report

Members of the Board of Supervisors
Harrison County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We audited the financial statements of Mississippi Coast Coliseum Commission and issued our report March 28, 2022, in which we issued unmodified opinions. Mississippi Coast Coliseum Commission represents 81 percent, 81 percent, and 76 percent, respectively, of the assets, net position, and revenues of the County's aggregate discretely presented component units. We did not audit the financial statements of Harrison County Development Commission which represent 19 percent, 19 percent, and 24 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Harrison County Development Commission, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on Governmental Activities and the General Fund

The County did not maintain an accurate aging of fines receivable of the Circuit Court. Due to the lack of an accurate aging of fines receivable, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported on the Statement of Net Position and the General Fund of \$6,146,204 as of September 30, 2020.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on the Governmental Activities and the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Harrison County, Mississippi and its discretely presented component units, as of September 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component units, each major fund except for the General Fund, and the aggregate remaining fund information of Harrison County, Mississippi, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

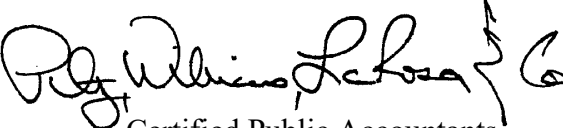
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200,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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022 on our consideration of Harrison County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrison County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harrison County, Mississippi's internal control over financial reporting and compliance.



Certified Public Accountants

Biloxi, Mississippi
May 6, 2022

Management's Discussion and Analysis

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020
UNAUDITED**

INTRODUCTION

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

Harrison County is located on the Mississippi Gulf Coast. According to the United States Census Bureau, the estimated population of Harrison County as of April 1, 2020, is 208,621. The median household income for 2020 was \$47,894 with over 88.3% of persons 25 years or older holding a high school degree or higher.

FINANCIAL HIGHLIGHTS

In light of the effects of the COVID-19 pandemic, Harrison County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and implementing strong internal controls. The County is committed to maintaining sound fiscal management to promote transparency, accountability, and accurate financial reporting to its constituents, and to meet various compliance requirements of state and federal governments.

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

Total net position decreased \$2,237,419. This decrease represents a 79% decrease from the prior fiscal year. The County's primary government's ending unrestricted cash balance increased by \$3,163,466 which represents a 3.3% increase from the prior fiscal year.

The County's primary government had \$114,559,779 in total revenues. Tax revenues, including property taxes, road & bridge taxes, taxes in lieu-federal government and gaming taxes account for \$75,855,404 or 66.2% of total revenues. State and federal revenues in the form of reimbursements, shared revenue, operating and capital grants, account for \$20,373,807 or 17.8% of total revenues. Charges for services performed by the County account for \$12,186,677 or 10.6% of total revenues, and interest combined with other miscellaneous revenues account for the remaining \$6,143,891 or 5.4% of total revenues.

The County had \$116,797,198 in total primary government expenses, which represents a decrease of \$1,913,118 or 1.61% decrease from the prior fiscal year. Expenses in the amount of \$26,154,275 were offset by grants and charges for services. General revenues of the primary government of \$88,405,504 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$70,179,845 in revenues plus \$1,918,192 in other financing sources and uses, and \$67,666,546 in expenditures. The General Fund's fund balance increased \$4,431,491 over the prior year.

**Harrison County, Mississippi
Management's Discussion and Analysis
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Capital assets of the primary government, net of accumulated depreciation, increased by \$844,121 due primarily to acquisition of capital assets of \$8,063,091, disposals of capital assets of \$361,942, and depreciation expense of \$6,857,028.

Long-term debt of the primary government decreased by \$6,802,978 which includes payment of bonds, loans and leases in the amount of \$15,131,232, bond refunding and capital leases in the amount of \$8,076,052 an increase in compensated absences of \$179,906 and amortization of bond premiums and deferred amounts of refunding for a net amount of \$72,296.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

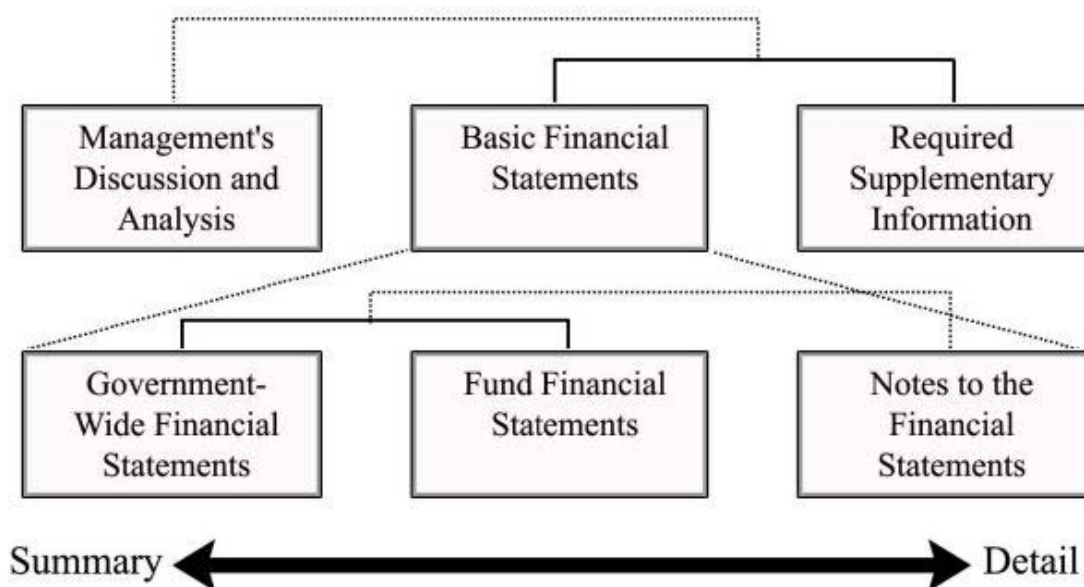


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020
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Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

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

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

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

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

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

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

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

- Harrison County Emergency Communications Commission

The County has the following discretely presented component units:

- Harrison County Development Commission
- The Mississippi Coast Coliseum Commission

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 25-75 of this report.

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund. This required supplementary information starts on page 76 of this report.

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020
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Additionally, a schedule of expenditures of federal awards is required by the Uniform Guidance and can be found on pages 83-85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of a government's financial position. In the case of Harrison County, the primary government's assets and deferred outflows exceeded liabilities and deferred inflows by \$600,449 as of September 30, 2020.

By far, the largest portion of the County's net position \$78,121,729 reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal year ended September 30, 2020.

Table 1

	2020	2019
Assets		
Current assets	\$ 169,200,991	\$ 166,486,677
Restricted assets	702,419	699,349
Capital assets, net	156,160,246	155,316,125
Total assets	326,063,656	322,502,151
Deferred Outflows of Resources	45,076,044	34,141,138
Liabilities		
Current liabilities	18,243,388	22,982,036
Long-term debt outstanding	153,516,384	150,375,033
Other noncurrent liabilities	108,829,210	95,376,679
Total liabilities	280,588,982	268,733,748
Deferred Inflows of Resources	89,950,269	85,071,673
Net Position		
Net investment in capital assets	78,121,729	72,148,296
Restricted	41,703,196	50,171,959
Unrestricted	(119,224,476)	(119,482,387)
Total net position	\$ 600,449	\$ 2,837,868

Harrison County, Mississippi
Management's Discussion and Analysis
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The following are significant current year transactions that have had an impact on the Statement of Net Position.

- The Board of Supervisors used conservative budgeting and strong fiscal management to avoid tax increases.
- A net decrease in the amount of \$6,982,884 of long-term debt principal, excluding compensating absences.
- Capital assets increased by \$844,121 primarily from the purchase of mobile equipment and leased machinery and equipment exceeding current year depreciation expense.

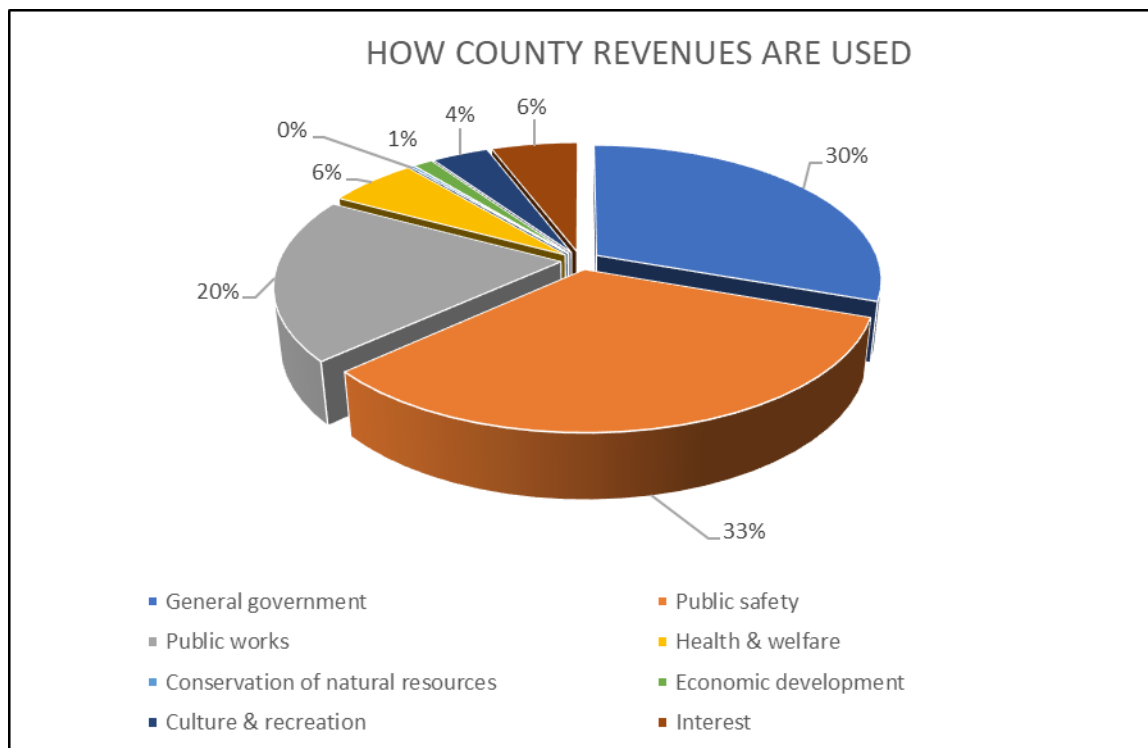
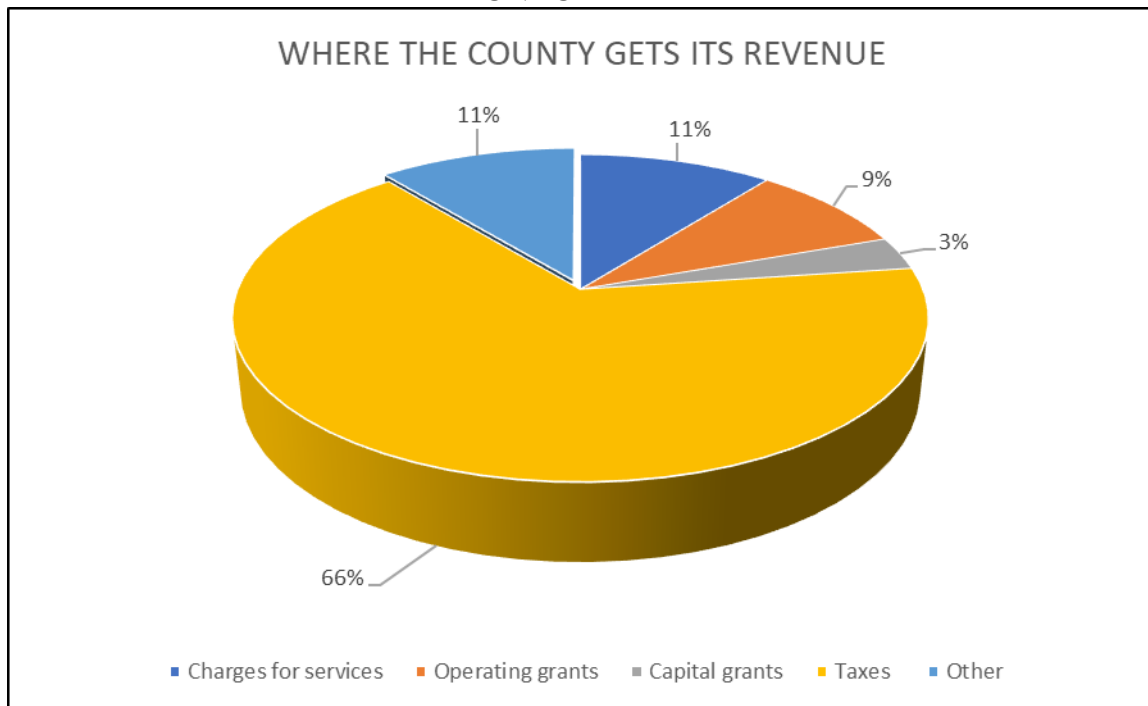
Changes in Net Position – Harrison County's total revenues in the primary government for the fiscal year ended September 30, 2020 were \$114,559,779. The total cost for all services provided by the primary government was \$116,797,198. The decrease in net position was \$2,237,419. The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2020.

Table 2

Harrison County, Mississippi
Condensed Statement of Activities
September 30,

	Primary Government Governmental Activities	
	2020	2019
Revenues		
Charges for services	\$ 12,186,677	\$ 13,404,746
Operation grants and contributions	10,199,154	10,110,892
Capital grants and contributions	3,768,444	5,164,205
General revenues	88,405,504	89,029,762
Total revenues	<u>114,559,779</u>	<u>117,709,605</u>
Program expenses		
General government	35,575,200	33,624,448
Public safety	38,335,568	36,534,740
Public works	22,883,256	22,669,267
Health and welfare	6,989,327	5,719,012
Culture and recreation	4,442,988	4,986,725
Conservation of natural resources	274,099	177,124
Economic development and assistance	1,511,265	2,444,675
Interest on long-term debt	6,785,495	12,554,325
Total expenses	<u>116,797,198</u>	<u>118,710,316</u>
Change in net position	<u>(2,237,419)</u>	<u>(1,000,711)</u>
Beginning net position	<u>2,837,868</u>	<u>3,838,579</u>
Ending net position	<u>\$ 600,449</u>	<u>\$ 2,837,868</u>

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020
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Governmental Activities – The following table presents the cost of eight major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development & Assistance, and Interest on Long-term Debt.

**Harrison County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020
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The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Harrison County's taxpayers by each of these functions.

	Total costs	Net costs
General government	\$ 35,575,200	\$ 29,766,690
Public safety	38,335,568	26,220,210
Public works	22,883,256	15,463,571
Health & welfare	6,989,327	6,275,655
Culture and recreation	4,442,988	4,440,938
Conservation of natural resources	274,099	179,099
Economic development	1,511,265	1,511,265
Interest	6,785,495	6,785,495

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, Harrison County's governmental funds reported a combined fund balance of \$89,443,659, and a decrease of \$2,819,696. The primary reasons for this decrease are highlighted in the analysis of governmental activities.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$4,431,491.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2020, Harrison County's total capital assets were \$326,767,693. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an

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Management's Discussion and Analysis
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increase of \$4,706,396 from the previous year of \$322,061,297. This increase is due primarily to capital assets acquired of \$8,063,091 and disposal of assets of \$3,356,695.

Total accumulated depreciation as of September 30, 2020, was \$170,607,447 including \$6,857,028 of depreciation expense for the year. The balance in total net capital assets was \$156,160,246 at year-end.

Additional information on Harrison County's capital assets can be found in Note 9 on page 45 of this report.

Debt Administration – At September 30, 2020, Harrison County had \$146,410,794 in long-term debt outstanding. Total debt shown in Note 14 is \$151,345,562 net of premiums and deferred amounts on refundings. This amount less compensated absences of \$3,021,941 is \$148,323,621. There is also a deferred outflow associated with long-term debt in the amount of \$2,170,822. This includes general obligation bonds, revenue bonds, and obligations under capital lease. Of this debt, \$9,556,822 is due within one year.

Included in long-term non-capital debt is \$3,021,941 in compensated absences. This amount increased \$179,906 from the prior year amount of \$2,842,035. The total debt due within one year in Note 14 is \$9,556,822. This amount less compensated absences of \$302,194 is \$9,254,628.

Harrison County maintains an AA- bond rating from Standard and Poors. The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt associated with this limitation is \$137,402,000 or 5.88% of total assessed value.

Additional information on Harrison County's long-term debt can be found in Note 14 on pages 58-62 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

Financial Statements

Harrison County, Mississippi
Statement of Net Position
September 30, 2020

	Primary Government Governmental Activities	Component Units
Assets		
Cash and cash equivalents	\$ 99,352,412	\$ 6,143,561
Investments	-	5,432,368
Accrued interest receivable	-	18,431
Property tax receivable	58,438,480	-
Accounts receivable, net	353,888	256,630
Fines receivable, net of allowance for uncollectible of \$39,590,569	6,146,204	-
Loans receivable	36,139	160,000
Intragovernmental balances	13,597	(13,597)
Intergovernmental receivables	4,420,850	550,650
Prepaid expenses	439,421	142,834
Land inventory	-	10,150,703
Restricted assets		
Cash and cash equivalents	702,419	73,716
Investments	-	7,000,000
Capital assets		
Land and construction in progress	11,737,746	10,059,328
Other (net of accumulated depreciation)	144,422,500	102,769,721
Total assets	<u>326,063,656</u>	<u>142,744,345</u>
Deferred Outflows of Resources		
Deferred amounts on bond refunding	2,170,822	-
Deferred effective interest rate swaps	31,534,549	-
Deferred amounts on pension	11,200,354	559,108
Deferred amounts on other postemployment benefits	170,319	-
Total deferred outflows of resources	<u>45,076,044</u>	<u>559,108</u>

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

Harrison County, Mississippi
Statement of Net Position
September 30, 2020

	<u>Primary Government</u> Governmental Activities	<u>Component</u> Units
Liabilities and Net Position		
Liabilities		
Claims payable	\$ 5,381,320	\$ 617,574
Wages payable	1,308,332	-
Retainage payable	73,483	-
Intergovernmental balances	4,438,551	-
Accrued interest payable	530,585	200
Due to fiduciary	95,464	-
Unearned revenue	5,688,869	7,125
Amounts held in custody	473,055	3,069,335
Claims and judgments payable	253,729	-
Accounts payable from restricted assets	-	31,252
Noncurrent liabilities		
Other postemployment benefit obligation	2,355,600	-
Net pension liability	106,473,610	5,683,177
Due within one year:		
Capital debt	8,142,439	2,479,818
Non-capital debt	2,133,398	17,625
Due beyond one year:		
Capital debt	71,567,772	-
Non-capital debt	71,672,775	146,041
Total liabilities	<u>280,588,982</u>	<u>12,052,147</u>
Deferred Inflows of Resources		
Hedging derivative instruments	31,534,549	-
Deferred property tax revenue	56,259,171	-
Deferred amounts on pension	-	20,883
Deferred amounts on other postemployment benefits	2,156,549	-
Deferred inflows on notes receivable	-	160,000
Total deferred inflows of resources	<u>89,950,269</u>	<u>180,883</u>
Net position		
Net investment in capital assets	78,121,729	110,335,634
Restricted:		
Nonexpendable:		
Permanently restricted investments	-	7,000,000
Nonexpendable	1,278,229	42,464
Expendable:		
General government	97,642	-
Public safety	5,861,057	-
Public works	296,239	-
Health and welfare	166,037	-
Economic development	5	-
Culture and recreation	5,664,760	-
Conservation of natural resources	113,035	-
Capital projects	9,878,864	-
Debt service	18,347,328	-
Unrestricted	(119,224,476)	13,692,325
Total net position	<u>\$ 600,449</u>	<u>\$ 131,070,423</u>

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

Harrison County, Mississippi
Statement of Activities
For the Fiscal Year Ended September 30, 2020

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Functions/Programs	Expenses					
Governmental activities						
General government	\$ 35,575,200	\$ 5,222,361	\$ 586,149	\$ -	\$ (29,766,690)	
Public safety	38,335,568	6,757,823	1,935,961	3,421,574	(26,220,210)	
Public works	22,883,256	205,792	7,075,893	138,000	(15,463,571)	
Health and welfare	6,989,327	701	599,101	113,870	(6,275,655)	
Culture and recreation	4,442,988	-	2,050	-	(4,440,938)	
Conservation of natural resources	274,099	-	-	95,000	(179,099)	
Economic development and assistance	1,511,265	-	-	-	(1,511,265)	
Interest and other, long-term debt	6,785,495	-	-	-	(6,785,495)	
Total governmental activities	<u>\$ 116,797,198</u>	<u>12,186,677</u>	<u>10,199,154</u>	<u>3,768,444</u>	<u>(90,642,923)</u>	
Component units						
Governmental activities						
Harrison County Development Commission	1,756,921	617,098	-	-		(1,139,823)
Business-type activities						
Harrison County Development Commission	1,249,014	675,840	-	-		(573,174)
Mississippi Coast Coliseum Commission	8,937,502	3,213,090	-	-		(5,724,412)
Total component units	<u>\$ 11,943,437</u>	<u>4,506,028</u>	<u>-</u>	<u>-</u>		<u>(7,437,409)</u>
General revenues:						
Property taxes					67,318,967	-
Road & bridge privilege taxes					2,512,376	-
Taxes in lieu - federal government					88,443	-
Gaming taxes					5,935,618	-
Grants and contributions not restricted to specific programs					6,406,209	-
Unrestricted gifts and donations					175,396	-
Investment income					838,851	187,586
Miscellaneous					5,129,644	4,822,644
Total general revenues					<u>88,405,504</u>	<u>5,010,230</u>
Change in net position					<u>(2,237,419)</u>	<u>(2,427,179)</u>
Net position - beginning, as previously reported					2,837,868	133,436,699
Prior period adjustment					-	60,903
Net position - beginning, as restated					<u>2,837,868</u>	<u>133,497,602</u>
Net position - ending					<u>\$ 600,449</u>	<u>\$ 131,070,423</u>

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

Harrison County, Mississippi
Balance Sheet
Governmental Funds
September 30, 2020

	Major Funds							
	General County	County Port	\$15 Million				Other	Total
	Bond & Interest	Bond & Interest	2018 Bond	Roads Capital			Governmental	Governmental
	Sinking	Sinking	Series	Projects	GoMESA		Funds	Funds
	Fund	Fund	Fund	Fund	Fund			
Assets								
Cash and cash equivalents	\$ 42,241,706	\$ 560,456	\$ 5,272,633	\$ 10,032,088	\$ 5,248,092	\$ 6,274,863	\$ 30,195,629	\$ 99,825,467
Property tax receivable	42,883,720	5,268,928	-	-	2,724,278	-	7,561,554	58,438,480
Accounts receivable	-	-	-	-	-	-	353,888	353,888
Fines receivable (net of allowance for uncollectible of \$39,590,569)	6,146,204	-	-	-	-	-	-	6,146,204
Loans receivable	13,597	-	-	-	-	-	36,139	49,736
Intergovernmental receivables	2,050,645	-	322,281	-	141,337	-	1,906,587	4,420,850
Due from other funds	-	59,952	4,300,182	-	237,957	-	102,199	4,700,290
Total assets	<u>\$ 93,335,872</u>	<u>\$ 5,889,336</u>	<u>\$ 9,895,096</u>	<u>\$ 10,032,088</u>	<u>\$ 8,351,664</u>	<u>\$ 6,274,863</u>	<u>\$ 40,155,996</u>	<u>\$ 173,934,915</u>
Liabilities and Fund Balance								
Liabilities								
Claims payable	\$ 2,106,952	\$ -	\$ -	\$ 242,591	\$ 31,339	\$ 472,959	\$ 2,527,479	\$ 5,381,320
Wages payable	971,434	-	-	-	146,442	-	190,456	1,308,332
Intergovernmental payables	3,363,445	-	-	-	-	-	1,075,106	4,438,551
Due to other funds	510,572	-	-	-	-	-	4,285,182	4,795,754
Unearned revenue	-	-	-	-	-	5,688,869	-	5,688,869
Amounts held in custody for others	473,055	-	-	-	-	-	-	473,055
Total liabilities	<u>7,425,458</u>	<u>-</u>	<u>-</u>	<u>242,591</u>	<u>177,781</u>	<u>6,161,828</u>	<u>8,078,223</u>	<u>22,085,881</u>
Deferred Inflows of Resources								
Unavailable revenue - property taxes	40,704,411	5,268,928	-	-	2,724,278	-	7,561,554	56,259,171
Unavailable revenue - fines	6,146,204	-	-	-	-	-	-	6,146,204
Total deferred inflows of resources	<u>46,850,615</u>	<u>5,268,928</u>	<u>-</u>	<u>-</u>	<u>2,724,278</u>	<u>-</u>	<u>7,561,554</u>	<u>62,405,375</u>
Fund Balances								
Nonspendable								
Loans receivable	13,597	-	-	-	-	-	36,139	49,736
Unemployment escrow	-	-	-	-	-	-	100,250	100,250
Restricted for:								
General government	-	-	-	-	-	-	97,642	97,642
Public safety	-	-	-	-	-	-	5,861,057	5,861,057
Public works	-	-	-	-	-	-	296,239	296,239
Health and welfare	-	-	-	-	-	-	166,037	166,037
Economic development	-	-	-	-	-	-	5	5
Culture and recreation	-	-	-	-	-	-	5,664,760	5,664,760
Conservation of natural resources	-	-	-	-	-	113,035	-	113,035
Capital projects	-	-	-	9,789,497	-	-	89,367	9,878,864
Debt service	-	620,408	9,895,096	-	-	-	8,362,409	18,877,913
Committed to:								
Public safety	-	-	-	-	-	-	1,564,905	1,564,905
Public works	-	-	-	-	5,449,605	-	6,999,861	12,449,466
Health and welfare	-	-	-	-	-	-	645,784	645,784
Capital projects	-	-	-	-	-	-	2,678,684	2,678,684
Unassigned	39,046,202	-	-	-	-	-	(8,046,920)	30,999,282
Total fund balances	<u>39,059,799</u>	<u>620,408</u>	<u>9,895,096</u>	<u>9,789,497</u>	<u>5,449,605</u>	<u>113,035</u>	<u>24,516,219</u>	<u>89,443,659</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 93,335,872</u>	<u>\$ 5,889,336</u>	<u>\$ 9,895,096</u>	<u>\$ 10,032,088</u>	<u>\$ 8,351,664</u>	<u>\$ 6,274,863</u>	<u>\$ 40,155,996</u>	<u>\$ 173,934,915</u>

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

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

Total fund balances of governmental funds in the balance sheet		\$ 89,443,659
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation.		156,160,246
Other long-term assets, not available to pay for current period expenditures and used in governmental activities, are not financial resources and, therefore, are deferred in the funds.		6,146,204
Long-term liabilities are not due and payable in the current period; therefore, are not reported in the funds.		(151,345,562)
Other postemployment benefits are not due and payable in the current period; therefore, are not reported in the funds.		(2,355,600)
Net pension obligations are not due and payable in the current period; therefore, are not reported in the funds.		(106,473,610)
Accrued interest payable is not due and payable in the current period; therefore, are not reported in the funds.		(530,585)
Deferred outflows and inflows of resources related to pensions are applicable to future periods; therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	11,200,354	
Deferred inflows of resources related to pensions	-	11,200,354
Deferred inflows or deferred outflows from the changes in fair value on hedging derivative instruments are not due and payable in the current period; therefore, are not reported in the funds.		
Deferred effective interest rate swaps - outflows	31,534,549	
Derivative hedging instruments	(31,534,549)	-
Deferred outflows and inflows of resources related to other postemployment benefits are applicable to future periods; therefore, are not reported in the funds.		
Deferred outflows of resources related to other postemployment benefits	170,319	
Deferred inflows of resources related to other postemployment benefits	(2,156,549)	(1,986,230)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore are not reported in the funds.		439,421
Retainage payable for the construction of capital assets are not financial resources and, therefore, are not reported in the funds.		(73,483)
Internal service funds are used by management to charge the cost of various insurance premiums and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(24,365)
Total net position - Governmental Activities		\$ 600,449

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

Harrison County, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2020

	General	General County Bond & Interest	County Port Bond & Interest	\$15 Million 2018 Bond Series	Roads Capital Projects	GoMESA	Other Governmental	Total Governmental
	Fund	Sinking Fund	Sinking Fund	Fund	Fund	Fund	Funds	Funds
Revenues								
Property taxes	\$ 49,553,369	\$ 5,591,367	\$ -	\$ -	\$ 3,162,581	\$ -	\$ 9,011,650	\$ 67,318,967
Road and bridge privilege taxes	-	-	-	-	2,512,376	-	-	2,512,376
Licenses, commissions and other revenue	4,834,016	-	-	-	-	-	-	4,834,016
Fines and forfeitures	1,343,014	-	-	-	-	-	221,978	1,564,992
Intergovernmental revenues	8,686,134	4,152	2,188,878	-	2,046,822	-	15,061,292	27,987,278
Charges for services	2,923,264	-	-	-	-	-	2,058,162	4,981,426
Interest income	422,656	10,613	38,977	99,903	16,214	27,538	221,120	837,021
Miscellaneous revenues	2,417,392	197,721	-	-	448,813	1,597,958	1,627,714	6,289,598
	<u>70,179,845</u>	<u>5,803,853</u>	<u>2,227,855</u>	<u>99,903</u>	<u>8,186,806</u>	<u>1,625,496</u>	<u>28,201,916</u>	<u>116,325,674</u>
Expenditures								
Current:								
General government	28,941,115	-	-	2,100	-	1,597,957	1,650,020	32,191,192
Public safety	27,310,260	-	-	1,447,707	-	-	7,702,357	36,460,324
Public works	25,322	-	-	478,831	9,980,727	-	13,459,472	23,944,352
Health and welfare	6,381,311	-	-	-	-	-	266,172	6,647,483
Culture and recreation	3,263,435	-	-	777,288	-	-	251,364	4,292,087
Conservation of natural resources	169,736	-	-	-	-	-	95,000	264,736
Economic development and assistance	46,777	-	-	-	-	-	1,416,771	1,463,548
Debt service:								
Principal	1,260,905	118,000	424,864	-	-	-	7,934,463	9,738,232
Interest	266,685	1,967,999	156,979	-	1,898	-	3,783,900	6,177,461
Other debt service costs	1,000	12,350	1,500	-	-	-	438,358	453,208
Total expenditures	<u>67,666,546</u>	<u>2,098,349</u>	<u>583,343</u>	<u>2,705,926</u>	<u>9,982,625</u>	<u>1,597,957</u>	<u>36,997,877</u>	<u>121,632,623</u>
Excess (deficiency) of revenues over expenditures	<u>2,513,299</u>	<u>3,705,504</u>	<u>1,644,512</u>	<u>(2,606,023)</u>	<u>(1,795,819)</u>	<u>27,539</u>	<u>(8,795,961)</u>	<u>(5,306,949)</u>
Other financing sources (uses)								
Proceeds from sale of capital assets	-	-	-	-	-	-	79,630	79,630
Proceeds from capital lease financing	-	-	-	-	2,553,052	-	-	2,553,052
Proceeds from advance refunding	-	-	-	-	-	-	5,523,000	5,523,000
Payment to bond refunding escrow agent	-	-	-	-	-	-	(125,480)	(125,480)
Debt service principal - refunding bonds	-	(5,393,000)	-	-	-	-	-	(5,393,000)
Transfers in	3,024,849	-	-	-	133,427	-	3,491,845	6,650,121
Transfers out	(1,106,657)	-	(2,500,000)	(26,032)	(9,156)	-	(3,158,225)	(6,800,070)
Total other financing sources (uses)	<u>1,918,192</u>	<u>(5,393,000)</u>	<u>(2,500,000)</u>	<u>(26,032)</u>	<u>2,677,323</u>	<u>-</u>	<u>5,810,770</u>	<u>2,487,253</u>
Net change in fund balance	<u>4,431,491</u>	<u>(1,687,496)</u>	<u>(855,488)</u>	<u>(2,632,055)</u>	<u>881,504</u>	<u>27,539</u>	<u>(2,985,191)</u>	<u>(2,819,696)</u>
Fund balances- beginning	<u>34,628,308</u>	<u>2,307,904</u>	<u>10,750,584</u>	<u>12,421,552</u>	<u>4,568,101</u>	<u>85,496</u>	<u>27,501,410</u>	<u>92,263,355</u>
Fund balances, end of year	<u>\$ 39,059,799</u>	<u>\$ 620,408</u>	<u>\$ 9,895,096</u>	<u>\$ 9,789,497</u>	<u>\$ 5,449,605</u>	<u>\$ 113,035</u>	<u>\$ 24,516,219</u>	<u>\$ 89,443,659</u>

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

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

Net change in fund balances of governmental funds	\$ (2,819,696)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$7,989,609 exceeded depreciation of \$6,857,028 in the current period.	1,132,581
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the net basis in the disposed property of 361,942.	(361,942)
Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full accrual basis of accounting.	(1,485,414)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$8,076,052 were exceeded by debt repayments of \$15,131,232.	7,055,180
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in amortization of premium	719,015
Decrease in deferred amounts on refunding	(791,311)
Increase in compensated absences	(179,906)
Decrease in other postemployment benefits payable	(216,379)
Increase in deferred amounts on other postemployment benefits	220,692
Increase in accrued interest payable	42,948
Pension expense and other related activity do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds	
Pension expense and contributions made during the year	(5,518,471)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported as such in the funds.	72,605
Internal service funds are used to charge the costs of certain activities, such as insurance costs and risk management, to individual funds.	(107,321)
Change in net position of governmental activities	\$ (2,237,419)

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

Harrison County, Mississippi
Statement of Net Position
Proprietary Funds
September 30, 2020

	Governmental Activities		
	Self-Insurance Fund	Tort Fund	Total
Assets			
Cash and cash equivalents	\$ -	\$ 229,364	\$ 229,364
Total assets	-	229,364	229,364
Liabilities			
Claims and judgments payable	-	253,729	253,729
Total liabilities	-	253,729	253,729
Net position			
Unrestricted	\$ -	\$ (24,365)	\$ (24,365)

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

Harrison County, Mississippi
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	Governmental Activities		
	Self-Insurance	Tort	
	Fund	Fund	Total
Operating revenues			
Insurance reimbursements	\$ -	\$ -	\$ -
Premiums	-	-	-
Total revenues	-	-	-
Operating expenses			
Claims payments	-	109,481	109,481
Legal	-	81,899	81,899
Administrative	-	9,785	9,785
Refunds	57,934	-	57,934
Total operating expenses	57,934	201,165	259,099
Operating loss	(57,934)	(201,165)	(259,099)
Nonoperating revenues			
Interest income	51	1,778	1,829
Net nonoperating revenues	51	1,778	1,829
Net loss before capital contributions, special and extraordinary items and transfers	(57,883)	(199,387)	(257,270)
Transfers in	-	150,000	150,000
Transfers out	(51)	-	(51)
Changes in net position	(57,934)	(49,387)	(107,321)
Net position, beginning of year	57,934	25,022	82,956
Net position, end of year	\$ -	\$ (24,365)	\$ (24,365)

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

Harrison County, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Governmental Activities		
	Self-Insurance Fund	Tort Fund	Total
Cash flows from operating activities			
Refunds for premiums	\$ (57,086)	\$ -	\$ (57,086)
Payments for claims	-	(46,136)	(46,136)
Payments for operating expenses	-	(91,684)	(91,684)
Net cash used in operating activities	<u>(57,086)</u>	<u>(137,820)</u>	<u>(194,906)</u>
Cash flows from investing activities			
Transfers (to) from other funds	(51)	150,000	149,949
Interest income	51	1,778	1,829
Net cash provided by investing activities	<u>-</u>	<u>151,778</u>	<u>151,778</u>
Net increase (decrease) in cash and cash equivalents	(57,086)	13,958	(43,128)
Cash and cash equivalents at beginning of year	<u>57,086</u>	<u>215,406</u>	<u>272,492</u>
Total cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 229,364</u>	<u>\$ 229,364</u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities			
Operating loss	\$ (57,934)	\$ (201,165)	\$ (259,099)
Adjustments not affecting cash			
Increase in claims and judgments liability	-	63,345	63,345
Decrease in intragovernmental balances	848	-	848
Net cash used in operating activities	<u>\$ (57,086)</u>	<u>\$ (137,820)</u>	<u>\$ (194,906)</u>

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

Harrison County, Mississippi
Statement of Fiduciary Obligations
September 30, 2020

	<u>Agency Funds</u>
Assets	
Cash	\$ 3,371,612
Due from other funds	110,464
Prepaid expense	<u>6,166</u>
Total assets	<u><u>\$ 3,488,242</u></u>
 Liabilities	
Intergovernmental payables	\$ 546,601
Due to other funds	15,000
Amounts held in custody for others	<u>2,926,641</u>
Total liabilities	<u><u>\$ 3,488,242</u></u>

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

Notes to the Financial Statements

Harrison County, Mississippi
Notes to Financial Statements
September 30, 2020

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

1. Summary of Significant Accounting Policies

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

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

(A) Financial Reporting Entity

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

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

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

(B) Component Unit Disclosure

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

Blended Component Unit

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

Discretely Presented Component Units

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

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

Harrison County Development Commission
Condensed Statement of Net Position
September 30, 2020

Assets and deferred outflows	
Current assets	\$ 16,721,597
Restricted assets	73,716
Capital assets, net	9,557,952
Deferred outflows	285,060
Total assets and deferred outflows	<u>\$ 26,638,325</u>
Liabilities and deferred inflows	
Current liabilities	\$ 147,708
Noncurrent liabilities	1,981,945
Deferred inflows	180,883
Total liabilities and deferred inflows	<u>2,310,536</u>
Net position	
Net investment in capital assets	9,538,871
Restricted	-
Unrestricted	14,788,918
Total net position	<u>24,327,789</u>
Total liabilities, deferred inflows, and net position	<u>\$ 26,638,325</u>

Harrison County Development Commission
Condensed Statement of Revenues and Expenses and Changes in Net Position
For the Fiscal Year Ended September 30, 2020

Operating revenue	\$ 1,292,938
Operating expenses	(3,005,935)
Nonoperating revenues, net	916,281
Change in net position	<u>\$ (796,716)</u>
Prior period adjustment	<u>\$ 60,903</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

Mississippi Coast Coliseum Commission
Condensed Statement of Net Position
September 30, 2020

Assets and deferred outflows	
Current assets	\$ 6,133,580
Restricted assets	7,000,000
Capital assets, net	103,271,097
Deferred outflows	274,048
Total assets and deferred outflows	<u>\$ 116,678,725</u>
Liabilities and deferred inflows	
Current liabilities	\$ 6,188,801
Noncurrent liabilities	3,747,290
Deferred inflows	-
Total liabilities and deferred inflows	<u>9,936,091</u>
Net position	
Net investment in capital assets	100,796,763
Restricted	7,000,000
Unrestricted	<u>(1,054,129)</u>
Total net position	<u>106,742,634</u>
Total liabilities, deferred inflows, and net position	<u>\$ 116,678,725</u>

Mississippi Coast Coliseum Commission
Condensed Statement of Revenues and Expenses and Changes in Net Position
For the Fiscal Year Ended September 30, 2020

Operating revenue	\$ 3,213,090
Operating expenses	(8,657,810)
Nonoperating revenues, net	<u>3,814,257</u>
Change in net position	<u>\$ (1,630,463)</u>

(C) Basic Financial Statements

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. The primary government is reported separately from its legally separate component units for which the primary government is financially accountable. Separate financial statements are provided for governmental funds and proprietary funds.

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

Fund Financial Statements

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

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

The County reports the following major Governmental Funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

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

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

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

Roads Capital Projects Fund - This fund is used to account for capital projects involving road construction and improvement.

GoMESA Fund - This fund is used to account for the funds allocated to the County by the Gulf of Mexico Energy Security Act.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Additionally, the County reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Type

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

Fiduciary Fund Type

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

(E) Account Classifications

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

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

Deposits and Investments

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

Receivables

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

Interfund Transactions and Balances

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

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

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

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

Intragovernmental Transactions and Balances

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Prepaid Items

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

Restricted Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

Capital Assets

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

The following schedule details those thresholds and estimated useful lives:

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

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

Deferred Outflows/Inflows of Resources

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

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

Deferred effective interest rate swaps – Interest rate swaps are a type of derivative agreement to exchange future cash flows that has a variable payment based on an underlying interest rate or index on certain outstanding bond issues of the County. Increases or decreases in the fair value of the effective swaps are recognized as deferred outflows or inflows in the statement of financial position.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 13 for additional details.

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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.

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

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

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 13 for additional details.

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

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

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

Pensions

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Long-term Liabilities

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

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

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

Compensated Absences

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

Derivatives

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Equity Classifications

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

Government-wide Financial Statements:

Net Position for the primary government and its discretely presented component units is displayed in the following three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes and other debt net of unspent debt proceeds and related deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of assets and deferred outflows of resources less any related liabilities and deferred inflows of resources that are restricted by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

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

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

Fund Financial Statements:

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

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

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

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

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

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

Fund Balance Flow Assumption:

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Property Tax Revenues

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. However, because the revenues are not currently available, a deferred inflow of resources is recorded for this amount. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs. Accordingly, no amount is accrued for these taxes in the financial statements.

Intergovernmental Revenues in Governmental Funds

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

Change in Accounting Standards

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

2. Prior Period Adjustments/Restatement

Summaries of the net position adjustment are as follows:

Statement of Activities- Component Units

Harrison County Development Commission recorded a prior year adjustment in order to correct the ending balances for the year ended September 30, 2019, for an overstatement of accounts payable in the amount of \$60,903.

3. Deposits and Investments

Deposits

The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2020, deposits were as follows:

	Carrying Amount				Bank Balance
	Deposits with Financial Institutions		Investments in Certificate of Deposits (less than 3 months maturity)	Total Cash and Cash Equivalents	
	Unrestricted	Restricted			
Primary Government					
Governmental-type activities	\$ 40,539,063	\$ 702,419	\$ 58,780,000	\$ 100,021,482	\$ 102,694,804
Agency funds	2,696,612	-	675,000	3,371,612	3,048,462
Total primary government	<u>43,235,675</u>	<u>702,419</u>	<u>59,455,000</u>	<u>103,393,094</u>	<u>105,743,266</u>
Discretely Presented Component Units					
Governmental-type activities:					
Harrison County Development Commission	2,179,222	73,716	-	2,252,938	2,376,906
Business-type activities:					
Harrison County Development Commission	369,334	-	-	369,334	389,657
Mississippi Coast Coliseum Commission	3,595,005	-	-	3,595,005	3,557,983
Total discretely presented component units	<u>\$ 6,143,561</u>	<u>\$ 73,716</u>	<u>\$ -</u>	<u>\$ 6,217,277</u>	<u>\$ 6,324,546</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

Investments

Investment balances at September 30, 2020, are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	Over 10
Discretely Presented Component Units					
Governmental-type activities:					
Harrison County Development Commission					
Certificates of deposit	\$ 3,500,680	\$ -	\$ 3,500,680	\$ -	\$ -
Business-type activities:					
Harrison County Development Commission					
Certificates of deposit	299,466	-	299,466	-	-
Mississippi Coast Coliseum Commission					
Certificates of deposit	3,050,000	1,800,000	1,250,000	-	-
Money market funds	1,048,828	1,048,828	-	-	-
Government National Mortgage Assoc.	165,554	-	1,188	126,194	38,172
Federal Home Loan Bank	1,597,835	700,954	896,881	-	-
Federal National Mortgage Assoc.	566,769	-	3,597	-	563,172
Federal Farm Credit Bank	306,864	-	306,864	-	-
Corporate bonds	1,896,372	1,896,372	-	-	-
Total	<u>\$ 12,432,368</u>	<u>\$ 5,446,154</u>	<u>\$ 6,258,676</u>	<u>\$ 126,194</u>	<u>\$ 601,344</u>
Restricted investments	\$ 7,000,000				
Unrestricted investments	<u>5,432,368</u>				
Total	<u>\$ 12,432,368</u>				

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

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

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

Concentration of Credit Risk – GAAP requires disclosure when any one issuer is 5% or more of the investment portfolio. The Mississippi Coast Coliseum Commission’s concentration of credit risk at September 30, 2020, is as follows:

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

4. Accounts Receivable

Accounts receivable consists of the following at September 30, 2020:

	Receivables		Allowance	
	Accounts	Grants & Contributions	for Doubtful Accounts	Net Receivable
Primary Government				
Governmental-type activities	\$ 353,888	\$ -	\$ -	\$ 353,888
Total primary government	<u>\$ 353,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,888</u>
Discretely Presented Component Units				
Governmental-type activities:				
Harrison County Development Commission	\$ 2,766	\$ -	\$ -	\$ 2,766
Business-type activities:				
Harrison County Development Commission	61,376	-	(17,908)	43,468
Mississippi Coast Coliseum Commission	210,396	-	-	210,396
Total discretely presented component units	<u>\$ 274,538</u>	<u>\$ -</u>	<u>\$ (17,908)</u>	<u>\$ 256,630</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

5. Interfund and Intergovernmental Transactions and Balances

(A) Interfund Activity

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

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Other governmental funds	General Fund	\$ 102,199
General County B & I Sinking Fund	General Fund	59,952
Road Capital Projects Fund	General Fund	237,957
County Port B & I Sinking Fund	Other governmental funds	4,285,182
County Port B & I Sinking Fund	Agency Fund	15,000
Agency Fund	General Fund	110,464
Total		<u>\$ 4,810,754</u>

The receivables represent the tax revenue collected but not settled until October 2020, along with temporary cash loans for grants receivable. All interfund balances are expected to be repaid within one year from the date of the financial statements.

Transfers In/Out

Transfers In	Transfers Out	Amount
General Fund	Other governmental funds	\$ 3,024,798
Other governmental funds	\$15 Million 2018 Bond Series Fund	26,032
Other governmental funds	Road Fund	9,156
Other governmental funds	General Fund	956,657
Other governmental funds	County Port B & I Sinking Fund	2,500,000
Road Fund	Other governmental funds	133,427
General Fund	Internal Service Funds	51
Internal Service Funds	General Fund	150,000
Total		<u>\$ 6,800,121</u>

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

(B) Intragovernmental Activity

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

<u>Receivable Agency</u>	<u>Payable Agency</u>	<u>Amount</u>
Primary government	Harrison County Development Commission	\$ 13,597
Total		<u>\$ 13,597</u>

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

6. Intergovernmental Receivables

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

<u>Description</u>	<u>Amount</u>
Governmental activities	
Legislative tax credit	\$ 1,059,619
Occupancy tax	687,830
Seawall tax	894,235
Gaming	1,186,953
Emergency assistance grants	142,256
State and community public safety grants	102,353
HAVA Grants	240,072
MDEQ Grants	42,940
Various other grants	64,592
Total governmental activities	<u>\$ 4,420,850</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

7. Loans Receivable

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

Description of Loan	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
West Harrison Water & Sewer	2/1/1998	N/A	N/A	\$ 15,000
East Central Harrison County Public Utility District	5/1/2009	6.00%	5/1/2014	21,139
Total				<u>\$ 36,139</u>

8. Land Inventory

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

Industrial Park	Approximate Number of Acres	Approximate Cost per Acre*	Inventory Value September 30, 2020
Long Beach Industrial Park	143	\$ 6,129	\$ 876,468
Bernard Bayou Industrial District	286	2,446	698,575
North Harrison County Industrial Complex**	591	12,931	7,642,150
Mitigation Credits			933,510
			<u>\$ 10,150,703</u>

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

**Approximate number of acres includes mitigation land.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

9. Capital Assets

(A) Primary Government

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

	Balance Oct. 1, 2019	Additions	Deletions/ Adjustments	Balance Sept. 30, 2020
Non-depreciable capital assets:				
Land	\$ 9,775,450	\$ -	\$ -	\$ 9,775,450
Construction in progress	457,460	1,915,076	410,240	1,962,296
Total non-depreciable capital assets	<u>10,232,910</u>	<u>1,915,076</u>	<u>410,240</u>	<u>11,737,746</u>
Depreciable capital assets				
Buildings	98,664,038	-	(410,240)	99,074,278
Improvements other than buildings	56,696,017	80,747	-	56,776,764
Mobile equipment	32,779,746	2,965,288	2,643,936	33,101,098
Furniture & equipment	5,632,158	548,928	201,320	5,979,766
Infrastructure	117,544,988	-	-	117,544,988
Leased property under capital leases	511,440	2,553,052	511,439	2,553,053
Total depreciable assets	<u>311,828,387</u>	<u>6,148,015</u>	<u>2,946,455</u>	<u>315,029,947</u>
Less accumulated depreciation for:				
Buildings	31,944,555	1,914,322	-	33,858,877
Improvements other than buildings	31,131,603	1,557,502	-	32,689,105
Mobile equipment	23,927,818	1,968,810	2,472,977	23,423,651
Furniture & equipment	4,205,931	474,312	190,360	4,489,883
Infrastructure	75,217,658	685,809	-	75,903,467
Leased property under capital leases	317,607	256,273	331,416	242,464
Total accumulated depreciation	<u>166,745,172</u>	<u>6,857,028</u>	<u>2,994,753</u>	<u>170,607,447</u>
Total depreciable assets, net	<u>145,083,215</u>	<u>(709,013)</u>	<u>(48,298)</u>	<u>144,422,500</u>
Governmental activities capital assets, net	<u><u>\$ 155,316,125</u></u>	<u><u>\$ 1,206,063</u></u>	<u><u>\$ 361,942</u></u>	<u><u>\$ 156,160,246</u></u>
Depreciation was charged to the following functions:				
General government		\$ 1,732,188		
Public safety		1,855,622		
Public works		2,871,457		
Health & welfare		112,031		
Culture & recreation		238,012		
Economic development		47,718		
Total primary government depreciation expense		<u><u>\$ 6,857,028</u></u>		

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

Project Description	Remaining Financial	
	Commitment	Expected Date of Completion
Landon Road Widening Project	\$ 173,252	December 2021
Jail Facility Upgrades	1,639,248	August 2021
Bridge Replacement on Clark Avenue	81,540	November 2020
Bridge Replacement on Pete Hickman Road	9,553	November 2020
Harrison County Law Enforcement Training Facility	67,544	December 2022

B. Discretely Presented Component Units

Below is a summary schedule of Capital Assets for Harrison County Development Commission and the Mississippi Coast Coliseum Commission for the year ended September 30, 2020:

	Discretely Presented Component Units			
	Governmental	Business-type Activities		Total
	Activities	Harrison County	Mississippi Coast	
	Harrison County Development Commission	Harrison County Development Commission	Mississippi Coast Coliseum Commission	
Capital Assets				
Land	\$ 599,430	\$ -	\$ 8,791,413	\$ 9,390,843
Construction in progress	53,617	-	614,868	668,485
Buildings and improvements	2,145,224	-	137,720,205	139,865,429
Machinery and equipment	260,339	51,096	10,272,012	10,583,447
Water and sewer treatment plant	-	1,963,001	-	1,963,001
Site improvements and infrastructure	9,982,941	-	6,781,179	16,764,120
Less accumulated depreciation	(4,486,818)	(1,010,878)	(60,908,580)	(66,406,276)
Total capital assets, net	<u>\$ 8,554,733</u>	<u>\$ 1,003,219</u>	<u>\$ 103,271,097</u>	<u>\$ 112,829,049</u>

Depreciation Expense for Harrison County Development Commission is \$287,048 for the governmental activities and \$47,547 for the business type activities. Depreciation expense for the Mississippi Coast Coliseum Commission is \$3,413,079 for the business type activities.

10. Claims and Judgments

Risk Financing

Workers Compensation Benefits- The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident with a one-time

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

\$750,000 deductible and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Tort Liability

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

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2020, the amount of these liabilities was \$253,729.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2015-2016	\$ 237,179	\$ 240,290	\$ 269,275	\$ 208,194
2016-2017	208,194	187,053	115,073	280,174
2017-2018	280,174	308,445	65,806	522,813
2018-2019	522,813	(178,741)	153,688	190,384
2019-2020	190,384	100,441	37,096	253,729

11. Capital Leases

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 2,553,053
Less accumulated depreciation	242,464
Lease property under capital leases	<u>\$ 2,310,589</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2021	\$ 1,091,031	\$ 115,483
2022	1,003,185	93,262
2023	912,508	73,311
2024	931,967	53,852
2025	951,843	33,976
2026-2030	1,082,722	32,157
Total	<u>\$ 5,973,256</u>	<u>\$ 402,041</u>

12. Other Postemployment Benefits (“OPEB”)

General Information about the OPEB Plan

Plan Description

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

Plan Membership

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Benefits Provided

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

Contributions

Plan participants are responsible for paying 100% of the premiums. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan. For the year ended September 30, 2020, retiree monthly health premiums are approximately \$611. Life insurance premiums are based on the amount of insurance elected. Retiree contributions are assumed to increase at the health care cost trend rate.

Actuarial Assumptions

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

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Discount Rate

The discount rate used to measure the OPEB liability as of September 30, 2020 was 2.79% for this plan. The discount rate changed from the prior measurement date. The discount rate was 3.13% for the County portion of the plan for the September 30, 2019 reporting date.

	Total OPEB Liability
Balances as of September 30, 2019	\$ 2,139,221
Changes for the Year:	
Service cost	182,135
Interest on the total OPEB liability	63,937
Difference between expected and actual experience	-
Changes in assumptions	-
Retiree Contributions	-
Benefit Payments, including employee refunds	(29,693)
Net Changes	216,379
Balances as of September 30, 2020	\$ 2,355,600

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

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

	1% Decrease 1.79%	Current Rate 2.79%	1% Increase 3.79%
Net OPEB Liability	\$ 2,685,039	\$ 2,355,600	\$ 2,075,815

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

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

	1% Decrease 6.5% decreasing to 5.75% over 3 years and following the Getzen model thereafter	Current 7.5% decreasing to 6.75% over 3 years and following the Getzen model thereafter	1% Increase 8.5% decreasing to 7.75% over 3 years and following the Getzen model thereafter
Net OPEB Liability	\$ 2,102,799	\$ 2,355,600	\$ 2,667,387

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

For the year ended September 30, 2020, Harrison County recognized OPEB expense of \$16,707. At September 30, 2020, the County reported outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,156,549)
Changes in assumptions	170,319	-
Total	<u>\$ 170,319</u>	<u>(2,156,549)</u>

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

Years Ending September 30,	
2021	(220,692)
2022	(220,692)
2023	(220,692)
2024	(220,692)
2025	(220,692)
Thereafter	(882,770)

13. Retirement Plans

A. Defined Benefit Plan

Plan Description

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Benefits Provided

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

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions

At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the employers are required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020, was 17.40% of annual covered payroll. The employer's rate increased from 15.75% on July 1, 2019. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Contributions (employer share only) to PERS for the years ending September 30, 2020, 2019, 2018, 2017, and 2016 were as follows:

Year ended September 30,	Primary Government	Component Units	
		Harrison Co. Development Commission	Mississippi Coast Coliseum Commission*
2020	\$ 6,378,051	\$ 99,897	\$ 215,855
2019	5,682,613	82,792	207,310
2018	5,303,343	86,313	192,015
2017	5,126,684	82,056	239,974
2016	5,338,324	68,816	192,595

These amounts were 100% of required contributions.

Net Pension Liability and Pension Expense

At September 30, 2020, the County and its component units reported a liability for their proportionate share of the net pension liability as follows:

	Governmental-type Activities	Business-type Activities	Total
Net pension liability:			
Primary government	\$ 106,473,610	\$ -	\$ 106,473,610
Total net pension liability - primary government	<u>\$ 106,473,610</u>	<u>\$ -</u>	<u>\$ 106,473,610</u>
Component units:			
Harrison County Development Commission	\$ 1,762,892	\$ 172,995	\$ 1,935,887
Mississippi Coast Coliseum Commission	-	3,747,290	3,747,290
Total net pension liability - component units	<u>\$ 1,762,892</u>	<u>\$ 3,920,285</u>	<u>\$ 5,683,177</u>

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

At June 30, 2020, the County's and its component units' proportion was as follows:

	Percent	Increase (decrease)
Primary government	0.5500%	0.0200%
Component units		
Harrison County Development Commission	0.0100%	0.0000%
Mississippi Coast Coliseum Commission	0.1936%	(0.00031)%

For the year ended September 30, 2020, the County and its component units recognized pension expense as follows:

	Governmental-type Activities	Business-type Activities	Total
Pension expense			
Primary government	\$ 11,892,522	\$ -	\$ 11,892,522
Total net pension expense - primary government	<u>\$ 11,892,522</u>	<u>\$ -</u>	<u>\$ 11,892,522</u>
Component units:			
Harrison County Development Commission	\$ 171,613	\$ 19,068	\$ 190,681
Mississippi Coast Coliseum Commission	-	359,961	359,961
Total net pension expense - component units	<u>\$ 171,613</u>	<u>\$ 379,029</u>	<u>\$ 550,642</u>

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

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

	<i>Deferred Outflows of Resources Related to Pensions</i>				
	Component Units				
	Governmental Activities	Business-type Activities			
	Harrison	Harrison	Mississippi		
	County	County	Coast		
	Development	Development	Coliseum		
	Commission	Commission	Commission		
	Total	Total	Total	Total	Total
	Primary	Primary	Primary	Primary	Primary
	Government	Government	Government	Government	Government
Differences between expected and actual experience	\$ 924,204	\$ 13,298	\$ 3,492	\$ 32,527	\$ 49,317
Changes of assumptions	595,617	8,579	2,253	20,963	31,795
Changes in proportion and differences between employer's contributions and proportionate share of contributions	3,640,173	119,679	31,431	19,857	170,967
Net difference between projected & actual earnings in pension plan investments	4,373,526	62,989	16,543	153,924	233,456
County contributions subsequent to the measurement date	1,666,834	21,222	5,574	46,777	73,573
Total	<u>\$ 11,200,354</u>	<u>\$ 225,767</u>	<u>\$ 59,293</u>	<u>\$ 274,048</u>	<u>\$ 559,108</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

	Deferred Inflows of Resources Related to Pensions				
	Component Units				
	Governmental Activities		Business-type Activities		
	Total	Harrison County	Harrison County	Mississippi Coast	Total
	Primary	Development	Development	Coliseum	Component
	Government	Commission	Commission	Commission	Units
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-	-
Net changes in projected and actual earnings on pension plan investments	-	-	-	-	-
Changes in proportion and differences between employer's contributions and proportionate share of contributions	-	16,540	4,343	-	20,883
Total	\$ -	\$ 16,540	\$ 4,343	\$ -	\$ 20,883

\$1,666,834 and \$73,573 reported as deferred outflows of resources related to pensions in the primary government and in the component units, respectively, resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Component Units			
	Total	Harrison County	Mississippi Coast	Total
	Primary Government	Development Commission	Coliseum Commission	Component Units
2021	\$ 2,112,496	\$ 111,300	\$ 19,495	\$ 130,795
2022	3,319,925	65,638	77,838	143,476
2023	2,691,804	34,823	91,262	126,085
2024	1,409,295	25,620	38,676	64,296
Total	<u>\$ 9,533,520</u>	<u>\$ 237,381</u>	<u>\$ 227,271</u>	<u>\$ 464,652</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2018.

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Discount rate

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

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

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

Proportionate share of PERS	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Primary government	\$ 137,817,004	\$ 106,473,610	\$ 80,602,715
Harrison County Development			
Commission	2,505,764	1,935,887	1,465,504
Mississippi Coast Coliseum			
Commission	4,850,407	3,747,290	2,836,776

Pension Plan Fiduciary Net Position

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

B. Deferred Compensation Plan

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

14. Long-term Debt

The County had the following types of long-term debt outstanding as of September 30, 2020:

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

Description	Amount Outstanding	Interest Rate	Maturity Date
Primary government:			
A. General Obligation Bonds			
Special Obligation Refunding Bonds, Series 2010A	\$ 25,780,000	5.0-5.25%	Jan. 2034
Special Obligation Refunding Bonds, Series 2010B	40,000,000	Variable	Sep. 2045
General Obligation Refunding Bonds, Series 2010E	1,180,000	3.60%	Dec. 2025
General Obligation Refunding Bonds, Series 2016B	11,705,000	4-5%	Oct. 2028
General Obligation Refunding Bonds, Series 2017A	6,224,000	1.95-2.25%	Mar. 2030
Special Obligation MS Development Bank Bonds, Series 2018	13,760,000	3.59%	Dec. 2033
General Obligation Refunding Tax Exempt Bonds, Series 2019A	21,480,000	3-5.0%	Oct. 2031
General Obligation Refunding Taxable Bonds, Series 2019B	11,750,000	1.652-2.364%	Oct. 2031
General Obligation Refunding Taxable Bonds, Series 2020	<u>5,523,000</u>	1.40%	Mar. 2030
Total bonds - primary government	<u><u>\$ 137,402,000</u></u>		
B. Capital leases			
Bank of America - Gulfport HVAC lease	\$ 326,520	1.64%	Nov. 2021
Bank of America - energy efficiency lease	3,093,684	1.49%	Nov. 2027
BancorpSouth - road equipment lease	<u>2,553,052</u>	2.23%	Oct. 2025
Total capital leases - primary government	<u><u>\$ 5,973,256</u></u>		
C. Other loans			
MDA Cap Loan 0303	\$ 6,855	3.00%	Nov. 2020
MDA Cap Loan 0304	<u>6,742</u>	3.00%	Nov. 2020
Total other loans - primary government	<u><u>\$ 13,597</u></u>		
Component units			
D. Other loans			
Harrison County Development Commission			
MDA - Innovation Center	\$ 5,484	3.00%	Nov. 2021
Mississippi Coast Coliseum Commission			
BancorpSouth Bank - land purchase	<u>2,474,334</u>	4.75%	Dec. 2019
Total other loans	<u><u>\$ 2,479,818</u></u>		

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

A. General Obligation Bonds Payable

Year ending September 30,	General Obligation Bonds	
	Principal	Interest
2021	\$ 8,150,000	\$ 5,597,390
2022	8,466,000	5,288,663
2023	8,800,000	4,963,341
2024	9,143,000	4,627,518
2025	8,729,000	4,279,548
2026-2030	38,185,000	16,484,255
2031-2035	18,789,000	10,234,406
2036-2040	16,380,000	6,361,448
2041-2045	20,760,000	2,177,092
Total	<u>\$ 137,402,000</u>	<u>\$ 60,013,661</u>

B. Capital Leases – See Note 11

C. Other Loans

Year ending September 30,	Other Loans	
	Principal	Interest
2021	\$ 13,597	\$ 1,451
Total	<u>\$ 13,597</u>	<u>\$ 1,451</u>

D. Component Unit Other Loans

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

Year ending September 30,	Other Loans	
	Principal	Interest
2021	\$ 2,479,818	\$ 50,560
Total	<u>\$ 2,479,818</u>	<u>\$ 50,560</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount Due Within One Year
Primary government					
Governmental activities:					
Compensated absences	\$ 2,842,035	\$ 179,906	\$ -	3,021,941	\$ 302,194
General obligation bonds	146,174,000	5,523,000	14,295,000	137,402,000	8,150,000
Capital leases	4,185,975	2,553,052	765,771	5,973,256	1,091,031
Other loans	84,058	-	70,461	13,597	13,597
Sub-total	153,286,068	8,255,958	15,131,232	146,410,794	9,556,822
Less:					
Deferred amounts on refundings	2,962,133	-	791,311	2,170,822	262,476
Add:					
Premium	7,824,605	-	719,015	7,105,590	719,015
Total primary government	\$ 158,148,540	\$ 8,255,958	\$ 15,058,936	\$ 151,345,562	\$ 10,013,361
Component units:					
Governmental Activities:					
Harrison County Development Commission					
Compensated absences	\$ 31,970	\$ 35,875	\$ 18,411	\$ 49,434	\$ 3,376
Other loans	87,231	-	81,747	5,484	5,484
Business-type Activities:					
Harrison County Development Commission					
Compensated absences	5,725	5,844	8,429	3,140	3,140
Mississippi Coast Coliseum Commission					
Compensated absences	106,313	4,779	-	111,092	11,109
Other loans	2,749,334	-	275,000	2,474,334	2,474,334
Total component units	\$ 2,980,573	\$ 46,498	\$ 383,587	\$ 2,643,484	\$ 2,497,443

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

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2020, the amount of outstanding debt was equal to 5.88% of the latest property assessments.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Advance Bond Refunding – In September 2020, the County issued \$5,523,000 2020 Series in taxable general obligation refunding bonds with an average interest rate of 1.4% to refund the 2017B Bond Series.

The County refunded the above bonds to reduce its total debt service payments over the next 9 years by \$436,354 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$405,696.

The proceeds from the new issuance were deposited in trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the County's liabilities.

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

Intragovernmental Debt Transactions - In February 2000, Harrison County, Mississippi obtained two loans in the amount of \$500,000 each bearing 3% interest, through the Mississippi Development Authority (MDA) for improvements to the Biloxi Commerce Park (BCP). Principal and interest payments are payable monthly in the amount of \$2,773 on both loans through November 1, 2020. The principal and interest thereon are obligations of the County. However, the Commission provides for repayment of the loans. The principal balance of \$13,597 has been removed from the Commission's debt schedule and is included in Intragovernmental balances on the government-wide financial statements. See Note (5) for details.

15. Deficit Fund Balances of Individual Funds

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

Fund	Deficit Amount
Senior Companion Program Fund	\$ 659
Worthless Check Division Fund	5,583
Jail Repair Fund	2,765,592

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

16. Contingencies

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

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

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

The Commission is contingently liable under a contract with Levy Premium Foodservice Limited Partnership whereby Levy agrees to make capital investments to the Coliseum over a five year period and the Coliseum agrees to an early termination fee to the vendor's contract. If the Agreement for Levy to provide food and beverages at the Mississippi Coast Coliseum is terminated by either party at any time for any reason prior to the expiration of the term, the Commission agrees to pay to Levy, in a single lump sum payment, the unamortized value of the Capital Investment and Additional Investment (amortizing on an annual straight line basis over the Term from the time the portion of such investment is made, with no amortization for partial contract years). The early termination fee balance at September 30, 2020 was \$1,404,626.

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

The total amount outstanding as of September 30, 2020, is as follows:

Issue	Amount Outstanding
Mississippi Development Bank Bond, Series 2009B	\$ 63,295,000
Mississippi Development Bank Bond, Series 2013A	42,240,000
Total	

18. Effect of Deferred Amounts on Net Position

A. Primary Government

The governmental activities' unrestricted net position amount of \$(119,224,476) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,666,834 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 \$11,200,354 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The County does not have a balance of deferred inflow of resources related to pension at September 30, 2020.

The governmental activities' unrestricted net position amount of \$(119,224,476) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County non-capital debt. \$262,476 of the \$2,170,822 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next 12 years.

The governmental activities' net investment in capital assets net position of \$78,121,729 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County capital debt. \$1,908,346 of the \$2,170,822 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 net position over the next 10 years.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

B. Component units

The component units unrestricted net position amount of \$13,692,325 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$73,573 resulting from component units' 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 \$485,535 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$20,883 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next 3 years.

19. Joint Ventures

The County participates in the following joint ventures:

Harrison County is a participant with the Cities of Gulfport, Biloxi, Pass Christian, D'Iberville and Bay St. Louis in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate Harrison County Library System. The joint venture was created to furnish Harrison County and the cities within Harrison County with library service and is governed by a board consisting of five members, with each entity appointing one member. By contractual agreement, the County's appropriation to the joint venture was \$929,000 in fiscal year 2020. Complete financial statements for the Harrison County Library can be obtained from the Gulfport branch located at 1300 21st Avenue, Gulfport, Mississippi.

Harrison County is a participant with the Cities of Gulfport, Biloxi, Pass Christian, D'Iberville and Bay St. Louis in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Harrison County Utility Authority. The joint venture was created to handle and dispose of solid waste within the County and the aforementioned cities and is governed by a board consisting of six members, with each entity appointing one member. The County's appropriation to the joint venture was \$4,338,796 for solid waste and wastewater treatment services and \$1,422,730 for water service in fiscal year 2020. Complete financial statements for the Harrison County Utility Authority can be obtained from 10271 Express Drive, Gulfport, Mississippi, 39503.

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Harrison County is a participant with the City of Gulfport and Biloxi in a joint venture, authorized by Section 61-3-7, Miss. Code Ann. (1972), to operate the Gulfport-Biloxi Regional Airport Authority. The joint venture was created to provide the Gulfport-Biloxi metropolitan area with air passenger and air freight facilities and is governed by a board consisting of three members, with each entity appointing one member. The Harrison County Board of Supervisors appoints one of the three members of the commission. The County did not appropriate to the joint venture in fiscal year 2020. Complete financial statements for the Gulfport-Biloxi Regional Airport Authority can be obtained from P.O. Box 2127, Gulfport, Mississippi, 39501.

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

20. Jointly Governed Organizations

The County participates in the following jointly governed organizations:

The Gulf Coast Mental Health operates in a district of the counties of Hancock, Harrison, Pearl River and Stone. The governing body is a four-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties. The County appropriated \$2,525,500 for the support of the agency in fiscal year ending September 30, 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, Stone and Wayne. The Harrison County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$47,676 for the support of the agency in the fiscal year ended September 30, 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 \$8,770,086 for maintenance and support of the college in fiscal year 2020.

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Gulf Regional Planning and Development District operates in a district composed of the Counties of Hancock, Harrison and Jackson. The governing body is a nine-member board of directors, three appointed by the Board of Supervisors of each member county. The County appropriated \$21,165 for support of the district in fiscal year 2020.

Gulf Coast Community Action Agency operates in the Counties of George, Greene, Harrison and Hancock. The agency's board is composed of 24 members, one each appointed by the Counties of George, Greene, Harrison and Hancock, and the Cities of Bay St. Louis, Biloxi, Gulfport and Pass Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants and the member governments provides only a modest amount of financial support when the grants require matching funds. The County provided no financial support in fiscal year 2020.

Mississippi Coast Transportation Authority operates along the Mississippi Gulf Coast. The authority is composed of the following six members: Harrison County and the cities of Bay St. Louis, Biloxi, Gulfport, Ocean Springs and Pass Christian. The authority's board is composed of nine members, two each appointed by Harrison County and the Cities of Biloxi and Gulfport and one each appointed by the Cities of Ocean Springs, Bay St. Louis and Pass Christian. The County appropriated \$427,243 for the support of the authority in the fiscal year ending September 30, 2020.

Harrison-Jackson County Emergency Medical Service District operates in a district composed of Counties of Harrison and Jackson and the Cities of Biloxi, Gulfport and Ocean Springs. The district's board is composed of five members, one each appointed by each government. The County provided no financial support in fiscal year 2020.

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

21. Derivatives and Interest Rate Swaps

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

At September 30, 2020, the County has the following derivative instruments outstanding:

Item	Notional Amount	Fair Value		Changes in Fair Value	
		Classification	Amount	Classification	Amount
A	\$ 40,000,000	Debt	\$ (31,534,549)	Deferred inflow	\$ (5,057,436)

Objectives of hedging derivative instruments: The County has entered into interest rate swaps to manage interest costs related to long-term debt. The following table summarizes the key terms and general information of the effective hedging interest rate swaps outstanding as of September 30, 2020:

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

Derivative Instrument Risks:

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

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

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

As of September 30, 2020, the County has no net exposure to actual credit risk on its derivatives because the total exposure to each counterparty is a liability to the County. The County does not measure theoretical exposure on its derivative portfolio.

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

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

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

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

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

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

22. Tax Abatements

As of September 30, 2020, the County provides tax abatements and exemptions through three programs – Tax Incentives for Economic Development and Residential Improvement Program, Industrial Exemption Program and Free Port Warehouse Exemption Program.

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

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

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

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

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

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

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

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

The following table reflects the amount of ad valorem taxes that were abated or exempted for the year ended September 30, 2020:

Program	Ad Valorem Taxes Abated/Exempted
Tax Incentives for Economic Development and Residential Improvement	\$ 794,312
Industrial Exemption – Real property	61,893
Industrial Exemption – Personal property	53,472
Free Port Warehouse	286,396

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

The County also participates with the City of Biloxi and the City of D'Iberville in Tax Increment Financing for economic development within those cities. A small, geographic area, the TIF district, is designated for subsidized development. The property values go up as a result of the development and the increase in tax revenues over the base amount is what the County has elected to contribute to pay the debt service on the TIF bonds issued. The following table reflects the amount of ad valorem taxes abated or offset for the year ended September 30, 2020:

City	TIF Issue	Terms of TIF Agreement	Amount of Taxes Allocated for
City of Biloxi	2016 Refunding TIF	County will match 42% of debt payments with increase in ad valorem and personal property within TIF district	\$ 1,075,106
City of Biloxi	Margaritaville TIF	County will forgo 50% of increase in ad valorem and personal property tax within tax district	7,334
City of Biloxi	Wal-Mart Neighborhood TIF	County will forgo 50% of increase in ad valorem and personal property tax within tax district	52,643
Total City of Biloxi			<u>1,135,083</u>
City of D'Iberville	2004 Walmart TIF	County will match debt payments up to \$1,000,000 with increase in ad valorem and personal property tax	99,926
City of D'Iberville	Promenade TIF	County will forgo 50% of increase in ad valorem and personal property tax within tax district	181,755
Total City of D'Iberville			<u>281,681</u>
Total ad valorem forgone for TIF debt payments			<u>\$ 1,416,764</u>

Harrison County, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2020
(Continued)

23. 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 recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the County evaluated activity of the County through May 6, 2022, and determined the following subsequent event have occurred requiring disclosure in the notes to the financial statements.

Hurricane Zeta hit the Mississippi Gulf Coast area on October 28, 2020 as a Category 3 major hurricane. It did extensive damage to several County buildings and equipment, however, insurance proceeds and FEMA reimbursements have been sufficient to pay for those unbudgeted expenditures.

On March 31, 2021, the County issued 2021 General Obligation Refunding Bonds in the amount of \$8,604,000 to partially refund the 2018 General Obligation Bond for a total debt service savings of \$376,711.

Required Supplementary Information

Harrison County, Mississippi
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - UNAUDITED
General Fund
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual- Budgetary Basis	Variances- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ 48,275,894	\$ 49,316,755	\$ 49,316,755	\$ 1,040,861	\$ -
Licenses, commissions and other revenue	3,602,000	4,800,422	4,800,422	1,198,422	-
Fines and forfeitures	872,525	1,327,306	1,327,306	454,781	-
Intergovernmental revenue	7,900,000	8,310,463	8,310,463	410,463	-
Charges for services	3,033,000	3,754,962	3,754,962	721,962	-
Interest income	589,175	422,807	422,807	(166,368)	-
Miscellaneous revenues	708,500	1,930,388	1,910,653	1,221,888	(19,735)
Total revenues	<u>64,981,094</u>	<u>69,863,103</u>	<u>69,843,368</u>	<u>4,882,009</u>	<u>(19,735)</u>
Expenditures					
Current					
General government	31,795,159	28,775,407	28,775,407	3,019,752	-
Public safety	28,484,753	27,106,764	27,106,764	1,377,989	-
Public works	59,237	26,328	26,328	32,909	-
Health and welfare	5,452,729	6,329,970	6,329,970	(877,241)	-
Culture and recreation	3,482,069	3,222,304	3,222,304	259,765	-
Conservation of natural resources	180,189	170,431	170,431	9,758	-
Economic development and assistance	46,777	46,776	46,776	1	-
Debt service	1,473,945	1,460,978	1,460,978	12,967	-
Total expenditures	<u>70,974,858</u>	<u>67,138,958</u>	<u>67,138,958</u>	<u>3,835,900</u>	<u>-</u>
Excess of revenues over/(under)expenditures	<u>(5,993,764)</u>	<u>2,724,145</u>	<u>2,704,410</u>	<u>8,717,909</u>	<u>(19,735)</u>
Other financing sources (uses)					
Proceeds from sales of capital assets	-	34,265	34,265	34,265	-
Transfers in	4,155,000	4,098,090	4,093,056	(56,910)	(5,034)
Transfers out	(1,334,500)	(2,024,915)	(2,024,915)	(690,415)	-
Total other financing sources (uses)	<u>2,820,500</u>	<u>2,107,440</u>	<u>2,102,406</u>	<u>(713,060)</u>	<u>(5,034)</u>
Net change in fund balances	<u>(3,173,264)</u>	<u>4,831,585</u>	<u>4,806,816</u>	<u>8,004,849</u>	<u>(24,769)</u>
Fund balances, beginning of year	<u>32,653,581</u>	<u>32,653,581</u>	<u>32,677,582</u>	<u>-</u>	<u>24,001</u>
Fund balances, end of year	<u>\$ 29,480,317</u>	<u>\$ 37,485,166</u>	<u>\$ 37,484,398</u>	<u>\$ 8,004,849</u>	<u>\$ (768)</u>

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

Harrison County, Mississippi
Notes to the Required Supplementary Information-Budgetary Schedules
For the Year Ended September 30, 2020

Budgetary Comparison Schedule

A. Budgetary Information

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

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

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

	<u>General Fund</u>
Budget (cash basis)	\$ 4,806,816
Increase (decrease)	
Net adjustments for revenues	(765,995)
Net adjustments for expenditures	390,670
GAAP basis	<u><u>\$ 4,431,491</u></u>

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

Harrison County, Mississippi
Schedule of Changes in the County's Total OPEB Liability and Related Ratios Last 10 Fiscal Years *
September 30, 2020

	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability			
Service cost	\$ 182,135	\$ 173,462	\$ 325,938
Interest	63,937	63,937	132,237
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(2,635,781)	-
Changes in assumptions or other inputs	-	208,167	-
Benefit payments	(29,693)	(27,621)	(58,269)
Net change in total OPEB liability	\$ 216,379	\$ (2,217,836)	\$ 399,906
 Total OPEB Liability- beginning	 \$ 2,139,221	 \$ 4,357,057 **	 \$ 3,957,151
Total OPEB Liability- ending	\$ 2,355,600	\$ 2,139,221	\$ 4,357,057
 Covered-employee payroll	 \$ 28,645,828	 \$ 28,084,145	 \$ 26,070,069
 Total OPEB as a % of covered-employee payroll	 8.2%	 7.6%	 16.7%

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

**As restated due to the implementation of GASB 75

Notes to Schedule:

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

Changes in Assumptions

2019

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

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

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

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

2018

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

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

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

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

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

Harrison County, Mississippi
Schedule of the County's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years*
For the Year Ended September 30, 2020

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.55%	0.53%	0.52%	0.51%	0.51%	0.50%	0.49%
County's proportionate share of the net pension liability	\$ 106,473,610	\$ 93,237,458	\$ 86,491,449	\$ 84,779,309	\$ 91,098,735	\$ 78,835,943	N/A
County's covered payroll	\$ 34,580,926	\$ 32,568,055	\$ 30,596,078	\$ 32,688,876	\$ 32,457,987	\$ 31,598,679	\$ 31,761,378
County's proportionate share of the net pension liability as a percentage of its covered payroll	307.90%	286.29%	282.69%	259.35%	280.67%	249.96%	N/A
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

Harrison County, Mississippi
Schedule of the County's Contributions Last 10 Fiscal Years*
For the Year Ended September 30, 2020

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,378,051	\$ 5,682,613	\$ 5,303,343	\$ 5,126,684	\$ 5,338,324	\$ 4,996,050
Contributions in relation to the contractually required contribution	\$ 6,378,051	\$ 5,682,613	\$ 5,303,343	\$ 5,126,684	\$ 5,338,324	\$ 4,996,050
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 36,655,431	\$ 34,201,896	\$ 33,671,997	\$ 32,550,375	\$ 33,894,121	\$ 31,720,952
Contributions as a percentage of covered payroll	17.40%	16.61%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years.

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

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

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

Harrison County, Mississippi
Notes to the Required Supplementary Information- Pension Schedules
For the Year Ended September 30, 2020

Pension Schedules

A. Changes of assumptions.

2019

- The expectation of retired life mortality was changed to the PubS. H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2018

- No changes in assumptions.

2017

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

2016

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

2015

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

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

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are (June 30, 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

Supplementary Information

Harrison County, Mississippi
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2020

Grantor Federal Agency / Pass-Through Agency / Program Title	CFDA Number	Contract/Grant Number	Federal Expenditures
U.S. Department of Agriculture - Office of Food and Nutrition Service			
Passed through the South Mississippi Planning and Development District			
Child and Adult Care Food Program	10.558	N/A	\$ 3,555
Passed through the Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665		154,451
Total U.S. Department of Agriculture			<u>158,006</u>
U.S. Department of Commerce			
Passed through the Mississippi Department of Environmental Quality			
Coastal Zone Management Administration Awards	11.419	SW1262	1,078
Coastal Zone Management Administration Awards	11.419	SWC545	42,940
Total U.S. Department of Commerce			<u>44,018</u>
U.S. Department of Interior			
Payments in Lieu of Taxes	15.226		63,105
Total U.S. Department of Interior			<u>63,105</u>
U.S. Department of Justice - Office of Justice Programs			
Passed through the City of Gulfport, MS			
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0270	3,731
Equitable Sharing Program *	16.922	N/A	457,976 **
Total U.S. Department of Justice			<u>461,707</u>
U.S. Department of Transportation - Federal Highway Administration/			
Passed through Mississippi Department of Transportation			
Highway Planning and Construction Grant *	20.205	BR NBIS 082 B	5,880
Highway Planning and Construction Grant *	20.205	BR NBIS 112 B	55
Highway Planning and Construction Grant *	20.205	BR NBIS 113 B	98
Highway Planning and Construction Grant *	20.205	STPBR 9044 1 B	75
Highway Planning and Construction Grant *	20.205	STPBR 0024 26BO	250,540
Subtotal			<u>256,648</u>
Passed through the Mississippi Department of Public Safety State and			
Community Highway Safety	20.600	OP-2020-OP-12-41	64,033
Total U.S. Department of Transportation			<u>320,681</u>

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

Harrison County, Mississippi
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2020

Grantor Federal Agency / Pass-Through Agency / Program Title	CFDA Number	Contract/Grant Number	Federal Expenditures
U. S. Department of Education			
Passed through the Mississippi Department of Public Safety			
Education Research, Development and Dissemination Grant	84.305	20CA1241	78
Total U.S. Department of Education			78
Election Assistance Commission			
HAVA Election Security Grants	90.404		240,072
Total Election Assistance Commission			240,072
U. S. Department of Health and Human Services			
Passed through the South Mississippi Planning and Development District			
Special Programs for the Aging-Title III, Part B-Grants for			
Supportive Services and Senior Centers	93.044	N/A	94,171
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045		6,635
Nutrition Services Incentive Program	93.053		12,265
Total U.S. Department of Health and Human Services			113,071
Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002	2020-OPEI-P74-OPO-22221-4101	73,842
Senior Companion Program	94.016	17SCSMS003	97,218
Senior Companion Program	94.016	20SCSMS001	82,540
Subtotal			179,758
Total Corporation for National and Community Service			253,600
Executive Office of the President			
High Intensity Drug Trafficking Area	95.001	G18GC0003A	17,832
High Intensity Drug Trafficking Area	95.001	G19GC0003A	20,015
High Intensity Drug Trafficking Area	95.001	G20GC0003A	17,580
Total Executive Office of the President			55,427
U.S. Department of Homeland Security			
Passed through the Mississippi Emergency Management Agency			
Emergency Management Performance Grants	97.042	EMA-2019-EP-00006	142,256
Homeland Security Grant Program *	97.067	S18LE024	33,209
Homeland Security Grant Program *	97.067	M18LE024	12,965
Homeland Security Grant Program *	97.067	19LE024	31,511
Homeland Security Grant Program *	97.067	S19LE024	84,102
Subtotal			161,787
Total U.S. Department of Homeland Security			304,043
Total Expenditures of Federal Awards			\$ 2,013,808

* Denotes major federal award program

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

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

Harrison County, Mississippi
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2020

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Harrison County, Mississippi under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Harrison County, Mississippi, it is not intended to and does not present the financial position, results of operations and cash flows of Harrison County, Mississippi.

Note B - Summary of Significant Accounting Policies

1. General

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

2. Contingency

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

3. Loan and Loan Guarantees

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

4. Indirect Cost Rate

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

Other Information

Harrison County, Mississippi
Schedule of Surety Bonds for County Officials
For the Fiscal Year Ended September 30, 2020
Unaudited

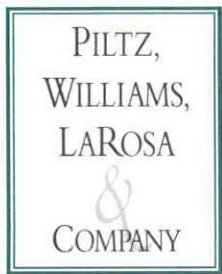
Name	Position	Company	Bond
Beverly Martin	Supervisor District 1	Fidelity and Deposit Company	\$ 100,000
Rebecca Powers	Supervisor District 2	Fidelity and Deposit Company	\$ 100,000
Marlin Roger Ladner	Supervisor District 3	Fidelity and Deposit Company	\$ 100,000
Daniel Kent Jones	Supervisor District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

Harrison County, Mississippi
Schedule of Surety Bonds for County Officials
For the Fiscal Year Ended September 30, 2020
Unaudited

Name	Position	Company	Bond
Peggy Harvey	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Christie Kessler	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Stewart Lee	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Michelle Marroy	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Kaitlynn McGoeys	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Paige Miller	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jill Moran	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Ashley Morgan	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Cody Nash	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jillian Necaise	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Marie Niolet	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Barry Pickreign	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Stephanie Ritter	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Toni Ross	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Angelyn Skiados	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jennifer Smith	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Kamisha Taylor	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Chrishona Wade	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Justin Wetzel	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jamie White	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Brenda Whitworth	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Troy Peterson	Sheriff	Fidelity and Deposit Company	\$ 100,000
	Deputy Sheriffs	Western Surety Company	\$ 50,000
Albert J. Fountain	Justice Court Judge - District 1	Fidelity and Deposit Company	\$ 50,000
David B. Ladner	Justice Court Judge - District 2	Fidelity and Deposit Company	\$ 50,000
Louise D. Ladner	Justice Court Judge - District 3	Fidelity and Deposit Company	\$ 50,000
Melvin J. Ray	Justice Court Judge - District 4	Fidelity and Deposit Company	\$ 50,000
Nick Patano	Justice Court Judge - District 5	Fidelity and Deposit Company	\$ 50,000
Greg Illich	Justice Court Clerk	Fidelity and Deposit Company	\$ 50,000
Robin Jones	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Nadia Ladner	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Allan Cramer	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Tiffany Duvic	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Cynthia Eighmey	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Mary Mrtha Evans	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Erin Gassman	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Judy E Irons	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Ashley Ladner	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Tammy Ladner	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Jacqueline McBride	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Amanda McKay	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Rebecca Meakins	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Melanie Romero	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Merry Savoy	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Linda Woodall	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Melissa Randall Yarber	Deputy Justice Clerks	Fidelity and Deposit Company	\$ 50,000
Sharon Nash Barnett	Tax Collector	Fidelity and Deposit Company	\$ 100,000
	Deputy Tax Collectors	Fidelity and Deposit Company	\$ 50,000
Paula Ladner	Tax Assessor	Fidelity and Deposit Company	\$ 100,000
	Deputy Tax Assessors	Fidelity and Deposit Company	\$ 50,000

Special Reports

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



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

Members of the Board of Supervisors
Harrison County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Harrison County, Mississippi as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Harrison County, Mississippi's basic financial statements, and have issued our report thereon dated May 6, 2022.

Our report includes an unmodified opinion on the discretely presented component units. The report is qualified on the governmental activities and the General Fund because management did not maintain an accurate aging of fines receivable for the Circuit Courts as required by accounting principles generally accepted in the United States of America. Except as previously noted, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: **2020-001**.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

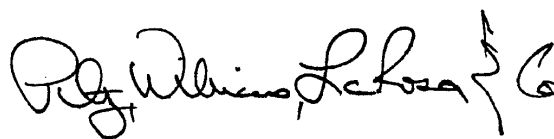
We noted certain matters that we reported to the management of Harrison County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated May 6, 2022, included within this document.

Harrison County, Mississippi's Response to Findings

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

Purpose of this Report

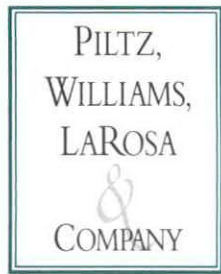
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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



Certified Public Accountants

Biloxi, Mississippi
May 6, 2022

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



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Michael D. O'Neill, CPA

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

Members of the Board of Supervisors
Harrison County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the Harrison County, Mississippi's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Harrison County, Mississippi's major federal programs for the year ended September 30, 2020. Harrison County, Mississippi's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Harrison County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

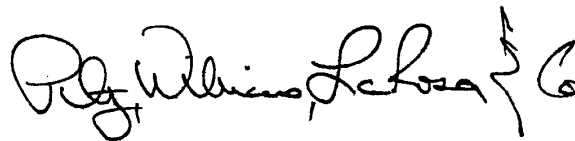
Report on Internal Control over Compliance

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

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

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

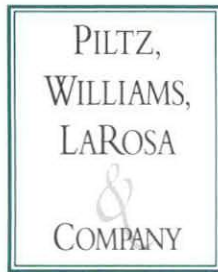
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However,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



Certified Public Accountants

Biloxi, Mississippi
May 6, 2022

**Independent Accountants' Report on Central Purchasing System,
Inventory Control System and Purchase Clerk Schedules
(Required by Section 31-7-115, Miss. Code Ann. (1972))**



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**Independent Accountants' 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 Harrison County,
Mississippi

We have examined Harrison 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 the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Harrison County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Harrison 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.

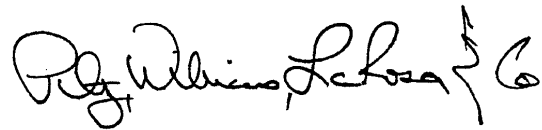
Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes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

The results of our audit procedures disclosed no instances of noncompliance with the aforementioned code sections.

In our opinion, Harrison County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the fiscal 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 of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Harrison County, Mississippi, 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.



Certified Public Accountants

Biloxi, Mississippi
May 6, 2022

Harrison County, Mississippi
Schedule of Purchases from Other Than the Lowest Bidder
For the Year Ended September 30, 2020

Date Purchased	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Accepting Other Than the Lowest Bid
08/11/20	PUMP FOR BRIDGE & TRAFFIC	\$ 8,267	ERNEST INDUSTRIES INC.	\$ 6,696	IN STOCK AND SHIPS 2-3 BUSINESS DAYS

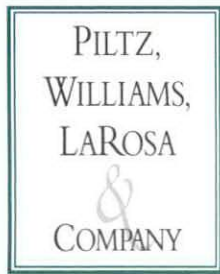
Harrison County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Date Purchased	Item Purchased	Amount		Vendor	Reason for Emergency Purchase
		Paid			
10/28/19	PARTS AND LABOR TO REPLACE FUEL PUMP & COMPUTER SYSTEM ON ENGINE 10	\$	6,041	JOHNSON DIESEL SERVICE	TRUCK SHUT DOWN AND OUT OF SERVICE
11/13/19	BOILER REPLACEMENT FOR BLOCKS B-D AT JAIL		197,729	HERMETIC RUSH SERVICES OF GULF COAST	BOILERS REACHED THE END OF LIFE FOR GETTING PARTS FROM MANUFACTURER
01/02/20	EMERGENCY CORRECTED TRANSDUCER SENSOR, CLEANED CHILL WATER STRAINER, SET PRESSURE		6,185	ENGINEERED COOLING SERVICE INC.	ALARM ON CHILLER GOES OFF EVERY MORNING
02/10/20	PARTS AND LABOR TO REPAIR ENGINE #3		8,800	DEEP SOUTH TRUCK & EQUIPMENT SALES INC.	TRUCK OUT OF SERVICE
03/13/20	PARTS AND LABOR TO INSTALL NEW AP50 PUMP ON TENDER 6		5,500	DEEP SOUTH TRUCK & EQUIPMENT SALES INC.	METAL DEBRIS CAUSED DAMAGE IN PUMP HOUSING
03/30/20	1- CONDENSER COIL LEAK ON RTU/ REPLACE COIL, 2 FILTER DRIERS		14,281	HERMETIC RUSH SERVICES OF GULF COAST	CONDENSER COIL LEAKING ON RTU
08/06/20	DIAGNOSTIC CHECK ON ELECTRICAL SYSTEM & AC DEFROST		5,810	JOHNSON DIESEL	TRUCK OUT OF SERVICE DUE TO BAD BATTERIES, ELECTRIC SHORTAGE, ETC
09/21/20	BILOXI COURTHOUSE REPLACED CAR GATE SWITCH		31,125	COAST ELEVATOR CO.	ELEVATOR DOORS STALLING IN CLOSED POSITION

Harrison County, Mississippi
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2020

Date Purchased	Item Purchased	Amount		Vendor
		Paid		
03/23/20	IMAGING EQUIPMENT	62,925		PICTOMETRY INTERNATIONAL CORP

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



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Limited Internal Control and Compliance Review Management Report

Members of the Board of Supervisors Harrison County, Mississippi

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

In addition, for areas not considered material to Harrison County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 6, 2022, on the financial statements of Harrison County, Mississippi.

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

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

Board of Supervisors

Fairgrounds

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

Repeat Finding: Yes

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

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

Cause: Funds are being held in the Fairgrounds office.

Effect: Mississippi law was not followed.

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

Response

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

Harrison County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them. This finding is a repeat finding due to being discovered as part of the previous year's audit during the current fiscal year. As of the current fiscal year end the changes are being implemented.

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


Certified Public Accountants

Biloxi, Mississippi
May 6, 2022

Harrison County, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section 1 – Summary of Auditors’ Results

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

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

2. The audit disclosed one material weakness and no significant deficiencies over financial reporting.
3. The audit did not disclose any noncompliance which is material to the basic financial statements.
4. The audit did not disclose any material weaknesses or significant deficiencies in internal control over major federal programs.
5. An unmodified opinion was issued on compliance for major federal programs.
6. The audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)
7. The major federal programs were:
- Homeland Security Grant CFDA # 97.067
Equitable Sharing Program Grant CFDA # 16.922
Highway Planning and Construction Grant CFDA # 20.205
8. The dollar threshold used to distinguish between Type A and Type B Programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.
10. There are no prior fiscal year audit findings and questioned costs relative to federal awards.

Section 2 – Finding Relating to the Financial Statements

Harrison County, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020
(Continued)

Circuit Clerk

Material Weakness

2020-001 The Circuit Court aging schedule for fines receivable does not accurately reflect receivables due to the County.

Repeat Finding Yes 2019-001

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Views of Responsible Official

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

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

None

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

HARRISON COUNTY

BOARD OF SUPERVISORS

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

TELEPHONE: 228-865-4001

May 6, 2022



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

Gentlemen:

Harrison County respectfully submits the following corrective action plan for the year ended September 30, 2020.

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

SECTION 2: FINANCIAL STATEMENT FINDINGS

2020-001 Corrective Action Planned:

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

Anticipated Completion Date: September 30, 2021.

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

Summary Schedule of Prior Audit Findings

Harrison County, Mississippi
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2020

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

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

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

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