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



WARREN COUNTY

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WARREN COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Warren County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Warren 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 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

Opinions

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

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021, on our consideration of Warren 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 Warren 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 Warren County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

July 23, 2021

WARREN COUNTY

FINANCIAL STATEMENTS

WARREN COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

| | Primary Government | | |
|--|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash | \$ 29,098,694 | 2,038,713 | 31,137,407 |
| Property tax receivable | 21,867,348 | - | 21,867,348 |
| Accounts receivable, net of allowance for uncollectibles of \$153,163 | 78,877 | 97,236 | 176,113 |
| Fines receivable, net of allowance for uncollectibles of \$5,067,304 | 961,740 | - | 961,740 |
| Intergovernmental receivables | 848,349 | - | 848,349 |
| Other receivables | 290,497 | - | 290,497 |
| Cash on deposit in risk pool | 19,849 | - | 19,849 |
| Land and construction in progress | 2,532,708 | 4,081,027 | 6,613,735 |
| Other capital assets, net | 82,704,068 | 2,705,925 | 85,409,993 |
| Total Assets | 138,402,130 | 8,922,901 | 147,325,031 |
| Deferred Outflows of Resources | | | |
| Deferred outflows related to pension | 3,366,206 | 68,699 | 3,434,905 |
| Total Deferred Outflows of Resources | 3,366,206 | 68,699 | 3,434,905 |
| Liabilities | | | |
| Claims payable | 899,466 | 264,782 | 1,164,248 |
| Intergovernmental payables | 706,703 | - | 706,703 |
| Accrued interest payable | 45,589 | 1,791 | 47,380 |
| Amounts held in custody for others | 403,834 | - | 403,834 |
| Other payables | - | - | - |
| Long-term liabilities | | | |
| Due within one year: | | | - |
| Capital related debt | 1,138,493 | 98,598 | 1,237,091 |
| Net OPEB Liability, current portion | 52,996 | 1,082 | 54,078 |
| Due in more than one year: | | | |
| Capital related debt | 5,208,196 | 938,384 | 6,146,580 |
| Non-capital debt | 616,662 | 25,843 | 642,505 |
| Net OPEB liability | 2,372,787 | 48,424 | 2,421,211 |
| Net pension liability | 31,492,954 | 642,714 | 32,135,668 |
| Total Liabilities | 42,937,680 | 2,021,618 | 44,959,298 |
| Deferred Inflows of Resources | | | |
| Deferred inflows related to pension | 22,969 | 469 | 23,438 |
| Deferred inflows related to OPEB | 7,414,987 | 151,326 | 7,566,313 |
| Property tax for future reporting period | 21,867,348 | - | 21,867,348 |
| Total deferred inflows of resources | 29,305,304 | 151,795 | 29,457,099 |
| Net Position | | | |
| Net investment in capital assets | 78,890,087 | 5,749,970 | 84,640,057 |
| Restricted: | | | |
| Expendable: | | | |
| General government | 160,077 | - | 160,077 |
| Debt service | 556,008 | - | 556,008 |
| Public safety | 1,613,705 | - | 1,613,705 |
| Public works | 4,172,905 | 1,068,217 | 5,241,122 |
| Culture and recreation | 937,069 | - | 937,069 |
| Conservation of Natural Resources | 8,701 | - | 8,701 |
| Economic development | 348,901 | - | 348,901 |
| Unemployment | 90,886 | - | 90,886 |
| Capital Projects | 739,424 | - | 739,424 |
| Unrestricted | (17,992,411) | - | (17,992,411) |
| Total Net Position | \$ 69,525,352 | 6,818,187 | 76,343,539 |

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

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

Exhibit 2

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|----------------------|--------------------------|--------------------|---|--------------------------|--------------|
| | Expenses | Charges for Services | Operating | Capital Grants and | Primary Government | | |
| | | | Grants and Contributions | Contributions | Governmental Activities | Business Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 7,544,646 | 813,265 | 583,606 | 24,655 | (6,123,120) | | (6,123,120) |
| Public safety | 9,268,274 | 1,485,363 | 381,544 | - | (7,401,367) | | (7,401,367) |
| Public works | 7,340,831 | 116,438 | 803,594 | 3,168,069 | (3,252,730) | | (3,252,730) |
| Health and welfare | 1,037,478 | - | 64,887 | - | (972,591) | | (972,591) |
| Culture and recreation | 1,507,051 | 442,978 | - | - | (1,064,073) | | (1,064,073) |
| Conservation of natural resources | 151,889 | - | - | - | (151,889) | | (151,889) |
| Economic development and assistance | 28,927 | - | - | - | (28,927) | | (28,927) |
| Interest on long-term debt | 170,273 | - | - | - | (170,273) | | (170,273) |
| OPEB Expense | 249,255 | - | - | - | (249,255) | | (249,255) |
| Pension expense | 3,670,653 | - | - | - | (3,670,653) | | (3,670,653) |
| Total Governmental Activities | 30,969,277 | 2,858,044 | 1,833,631 | 3,192,724 | (23,084,878) | | (23,084,878) |
| Business-type activities: | | | | | | | |
| Port | 1,659,172 | 1,252,280 | - | 99,495 | - | (307,397) | (307,397) |
| Total Business-type Activities | 1,659,172 | 1,252,280 | - | 99,495 | | (307,397) | (307,397) |
| Total Primary Government | \$ 32,628,449 | 4,110,324 | 1,833,631 | 3,292,219 | (23,084,878) | (307,397) | (23,392,275) |
| General revenues: | | | | | | | |
| Property taxes | | | | | \$ 22,223,787 | - | 22,223,787 |
| Road & bridge privilege taxes | | | | | 579,529 | - | 579,529 |
| Grants and contributions not restricted to specific programs | | | | | 3,588,994 | - | 3,588,994 |
| Unrestricted investment income | | | | | 389,134 | - | 389,134 |
| Miscellaneous | | | | | 450,745 | 61,060 | 511,805 |
| Gain (loss) on experience and change of OPEB assumptions | | | | | 1,235,832 | 25,221 | 1,261,053 |
| Gain (loss) on disposal of capital assets | | | | | (3,832,688) | 4,900 | (3,827,788) |
| Total General Revenues | | | | | 24,635,333 | 91,181 | 24,726,514 |
| Changes in Net Position | | | | | 1,550,455 | (216,216) | 1,334,239 |
| Net Position - Beginning, as previously reported | | | | | 67,227,534 | 7,034,403 | 74,261,937 |
| Prior period adjustments | | | | | 747,363 | - | 747,363 |
| Net Position- Beginning, as restated | | | | | 67,974,897 | 7,034,403 | 75,009,300 |
| Net Position - Ending | | | | | \$ 69,525,352 | 6,818,187 | 76,343,539 |

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

WARREN COUNTY
Balance Sheet – Governmental Funds
September 30, 2020

Exhibit 3

| | Major Funds | | | Other | Total |
|--|----------------------|------------------|------|-------------------|-------------------|
| | General | Road | Fund | Governmental | Governmental |
| | Fund | | | Funds | Funds |
| ASSETS | | | | | |
| Cash | \$ 20,001,492 | 1,505,838 | | 7,591,364 | 29,098,694 |
| Property tax receivable | 16,716,485 | 2,702,797 | | 2,448,066 | 21,867,348 |
| Accounts receivable, net of allowance for uncollectibles of \$153,163 | 78,877 | - | | - | 78,877 |
| Fines receivable, net of allowance for uncollectibles of \$5,067,304 | 961,740 | - | | - | 961,740 |
| Intergovernmental receivables | 848,349 | - | | - | 848,349 |
| Advances to other funds | 18,630 | - | | - | 18,630 |
| Due from other funds | - | 35,524 | | 31,105 | 66,629 |
| Cash on deposit in risk pool | 19,849 | - | | - | 19,849 |
| Other receivables | 238,779 | - | | 51,718 | 290,497 |
| Total Assets | <u>38,884,201</u> | <u>4,244,159</u> | | <u>10,122,253</u> | <u>53,250,613</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Claims payable | 375,812 | 397,102 | | 126,552 | 899,466 |
| Intergovernmental payables | 674,166 | - | | - | 674,166 |
| Advances from other funds | - | - | | 18,630 | 18,630 |
| Due to other funds | 99,166 | - | | - | 99,166 |
| Amount held in custody | 403,834 | - | | - | 403,834 |
| Total Liabilities | <u>1,552,978</u> | <u>397,102</u> | | <u>145,182</u> | <u>2,095,262</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 16,716,485 | 2,702,797 | | 2,448,066 | 21,867,348 |
| Unavailable revenue - fines | 961,740 | - | | - | 961,740 |
| Total Deferred Inflows of Resources | <u>17,678,225</u> | <u>2,702,797</u> | | <u>2,448,066</u> | <u>22,829,088</u> |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Advances | 18,630 | - | | - | 18,630 |
| Restricted for: | | | | | |
| General government | - | - | | 160,077 | 160,077 |
| Public safety | - | - | | 1,613,705 | 1,613,705 |
| Public works | - | 1,144,260 | | 3,028,645 | 4,172,905 |
| Culture and recreation | - | - | | 937,069 | 937,069 |
| Conservation of natural resources | - | - | | 8,701 | 8,701 |
| Economic development | - | - | | 348,901 | 348,901 |
| Unemployment Compensation | - | - | | 90,886 | 90,886 |
| Capital Projects | - | - | | 739,424 | 739,424 |
| Debt service | - | - | | 601,597 | 601,597 |
| Unassigned | 19,634,368 | - | | - | 19,634,368 |
| Total Fund Balances | <u>19,652,998</u> | <u>1,144,260</u> | | <u>7,529,005</u> | <u>28,326,263</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 38,884,201</u> | <u>4,244,159</u> | | <u>10,122,253</u> | <u>53,250,613</u> |

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

WARREN COUNTY**Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2020**

| | <u>Amount</u> |
|--|----------------------|
| Total fund balance - Governmental Funds | \$ 28,326,263 |
| Amounts reported for governmental services in the Statement of Net Position are different because: | |
| Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$108,344,666 | 85,236,776 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 961,740 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | (6,963,351) |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds. | (45,589) |
| Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds. | (2,425,783) |
| Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds. | |
| Deferred inflows of resources related to OPEB | (7,414,987) |
| Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds. | (31,492,954) |
| Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds. | |
| Deferred outflows of resources related to pensions | 3,366,206 |
| Deferred inflows of resources related to pensions | (22,969) |
| Total Net Position - Governmental Activities | <u>\$ 69,525,352</u> |

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

WARREN COUNTY
Exhibit 4
**Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2020**

| | Major Funds | | Other | Total |
|---|-------------------|------------------|------------------|-------------------|
| | General | Road Fund | Governmental | Governmental |
| | Fund | | Funds | Funds |
| REVENUES | | | | |
| Property taxes | 16,968,963 | 2,588,357 | 2,666,467 | 22,223,787 |
| Road and bridge privilege taxes | - | 579,529 | - | 579,529 |
| Licenses, commissions and other revenue | 629,921 | - | 14,480 | 644,401 |
| Fines and forfeitures | 311,641 | - | 3,075 | 314,716 |
| Intergovernmental revenues | 1,762,014 | 2,225,009 | 2,623,413 | 6,610,436 |
| Gaming tax | 2,004,913 | - | - | 2,004,913 |
| Charges for services | 126,602 | - | 1,915,102 | 2,041,704 |
| Interest income | 362,953 | - | 26,181 | 389,134 |
| Miscellaneous revenues | 414,232 | 2,177 | 34,336 | 450,745 |
| Total Revenues | 22,581,239 | 5,395,072 | 7,283,054 | 35,259,365 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 8,061,373 | - | 5,345 | 8,066,718 |
| Public safety | 8,167,933 | - | 1,639,373 | 9,807,306 |
| Public works | 305,660 | 6,799,942 | 2,489,733 | 9,595,335 |
| Health and welfare | 1,042,569 | - | - | 1,042,569 |
| Culture and recreation | - | - | 1,483,876 | 1,483,876 |
| Conservation of natural resources | 150,498 | - | 1,391 | 151,889 |
| Economic development and assistance | 28,927 | - | - | 28,927 |
| Debt service: | | | | - |
| Principal | 18,800 | 575,651 | 1,039,155 | 1,633,606 |
| Interest and fees | - | 18,227 | 163,217 | 181,444 |
| Total Expenditures | 17,775,760 | 7,393,820 | 6,822,090 | 31,991,670 |
| Excess of Revenues over (under) Expenditures | 4,805,479 | (1,998,748) | 460,964 | 3,267,695 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term capital debt issued | - | 757,485 | - | 757,485 |
| Proceeds from sale of capital assets | 5,056 | 5,317 | - | 10,373 |
| Transfers in | - | - | 376,527 | 376,527 |
| Transfers out | (376,527) | - | - | (376,527) |
| Total Other Financing Sources and Uses | (371,471) | 762,802 | 376,527 | 767,858 |
| Net Changes in Fund Balances | 4,434,008 | (1,235,946) | 837,491 | 4,035,553 |
| Fund Balances - Beginning, as previously reported | 15,218,990 | 2,380,206 | 6,551,764 | 24,150,960 |
| Prior Period Adjustments | - | - | 139,750 | 139,750 |
| Fund Balances- Beginning, as restated | 15,218,990 | 2,380,206 | 6,691,514 | 24,290,710 |
| Fund Balances- Ending | 19,652,998 | 1,144,260 | 7,529,005 | 28,326,263 |

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

WARREN COUNTY**Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2020**

| | <u>Amount</u> |
|--|----------------------------|
| Net Change in Fund Balances - Governmental Funds | \$ 4,035,553 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,325,575 exceeded depreciation of \$3,079,853 in the current period. | 245,722 |
| In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$2,699,420 and the proceeds from the sale of \$10,373 in the current period. | (2,709,793) |
| Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. | (142,777) |
| Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,633,606 exceed debt proceeds of \$757,485. | 876,121 |
| 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. Thus, the change in net position differs from the change in fund balances by a combination of the following items: | |
| Change in compensated absences | (1,216) |
| Change in accrued interest payable | 11,171 |
| Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include: | |
| Recognition of pension expense for the current year | (3,670,653) |
| Recognition of contributions made for the current year | 1,870,452 |
| Items reported in the Statement of Activities relating to OPEB are not reported in the governmental funds. These activities include: | |
| Recognition of OPEB expense for the current year | (249,255) |
| Recognition of gain (loss) on experience and change of OPEB assumptions | 1,235,832 |
| Recognition of contributions made for the current year | 49,298 |
| Change in Net Position of Governmental Activities | \$ <u><u>1,550,455</u></u> |

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

WARREN COUNTY
Statement of Net Position – Proprietary Funds
September 30, 2020

Exhibit 5

| | Business-Type Activities Enterprise Funds |
|---------------------------------------|--|
| | Port Fund |
| ASSETS | |
| Current assets: | |
| Cash | \$ 2,038,713 |
| Accounts receivable | 97,236 |
| Total Current Assets | <u>2,135,949</u> |
| Noncurrent assets: | |
| Land and construction in progress | 4,081,027 |
| Capital assets, net | 2,705,925 |
| Total Noncurrent Assets | <u>6,786,952</u> |
| Total Assets | <u>8,922,901</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | 68,699 |
| Total Deferred Outflows of Resources | <u>68,699</u> |
| LIABILITIES | |
| Current liabilities: | |
| Claims payable | 264,782 |
| Accrued interest payable | 1,791 |
| Capital related debt - current | 98,598 |
| Net OPEB Liability, current portion | 1,082 |
| Total Current Liabilities | <u>366,253</u> |
| Noncurrent liabilities: | |
| Capital related debt: | |
| Other long-term liabilities | 938,384 |
| Non-capital debt: | |
| Compensated absences payable | 25,843 |
| Net OPEB liability | 48,424 |
| Net pension liability | 642,714 |
| Total Noncurrent Liabilities | <u>1,655,365</u> |
| Total Liabilities | <u>2,021,618</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 469 |
| Deferred inflows related to OPEB | 151,326 |
| Total Deferred Inflows of Resources | <u>151,795</u> |
| NET POSITION | |
| Net investment in capital assets | 5,749,970 |
| Restricted for public works | 1,068,217 |
| Total Net Position | <u>\$ 6,818,187</u> |

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

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

| | Business-type Activities Enterprise Funds Port Fund |
|--|---|
| Operating Revenues | |
| Charges for services | \$ 694,958 |
| Rental Income | 557,322 |
| Intergovernmental revenues | 99,495 |
| Other Income | 61,060 |
| Gain (Loss) on experience and change of OPEB Assumptions | 25,221 |
| Total Operating Revenues | 1,438,056 |
| Operating Expenses | |
| Personal services | 419,413 |
| Consumable Supplies | 332,176 |
| Contractual services | 761,972 |
| Depreciation expense | 32,496 |
| Pension expense | 74,912 |
| OPEB expense | 5,087 |
| Total Operating Expenses | 1,626,056 |
| Operating Income (Loss) | (188,000) |
| Nonoperating Revenues (Expenses) | |
| Interest expense | (33,116) |
| Gain (Loss) on sale of equipment | 4,900 |
| Net Nonoperating Revenue (Expenses) | (28,216) |
| Change in Net Position | (216,216) |
| Net Position- Beginning | 7,034,403 |
| Net Position - Ending | \$ 6,818,187 |

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

**Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2020**

| | Business-type Activities |
|---|---------------------------------|
| | Enterprise Funds |
| | Port Fund |
| Cash Flows From Operating Activities | |
| Receipts from customers | \$ 1,284,521 |
| Intergovernmental revenues | 99,495 |
| Payments to suppliers | (938,340) |
| Payments to employees for services | (446,448) |
| Other operating cash receipts | 61,060 |
| Net Cash Provided (Used) by Operating Activities | 60,288 |
| Cash Flows From Capital and Related Financing Activities | |
| Proceeds from sale of capital assets | 4,900 |
| Principal paid on debt | (93,988) |
| Interest paid on debt | (34,320) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (123,408) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (63,120) |
| Cash and Cash Equivalents at Beginning of Year | 2,101,833 |
| Cash and Cash Equivalents at End of Year | \$ 2,038,713 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating income (Loss) | \$ (188,000) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | 32,496 |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivable | 32,241 |
| (Increase) decrease in deferred outflows of resources | (36,446) |
| Increase (decrease) in claims payable | 155,808 |
| Increase (decrease) in compensated absences liability | 12,144 |
| Increase (decrease) in net pension liability | 79,771 |
| Increase (decrease) in net OPEB liability | 4,081 |
| Increase (decrease) in deferred inflows of resources | (31,807) |
| Total Adjustments | 248,288 |
| Net Cash Provided (Used) by Operating Activities | \$ 60,288 |

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

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

Exhibit 8

| | <u>Agency Funds</u> |
|----------------------------|--------------------------|
| ASSETS | |
| Cash | \$ 163,946 |
| Due from other funds | <u>32,537</u> |
| Total Assets | <u><u>196,483</u></u> |
| LIABILITIES | |
| Intergovernmental payables | 29,086 |
| Other liabilities | <u>167,397</u> |
| Total Liabilities | <u><u>\$ 196,483</u></u> |

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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

Warren County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Warren County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

Warren County - Vicksburg Library - The mission of the library is to provide library services that meet the general and specialized needs of the citizens of Warren County. The Board of Supervisors of Warren County appoints the five members of the library's Board of Trustees.

Warren County Port Commission (Business-type) - was created by a special act of the Mississippi Legislature in 1973, for the purpose of overseeing the operations of the Port. A five-member board of commissioners is appointed by the Warren County Board of Supervisors.

Warren County Parks and Recreation Commission - Created for the purpose of operating Clear Creek Golf Course, a public golf course that serves the citizens of Warren County and surrounding counties. Additionally, the commission oversees various recreational facilities and playing fields in the County. The Warren County Board of Supervisors appoints the five members of the Commission.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

The County reports the following major Governmental Funds:

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

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

The County reports the following major Enterprise Fund:

Warren County Port Fund – This fund is used to account for the County's activities of operating the port.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, certificates of deposit, and other 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 market value. However, the County did not invest in any governmental securities during the fiscal year.

G. Receivables.

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

H. Inter-fund Transactions and Balances.

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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

I. 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.

J. Capital Assets.

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

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

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

| | <u>Capitalization Thresholds</u> | <u>Estimated Service Life</u> |
|--------------------------------------|----------------------------------|-------------------------------|
| Land | \$ 0 | N/A |
| Buildings | 50,000 | 40 years |
| Improvements other than buildings | 25,000 | 20 years |
| Mobile equipment | 5,000 | 5 to 10 years |
| Furniture and equipment | 5,000 | 3 to 7 years |
| Infrastructure | 0 | 20 to 50 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.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

K. Deferred Outflows/Inflows of Resources.

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

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

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

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

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 the revenue becomes available.

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

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

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

M. Other Postemployment Benefits (OPEB).

The County has adopted a policy allowing retirees to obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential resulting

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

in a postemployment healthcare benefit. Accounting principles generally accepted in the United States of America require the other postemployment benefit liability, deferred outflows and deferred inflows of resources related to other postemployment benefits, and other postemployment benefit expenses be reported in the government-wide financial statements and Proprietary Funds financial statements.

N. Long-term Liabilities.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

In the fund financial statements, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, 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 includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

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

Fund Balance Flow Assumption:

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

P. Property Tax Revenues.

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

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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

Q. Intergovernmental Revenues in Governmental Funds.

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

R. Compensated Absences.

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

S. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

| <u>Explanation</u> | <u>Amount</u> |
|--|-------------------|
| Removal of pension liability for parks & recreation absorbed into County calculations | \$ 607,613 |
| Prior year error in reporting for parks & recreation | 139,750 |
| Total prior period adjustments | <u>\$ 747,363</u> |

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds

| <u>Explanation</u> | <u>Amount</u> |
|--|-------------------|
| Prior year error in reporting for parks & recreation | \$ 139,750 |
| Total prior period adjustments | <u>\$ 139,750</u> |

NOTE 3 – DEPOSITS.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$31,301,353 and the bank balance was \$31,839,134. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2020:

A. Due From / To Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|---------------------|------------------|
| Road Fund | General Fund | 35,524 |
| Other Governmental Funds | General Fund | 31,105 |
| Agency Funds | General Fund | 32,537 |
| Total | | <u>\$ 99,166</u> |

The receivables represent tax revenue collected in September 2020, but not settled until October 2020 of \$98,899 and amounts due to the Law Library Fund of \$267. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

B. Advances from/to Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--------------------------|------------------|
| General Fund | Other Governmental Funds | \$ 18,630 |
| Total | | <u>\$ 18,630</u> |

The amounts payable to the General Fund represent a loan for the annual payment of capital debt of \$8,693, a loan to the Justice Assistance Grant of \$7,517 and a loan to the Garbage and Solid Waste fund of \$2,420.

C. Transfers In / Out:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|--------------------------|----------------------|-------------------|
| Other Governmental Funds | General Fund | \$ 376,527 |
| Total | | <u>\$ 376,527</u> |

The transfers were to fund the parks and recreation department and to correct cash deficits in funds. The transfers were consistent with the activities of the fund making the transfer.

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

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

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|-------------------|
| Legislative tax credit | \$ 264,743 |
| CARES Act Funds | 583,606 |
| Total Governmental Activities | <u>\$ 848,349</u> |

NOTE 6 – OTHER RECEIVABLES.

The other receivables at September 30, 2020, consisted of the following:

| <u>Description</u> | <u>Amount</u> |
|---|-------------------|
| Tax Collector receivable | \$ 238,779 |
| Special assessments from an agreement between the County and three residential subdivisions for paving projects | 51,718 |
| Total Governmental Activities | <u>\$ 290,497</u> |

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 7 – CAPITAL ASSETS.

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

Governmental activities:

| | Balance Oct. 1, 2019 | Additions | Deletions | Adjustments | Balance Sept. 30, 2020 |
|---|-------------------------|------------------|------------------|-------------|---------------------------|
| Non-depreciable capital assets: | | | | | |
| Land | \$ 2,307,279 | - | - | - | 2,307,279 |
| Construction in progress | 223,849 | 1,580 | - | - | 225,429 |
| Total non-depreciable capital assets | <u>2,531,128</u> | <u>1,580</u> | <u>-</u> | <u>-</u> | <u>2,532,708</u> |
| Depreciable capital assets: | | | | | |
| Infrastructure | 168,686,668 | 2,082,886 | 5,737,534 | - | 165,032,020 |
| Buildings | 10,250,121 | - | - | - | 10,250,121 |
| Mobile equipment | 11,846,019 | 465,747 | 187,577 | - | 12,124,189 |
| Furniture and equipment | 1,588,746 | 17,877 | - | - | 1,606,623 |
| Capital leases | 1,991,477 | 757,485 | 713,181 | - | 2,035,781 |
| Total depreciable capital assets | <u>194,363,031</u> | <u>3,323,995</u> | <u>6,638,292</u> | <u>-</u> | <u>191,048,734</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 96,693,621 | 1,766,100 | 3,117,819 | - | 95,341,902 |
| Buildings | 4,241,164 | 210,308 | - | - | 4,451,472 |
| Mobile equipment | 6,270,327 | 636,340 | 168,818 | - | 6,737,849 |
| Furniture and equipment | 937,893 | 155,678 | - | - | 1,093,571 |
| Capital leases | 1,050,307 | 311,427 | 641,862 | - | 719,872 |
| Total accumulated depreciation | <u>109,193,312</u> | <u>3,079,853</u> | <u>3,928,499</u> | <u>-</u> | <u>108,344,666</u> |
| Total depreciable capital assets, net | <u>85,169,719</u> | <u>244,142</u> | <u>2,709,793</u> | <u>-</u> | <u>82,704,068</u> |
| Governmental activities | | | | | |
| Capital assets, net | <u>\$ 87,700,847</u> | <u>245,722</u> | <u>2,709,793</u> | <u>-</u> | <u>85,236,776</u> |

WARREN COUNTY, MISSISSIPPI
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For the Year Ended September 30, 2020

Business-type activities:

| | Balance Oct. 1, 2019 | Additions | Deletions | Adjustments | Balance Sept. 30, 2020 |
|---|-------------------------|-----------|-----------|-------------|---------------------------|
| Non-depreciable capital assets: | | | | | |
| Land | \$ 4,081,027 | - | - | - | 4,081,027 |
| Construction in progress | - | - | - | - | - |
| Total Non-depreciable capital assets | 4,081,027 | - | - | - | 4,081,027 |
| Depreciable capital assets: | | | | | |
| Infrastructure | 537,762 | - | - | - | 537,762 |
| Buildings | 2,760,213 | - | - | - | 2,760,213 |
| Mobile equipment | 311,727 | - | - | - | 311,727 |
| Furniture and equipment | 42,568 | - | - | - | 42,568 |
| Total depreciable capital assets | 3,652,270 | - | - | - | 3,652,270 |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 107,550 | - | - | - | 107,550 |
| Buildings | 540,204 | 24,238 | - | - | 564,442 |
| Mobile equipment | 227,784 | 8,258 | - | - | 236,042 |
| Furniture and equipment | 38,311 | - | - | - | 38,311 |
| Total accumulated depreciation | 913,849 | 32,496 | - | - | 946,345 |
| Total depreciable capital assets, net | 2,738,421 | (32,496) | - | - | 2,705,925 |
| Business -type activities | | | | | |
| Capital assets, net | \$ 6,819,448 | (32,496) | - | - | 6,786,952 |

Depreciation expense was charge to the following functions:

| | |
|--|---------------|
| Governmental Activities: | Amount |
| General government | \$ 168,595 |
| Public safety | 523,412 |
| Public works | 2,290,489 |
| Health & welfare | 14,932 |
| Culture & recreation | 82,425 |
| Total governmental activities depreciation expense | \$ 3,079,853 |
| Business-type activities: | |
| Port | \$ 32,496 |

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

| Description of Commitment | Remaining Financial Commitment | Expected Date of Completion |
|---------------------------|-----------------------------------|--------------------------------|
| Construction of New Jail | Unknown | Unknown |

NOTE 8 – CLAIMS AND JUDGMENTS.

Risk Financing – The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the County retaining the risk of loss on all claims to which the County is exposed. Premium payments to the pool are determined on an actuarial basis. The County has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following table provides changes in the balances of claims liabilities for fiscal years 2019 and 2020:

| | 2019 | 2020 |
|---|---------------------|-----------------|
| Unpaid claims, Beginning of Fiscal Year | \$ 167,939 | (116,725) |
| Plus: Incurred Claims (including IBNRs) | 2,842,979 | 3,943,785 |
| Less: Claims Payments | (3,127,643) | (3,846,909) |
| Unpaid claims, End of Fiscal Year | <u>\$ (116,725)</u> | <u>(19,849)</u> |

The County had no year-end liability because cash on deposit in the risk pool exceeded the pool's accrued unpaid claims in the amount of \$19,849, reported on the balance sheet.

NOTE 9 – CAPITAL LEASES.

As Lessee

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-Road Fund | \$ 1,664,667 |
| ADSi Public Safety Software and E-911 equipment | 371,114 |
| Total | <u>2,035,781</u> |
| Less: Accumulated depreciation | <u>719,872</u> |
| Leased Property Under Capital Leases | <u>\$ 1,315,909</u> |

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

| Year Ending September 30: | | Principal | Interest |
|---------------------------|-------|------------------|---------------|
| | 2021 | \$ 133,071 | 21,467 |
| | 2022 | 226,186 | 18,555 |
| | 2023 | 106,780 | 14,583 |
| | 2024 | 248,305 | 9,202 |
| | 2025 | 418,315 | 5,469 |
| | Total | <u>1,132,657</u> | <u>69,276</u> |

NOTE 10- LONG-TERM DEBT.

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

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

| Description and Purpose | Amount Outstanding | Interest Rate | Maturity Date |
|--|-----------------------|------------------|------------------|
| Governmental Activities: | | | |
| A. General Obligation Bonds: | | | |
| E-911 MSWINN GO Bond | \$ 2,712,000 | 2.00 to 2.50 % | 4/2031 |
| Port Cap. Improvement GO Bonds | 1,280,000 | 3.75 to 4.50 | 10/2027 |
| Total General Obligation Bonds | <u>\$ 3,992,000</u> | | |
| B. Special Assessment Debt with Commitments: | | | |
| Subdivision paving projects | \$ 89,127 | 3.31 | 5/2021 |
| Total Special Assessment Debt with Commitments | <u>\$ 89,127</u> | | |
| C. Capital Leases: | | | |
| ADSi public safety software | 26,633 | 0.00 | 3/2022 |
| CAT 320FL trackhoe | 125,297 | 2.31 | 7/2022 |
| 2019 Kenworth T800 | 119,580 | 3.22 | 1/2024 |
| 2019 Kenworth T800 | 118,888 | 3.22 | 12/2023 |
| 2020 John Deer Motor Grader | 245,967 | 1.60 | 7/2025 |
| 2020 John Deer Motor Grader | 248,146 | 1.60 | 7/2025 |
| 2020 John Deer Motor Grader | 248,146 | 1.60 | 7/2025 |
| Total Capital Leases | <u>\$ 1,132,657</u> | | |
| D. Other Loans: | | | |
| G.O. note County Jail | \$ 480,000 | 1.83 | 8/2022 |
| G.O. note capital improvement | 560,000 | 1.79 | 8/2022 |
| Assets for golf course maintenance | 26,524 | 2.60 | 6/2022 |
| Assets for golf course maintenance | 66,381 | 5.90 | 8/2022 |
| Total Other Loans | <u>\$ 1,132,905</u> | | |
| Business-type Activities: | | | |
| A. Special Assessment Debt with Commitments: | | | |
| Calsonic building | \$ 1,036,982 | 3.00 | 12/2029 |
| Total Special Assessment Debt with Commitments | <u>\$ 1,036,982</u> | | |

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

Governmental Activities:

| Year Ending September 30: | General Obligation Bonds | | Special Assessment | | Other Loans | |
|------------------------------|--------------------------|----------------|--------------------|--------------|------------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 347,000 | 109,906 | 89,127 | 3,028 | 569,295 | 20,984 |
| 2022 | 358,000 | 100,055 | | | 563,610 | 10,184 |
| 2023 | 375,000 | 50,493 | | | | |
| 2024 | 386,000 | 47,711 | | | | |
| 2025 | 403,000 | 42,803 | | | | |
| 2026-2030 | 1,838,000 | 129,305 | | | | |
| 2031 | 285,000 | 7,125 | | | | |
| Total | <u>\$ 3,992,000</u> | <u>487,398</u> | <u>89,127</u> | <u>3,028</u> | <u>1,132,905</u> | <u>31,168</u> |

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Business-type Activities:

| Year Ending September 30: | Special Assessment | |
|------------------------------|--------------------|----------|
| | Principal | Interest |
| 2021 | \$ 98,598 | 29,710 |
| 2022 | 101,597 | 26,711 |
| 2023 | 104,687 | 23,621 |
| 2024 | 107,871 | 20,437 |
| 2025 | 111,152 | 17,156 |
| 2026-2030 | 513,077 | 33,931 |
| Total | \$ 1,036,982 | 151,566 |

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 counties issue 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 1.50% of the latest property assessments.

Special Assessment Debt with Commitments: Governmental Activities - During the fiscal year 2011, the County obtained a special assessment loan in the amount of \$800,000 of which \$610,613 was drawn in fiscal 2011 and \$173,034 in fiscal 2012. The County will not draw the remainder of the funds. The debt was issued to provide funds for the paving of streets in the Fairways, Forest Cove and Amberleaf subdivisions. The loan is secured by the full faith and credit of the County. The County levied a special assessment tax upon all taxable property in the benefited area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the loan. The balance remaining at September 30, 2020 was \$89,127.

Special Assessment Debt with Commitments: Business-type Activities - During the fiscal year 2014, the County obtained a special assessment loan in the amount of \$1,548,310. The debt was issued to provide funds for the purchase of the Calsonic building. The loan is secured by the full faith and credit of the County. The County levied a special assessment tax upon all taxable property in the benefited area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the loan. The balance remaining at September 30, 2020 was \$1,036,982.

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

| | Balance Oct. 1, 2019 | Additions | Deletions | Adjustments | Balance Sept. 30, 2020 | Amount due within one year |
|---------------------------------|-------------------------|-----------|-----------|-------------|---------------------------|----------------------------------|
| Governmental Activities: | | | | | | |
| Compensated absences | \$ 615,446 | 1,216 | - | - | 616,662 | - |
| General obligation bonds | 4,328,000 | - | 336,000 | - | 3,992,000 | 347,000 |
| Special assessment debt | 173,189 | - | 84,062 | - | 89,127 | 89,127 |
| Capital leases | 1,020,647 | 757,485 | 645,475 | - | 1,132,657 | 133,071 |
| Other loans | 1,700,974 | - | 568,069 | - | 1,132,905 | 569,295 |
| Total | \$ 7,838,256 | 758,701 | 1,633,606 | - | 6,963,351 | 1,138,493 |

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

| | Balance Oct. 1, 2019 | Additions | Deletions | Adjustments | Balance Sept. 30, 2020 | Amount due within one year |
|----------------------------------|-------------------------|-----------|-----------|-------------|---------------------------|----------------------------------|
| Business-type Activities: | | | | | | |
| Compensated absences | \$ 13,699 | 12,144 | - | - | 25,843 | - |
| Special assessment debt | 1,130,970 | - | 93,988 | - | 1,036,982 | 98,598 |
| Total | \$ 1,144,669 | 12,144 | 93,988 | - | 1,062,825 | 98,598 |

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Fund, Other Governmental, and Business-Type Port Fund.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB).

Plan Description

The Warren County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Warren County Board of Supervisors. The County is self-insured through the Mississippi Public Entity Employee Benefit Trust (the Plan), with reinsurance purchased from a commercial carrier that is effective for claims in excess of \$50,000. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. Effective October 1, 2017, the County implemented GASB Statement 75, which requires reporting on an accrual basis the liability associated with other postemployment benefits as well as any related deferred outflows and inflows. The County does not issue a publicly available financial report of the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. 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.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2020, retiree premiums range from \$385 to \$953 monthly depending on dependent coverage and Medicare eligibility.

At September 30, 2020, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 5 |
| Active employees | 221 |
| Total | 226 |

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Total OPEB Liability

The County's OPEB liability of \$2,475,289 was measured as of September 30, 2020 and was determined by an actuarial valuation date of October 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Salary Increases | 2.00% per annum |
| Discount Rate | 3.64% per annum for Statement 75, based on the S&P Municipal Bond 20-Year High Grade Index of October 1, 2018 |
| 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 |
| Retiree's share of benefit related costs | 100% of projected health insurance premiums for retirees |

The discount rate is 3.64% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of October 1, 2018, 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 Dal Yamamoto study released by the Society of Actuaries in June 2013.

The assumed trend rate for the medical claims was changed from 8.00% grading uniformly to an ultimate rate of 5.00% over 12 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 actuarial assumptions used in the September 30, 2020, valuation have been prepared using employee data and plan documentation furnished by the County as of October 1, 2018.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|-------------------------------|----------------------------|
| Balance at September 30, 2019 | \$ 2,271,251 |
| Changes for the year: | |
| Service cost | 167,406 |
| Interest | 86,936 |
| Experience losses (gains) | - |
| Changes of assumptions | - |
| Contributions-Employer | (50,304) |
| Net Change | <u>204,038</u> |
| Balance at September 30, 2020 | \$ <u><u>2,475,289</u></u> |

WARREN COUNTY, MISSISSIPPI
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Changes of assumptions and other inputs reflect a change in the discount rate from 3.13% in 2018 to 3.64% in 2019.

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current discount rate:

| | <u>1% Decrease (2.64%)</u> | <u>Discount Rate (3.64%)</u> | <u>1% Increase (4.64%)</u> |
|--------------------|--------------------------------|----------------------------------|--------------------------------|
| Net OPEB Liability | \$ 2,680,647 | 2,475,289 | 2,286,717 |

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

The following presents the net OPEB liability calculated using the stated trend assumption, as well as what the net OPEB liability would be if it were calculated using a salary trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

| | <u>1% Decrease in Trend Assumption</u> | <u>Current in Trend Assumption</u> | <u>1% Increase in Trend Assumption</u> |
|--------------------|--|--|--|
| Net OPEB Liability | \$ 2,181,919 | 2,475,289 | 2,824,934 |

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$254,342 and a gain on experience and assumptions of \$1,261,053. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|------------------------|---|--|
| Experience gains | \$ - | 7,431,221 |
| Changes of assumptions | - | 135,092 |
| | <u>\$ -</u> | <u>7,566,313</u> |

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

The \$7,566,313 reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ending September 30:</u> | <u>Amount</u> |
|----------------------------------|----------------------------|
| 2021 | \$ 1,261,053 |
| 2022 | 1,261,053 |
| 2023 | 1,261,053 |
| 2024 | 1,261,053 |
| 2025 | 1,261,053 |
| Thereafter | 1,261,048 |
| Total | \$ <u><u>7,566,313</u></u> |

NOTE 12 – DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

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

WARREN COUNTY, MISSISSIPPI
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member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019, and 2018 were \$1,908,624, \$1,755,297, and \$1,601,641 respectively, equal to the required contributions for each year.

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

At September 30, 2020 the County reported a liability of \$32,135,668 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2020 net pension liability was 0.166 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.00404 percent from the proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$3,745,565. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 278,647 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,365,907 | - |
| Changes of assumptions | 173,269 | - |
| Changes in the proportion and differences between County contributions and proportionate share of contributions | 1,150,741 | 23,438 |
| County Contributions subsequent to the measurement date | 466,341 | - |
| | <u>\$ 3,434,905</u> | <u>23,438</u> |

The \$466,341 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WARREN COUNTY, MISSISSIPPI
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| <u>Year ending September 30:</u> | <u>Amount</u> |
|----------------------------------|---------------------|
| 2021 | \$ 817,512 |
| 2022 | 894,151 |
| 2023 | 808,112 |
| 2024 | 425,351 |
| Total | <u>\$ 2,945,126</u> |

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

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

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

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

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

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

WARREN COUNTY, MISSISSIPPI
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| 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 | 0.00 |
| | <u>100.00 %</u> | |

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

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

| | 1% Decrease (6.75%) | Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|------------------------|--------------------------|------------------------|
| County's proportionate share of the net pension liability | \$ 41,595,677 | 32,135,668 | 24,327,365 |

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

NOTE 13 – 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 purpose. 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 statement.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

NOTE 14 – NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS).

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

| <u>Description</u> | <u>Balance at September 30, 2020</u> |
|------------------------------------|--------------------------------------|
| GO Zone revenue refunding bonds | \$52,000,000 |

NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(17,992,411) 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 \$457,014 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 \$2,909,192 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 \$22,969 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.

The governmental activities' unrestricted net position deficit amount of \$(17,992,411) includes the effect of deferred inflows of resources related to OPEB. The \$7,414,987 balance of the deferred inflow of resources related to OPEB at September 30, 2020, will be recognized in OPEB expense over the next 6 years.

The business-type activities' restricted net position amount of \$1,068,217 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 \$9,327 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 \$59,372 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 \$469 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.

The business-type activities' restricted net position amount of \$1,068,217 includes the effect of deferred inflows of resources related to OPEB. The \$151,326 balance of the deferred inflow of resources related to OPEB at September 30, 2020, will be recognized in OPEB expense over the next 6 years.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 16 – RELATED ORGANIZATIONS.

The Warren County Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the County's accountability for these organizations does not extend beyond making the appointments to these organizations:

Culkin Water District and Vicksburg Bridge Commission

NOTE 17 – JOINT VENTURE.

The County participates in the following joint ventures:

Warren County is a participant with the City of Vicksburg, Madison Parish, Louisiana, and the City of Tallulah, Louisiana, in a joint venture, authorized by Section 61-3-5, Miss. Code. Ann. (1972), to operate the Vicksburg-Tallulah Regional Airport. The joint venture was created to provide air service to the area and is governed by a five-member board of commissioners appointed as follows: Warren County, one; Madison Parish, Louisiana, one; City of Vicksburg, one; City of Tallulah, Louisiana, one. The fifth member is jointly approved. The County appropriated \$45,399 to support the airport in fiscal year 2020. Complete financial statements for the Vicksburg-Tallulah Regional Airport can be obtained from P.O. Box 1311, Vicksburg, MS 39181.

Warren County is participating with the City of Vicksburg in a joint venture, authorized by local and private legislation to operate the Vicksburg-Warren Convention and Visitors Bureau. The joint venture is governed by an eleven-member board with five appointed by the city and five appointed by the County. The eleventh member is jointly approved. The County did not appropriate any funds to the organization in the fiscal year 2020. Complete financial statements may be obtained from the Vicksburg-Warren Convention and Visitors Bureau, P.O. Box 110, Vicksburg, MS 39181.

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Hinds Community College operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The college's board of trustees is composed of 15 members. The Warren County Board of Supervisors appoints one of those members. The County appropriated \$1,981,425 for support and maintenance of the college in fiscal year 2020.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The governing body is a thirty-three-member board of directors, of which, three are appointed by the Warren County Board of Supervisors. The County appropriated \$17,752 in support of the district in fiscal year 2020.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Warren County Board of Supervisors appoints two of the 26 board members. The County did not appropriate any funds to the organization in fiscal year 2020.

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 19 – TAX ABATEMENTS.

For the year beginning October 1, 2016, The Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Warren County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with nine entities as of September 30, 2020.

The County had two types of abatements. The payments in lieu of taxes is the only type of abatement that provides for the abatement of school tax levies.

Sections 27-31-101 and 27-31-105. Miss Code (Ann.) 1972
All allowable property tax levies

There are nine companies that have tax abatements under these statutes.

Section 24-31-104. Miss Code (Ann.) 1972
Payments in lieu of taxes

There is one company that has tax abatements under this statute.

| Category | Fiscal Year 2020 | |
|--|-------------------|------------------------|
| | % of Taxes Abated | Amount of Taxes Abated |
| Construction and expansion of a manufacturing facility | 100% | \$ 1,973,767 |

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

NOTE 20 – SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions

WARREN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Warren County evaluated the activity of the County through July 23, 2021 (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

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

| <u>Issue Date</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Issue Amount</u> | <u>Type of Financing</u> |
|-----------------------|--------------------------|--------------------------|-------------------------|--------------------------------------|
| 2/1/2021 | 3/15/2025 | 1.63% | \$ 217,900 | Lease Purchase of 50 Golf Carts |
| 12/21/2020 | 12/21/2025 | 2.79% | \$ 405,248 | Lease Purchase of E-911 Phone System |

WARREN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 15,912,959 | 16,916,985 | 16,943,109 | 26,124 |
| Gaming tax | 2,300,000 | 1,500,000 | 2,004,913 | 504,913 |
| Licenses, commissions and other revenue | 536,132 | 577,000 | 631,396 | 54,396 |
| Fines and forfeitures | 420,000 | 420,000 | 318,082 | (101,918) |
| Intergovernmental revenues | 1,425,057 | 1,788,825 | 1,178,408 | (610,417) |
| Charges for services | 75,000 | 85,000 | 126,602 | 41,602 |
| Interest income | 275,000 | 350,000 | 362,840 | 12,840 |
| Miscellaneous revenues | 122,000 | 255,000 | 414,232 | 159,232 |
| Total Revenues | 21,066,148 | 21,892,810 | 21,979,582 | 86,772 |
| EXPENDITURES | | | | |
| General government | 8,881,719 | 8,868,795 | 8,053,423 | 815,372 |
| Public safety | 8,759,905 | 9,071,381 | 8,501,699 | 569,682 |
| Public works | 2,398,607 | 1,649,550 | 375,717 | 1,273,833 |
| Health and welfare | 1,146,350 | 1,076,980 | 1,044,533 | 32,447 |
| Culture and recreation | 563,100 | 563,100 | 376,527 | 186,573 |
| Conservation of natural resources | 166,712 | 168,319 | 149,272 | 19,047 |
| Economic development and assistance | 27,752 | 27,752 | 28,527 | (775) |
| Total Expenditures | 21,944,145 | 21,425,877 | 18,529,698 | 2,896,179 |
| Excess of Revenues over (under) Expenditures | (877,997) | 466,933 | 3,449,884 | 2,982,951 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sources | 568,329 | 604,293 | 5,056 | (599,237) |
| Uses | (777,014) | (6,066) | (18,800) | (12,734) |
| Total Other Financing Sources and Uses | (208,685) | 598,227 | (13,744) | (611,971) |
| Net Change in Fund Balance | (1,086,682) | 1,065,160 | 3,436,140 | 2,370,980 |
| Fund Balance - Beginning | 2,801,286 | 14,123,667 | 16,776,520 | 2,652,853 |
| Fund Balance - Ending | \$ 1,714,604 | 15,188,827 | 20,212,660 | 5,023,833 |

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

WARREN COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Road Fund
For the Year Ended September 30, 2020

UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 2,590,410 | 2,702,797 | 2,588,339 | (114,458) |
| Road and bridge privilege taxes | 575,000 | 575,000 | 579,529 | 4,529 |
| Intergovernmental revenues | 1,124,000 | 1,737,000 | 1,443,238 | (293,762) |
| Miscellaneous revenues | - | - | 2,177 | 2,177 |
| Total Revenues | 4,289,410 | 5,014,797 | 4,613,283 | (401,514) |
| EXPENDITURES | | | | |
| Public works | 4,749,062 | 5,869,146 | 5,685,644 | 183,502 |
| Debt service | 592,993 | 592,993 | 575,651 | 17,342 |
| Total Expenditures | 5,342,055 | 6,462,139 | 6,261,295 | 200,844 |
| Excess of Revenues over (under) Expenditures | (1,052,645) | (1,447,342) | (1,648,012) | (200,670) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sources (Uses) | 2,366,121 | (447,342) | 5,317 | 452,659 |
| Total Other Financing Sources and Uses | 2,366,121 | (447,342) | 5,317 | 452,659 |
| Net Change in Fund Balance | 1,313,476 | (1,894,684) | (1,642,695) | 251,989 |
| Fund Balance - Beginning | (595,297) | 2,893,447 | 3,272,306 | 378,859 |
| Fund Balance - Ending | \$ 718,179 | 998,763 | 1,629,611 | 630,848 |

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

WARREN COUNTY
Schedule of Changes in the Net OPEB Liability and Related Ratios
OPEB
Last 10 Fiscal Years*

UNAUDITED

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------------|-------------------------|--------------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 167,406 | 159,434 | 955,538 |
| Interest | 86,936 | 427,765 | 358,715 |
| Differences between expected and actual experience | - | (9,908,295) | - |
| Changes of assumptions | - | (180,124) | - |
| Benefit Payments/Refunds | <u>(50,304)</u> | <u>(46,794)</u> | <u>(87,357)</u> |
| Net Change in Total OPEB Liability | 204,038 | (9,548,014) | 1,226,896 |
| Total OPEB Liability - beginning | <u>2,271,251</u> | <u>11,819,265</u> | <u>10,592,369</u> |
| Total OPEB Liability - Ending (a) | <u><u>\$ 2,475,289</u></u> | <u><u>2,271,251</u></u> | <u><u>11,819,265</u></u> |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | \$ 50,304 | 46,794 | 87,357 |
| Benefit Payments/Refunds | <u>(50,304)</u> | <u>(46,794)</u> | <u>(87,357)</u> |
| Net Change in Plan Fiduciary Net Position | 0 | 0 | 0 |
| Plan Fiduciary Net Position - beginning | <u>0</u> | <u>0</u> | <u>0</u> |
| Plan Fiduciary Net Position - ending (b) | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> |
| Net OPEB Liability - ending (a) - (b) | <u><u>\$ 2,475,289</u></u> | <u><u>2,271,251</u></u> | <u><u>11,819,265</u></u> |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | 0.0% | 0.0% | 0.0% |
| Covered-employee payroll | \$ 8,621,196 | 8,452,153 | 7,571,359 |
| Net OPEB Liability as a percentage of covered-employee payroll | 28.7% | 26.9% | 156.1% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

WARREN COUNTY
Schedule of Contributions
OPEB
Last 10 Fiscal Years*

UNAUDITED

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|------------------|------------------|
| Actuarially determined contribution | \$ 341,542 | 1,822,659 | 1,679,917 |
| Contributions in relation to the actuarially determined contribution | <u>50,304</u> | <u>46,794</u> | <u>87,357</u> |
| Contribution deficiency (excess) | <u>\$ 291,238</u> | <u>1,775,865</u> | <u>1,592,560</u> |
| Covered-employee payroll | \$ 8,621,196 | 8,452,153 | 7,571,359 |
| Contributions as a percentage of covered-employee payroll | 0.6% | 0.6% | 1.2% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

**The contribution deficiency is included in the calculation of the Net OPEB Liability reported on Exhibit 1.

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

WARREN COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

UNAUDITED

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|------------|------------|------------|------------|------------|------------|
| COUNTY | | | | | | | |
| County's proportion of the net pension liability (asset) | 0.16633% | 0.16196% | 0.160% | 0.150% | 0.150% | 0.148% | 0.148% |
| County's proportionate share of the net pension liability (asset) | \$ 32,135,668 | 28,491,956 | 26,612,755 | 24,935,096 | 26,793,747 | 22,877,881 | 17,964,490 |
| County's covered payroll | \$ 11,075,259 | 10,670,733 | 10,065,721 | 9,814,692 | 9,582,569 | 9,278,470 | 8,944,686 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 290.16% | 267.01% | 264.39% | 254.06% | 279.61% | 246.57% | 200.84% |
| 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% |
| COMPONENT UNIT- PARKS AND RECREATION** | | | | | | | |
| Proportion of the net pension liability (asset) | | | 0.0037% | 0.0042% | 0.0041% | 0.0041% | 0.0042% |
| Proportionate share of the net pension liability (asset) | \$ | | 615,420 | 698,182 | 732,362 | 633,779 | 509,803 |
| Covered payroll | \$ | | 237,894 | 267,924 | 261,905 | 260,730 | 253,276 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | | | 258.70% | 260.59% | 279.63% | 243.08% | 201.28% |
| Plan fiduciary net position as a percentage of the total pension liability | | | 62.54% | 61.49% | 57.47% | 61.70% | 67.21% |

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

** During the Fiscal Year 2019, the discretely-presented component unit was blended into the county and is now reported as a blended component unit within governmental activities.

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

WARREN COUNTY
Schedule of the County's Contributions
PERS
Last 10 Fiscal Years*

UNAUDITED

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 1,908,624 | 1,755,297 | 1,601,641 | 1,553,105 | 1,526,482 | 1,461,359 | 1,408,788 |
| Contributions in relation to the contractually required contribution | <u>1,908,624</u> | <u>1,755,297</u> | <u>1,601,641</u> | <u>1,553,105</u> | <u>1,526,482</u> | <u>1,461,359</u> | <u>1,408,788</u> |
| Contribution deficiency (excess) | \$ <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| County's covered payroll | \$ 10,969,108 | 10,852,845 | 10,169,149 | 9,860,984 | 9,691,949 | 9,278,470 | 8,944,686 |
| Contributions as a percentage of covered payroll | 17.40% | 16.17% | 15.75% | 15.75% | 15.75% | 15.75% | 15.75% |

COMPONENT UNIT- PARKS AND RECREATION**

| | | | | | | | |
|--|-------------|----------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ - | - | 37,213 | 41,419 | 42,694 | 41,065 | 39,891 |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>37,213</u> | <u>41,419</u> | <u>42,694</u> | <u>41,065</u> | <u>39,891</u> |
| Contribution deficiency (excess) | \$ <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Covered payroll | \$ - | - | 236,270 | 262,978 | 271,073 | 260,730 | 253,276 |
| Contributions as a percentage of covered payroll | | | 15.75% | 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.

** During the Fiscal Year 2019, the discretely-presented component unit was blended into the county and is now reported as a blended component unit within governmental activities.

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

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

WARREN COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020

UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

| | General Fund | Road Fund |
|--|---------------------|--------------------|
| Budget (Cash basis) | \$ 3,436,140 | (1,642,695) |
| Increase (Decrease) | | |
| Net adjustments for revenue accruals | 601,656 | 417,836 |
| Net adjustments for expenditure accruals | 396,212 | (11,087) |
| GAAP Basis | \$ <u>4,434,008</u> | <u>(1,235,946)</u> |

WARREN COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020

UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

2016

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

2017

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

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%.

WARREN COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020

UNAUDITED

- 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%.

B. Changes in benefit provisions.

2016

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

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

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

OPEB Schedules

A. Changes in plan provisions, actuarial assumptions, and actuarial methods

2019

- The discount rate is 3.64% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of October 1, 2018, 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 8.00% grading uniformly to an ultimate rate of 5.00% over 12 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.

WARREN COUNTY

OTHER INFORMATION

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

| | | | |
|---------------------------|----------------------------|---------------------------------|---------|
| John Arnold | Supervisor District 1 | Travelers Casualty & Surety Co. | 100,000 |
| Edward Herring | Supervisor District 1 | Travelers Casualty & Surety Co. | 100,000 |
| William H. Banks, Jr. | Supervisor District 2 | EMC Insurance Company | 100,000 |
| Charles Selmon | Supervisor District 3 | Travelers Casualty & Surety Co. | 100,000 |
| Nashawndra Jackson- Davis | Supervisor District 3 | Travelers Casualty & Surety Co. | 100,000 |
| John Carlisle | Supervisor District 4 | Travelers Casualty & Surety Co. | 100,000 |
| Jeffrey P. Holland | Supervisor District 4 | Travelers Casualty & Surety Co. | 100,000 |
| Richard George | Supervisor District 5 | Travelers Casualty & Surety Co. | 100,000 |
| Kelle Barfield | Supervisor District 5 | Travelers Casualty & Surety Co. | 100,000 |
| John C. Smith | County Administrator | Travelers Casualty & Surety Co. | 100,000 |
| Loretta Brantley | County Administrator | Travelers Casualty & Surety Co. | 100,000 |
| Donna F. Hardy | Chancery Clerk | Travelers Casualty & Surety Co. | 100,000 |
| Jan H. Daigre | Circuit Clerk | Travelers Casualty & Surety Co. | 100,000 |
| Kashan Haynes | Deputy Circuit Court Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Martin Pace | Sheriff | Travelers Casualty & Surety Co. | 100,000 |
| Antonia Flaggs-Jones | Tax Collector | Travelers Casualty & Surety Co. | 100,000 |
| Tonga Vinson | Purchase Clerk | Travelers Casualty & Surety Co. | 75,000 |
| Penny Evans | Purchase Clerk | Travelers Casualty & Surety Co. | 75,000 |
| Hazel D. Linson | Receiving Clerk | Travelers Casualty & Surety Co. | 75,000 |
| Dexter Jones | Inventory Control Clerk | Western Surety Company | 75,000 |
| Jamie Cain | Road Manager | Travelers Casualty & Surety Co. | 50,000 |
| Ben Lockett | Tax Assessor | Travelers Casualty & Surety Co. | 50,000 |
| Paula Benard | Assistant Receiving Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Cynthia Alkhatib | Assistant Receiving Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Jeane Braxton | Assistant Receiving Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Wendy Staggs | Assistant Receiving Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Jeffrey B. Crevitt | Justice Court Judge | EMC Insurance Company | 50,000 |
| Edwin Woods | Justice Court Judge | Travelers Casualty & Surety Co. | 50,000 |
| James E. Jefferson, Jr. | Justice Court Judge | Western Surety Company | 50,000 |
| Carla Fields | Justice Court Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Bridgett Satcher | Deputy Justice Court Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Angela Chiplotin | Deputy Justice Court Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Andrea Wilson | Deputy Justice Court Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Tana Starnes | Deputy Justice Court Clerk | Travelers Casualty & Surety Co. | 50,000 |
| Ashleigh Bailey | Deputy Justice Court Clerk | Western Surety Company | 50,000 |
| John H. Heggins | Constable | Travelers Casualty & Surety Co. | 50,000 |
| Glenn McKay | Constable | Travelers Casualty & Surety Co. | 50,000 |
| Troy Kimble | Constable | Travelers Casualty & Surety Co. | 50,000 |

WARREN COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Warren County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Warren County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren 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 Warren County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2020-001, 2020-002 and 2020-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren 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 a certain matter that we reported to the management of Warren County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 23, 2021, included within this document.

Warren County's Responses to Findings

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

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

July 23, 2021

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

Members of the Board of Supervisors
Warren County, Mississippi

We have examined Warren County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Warren 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 Warren County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Warren County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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

procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented when considered in relation to that examination.

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

July 23, 2021

**Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2020**

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

WARREN COUNTY**Schedule 2****Schedule of Emergency Purchases****For the Year Ended September 30, 2020**

| <u>Date</u> | <u>Item Purchased</u> | <u>Amount</u> | <u>Vendor</u> | <u>Reason for Emergency Purchase</u> |
|-------------|------------------------------------|---------------|---------------|---|
| 11/4/2019 | Boiler System Health Department | \$ 36,120 | Star Services | Failure to replace would cause health and safety issue with staff and building would have to close; function of this building serves public health care |

WARREN COUNTY**Schedule 3****Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2020**

| <u>Date</u> | <u>Item Purchased</u> | <u>Amount</u> | <u>Vendor</u> |
|-------------|--|---------------|---|
| 9/21/2020 | (2) Ion Kiosk (3) Class III Model x2 Taser units that includes (handle, holsters, extra batteries & 4 yr extended warranty) | \$ 10,430 | ION Business Concepts & Payment Systems, LLC |
| 11/4/2019 | Point of Sale Software System for Parks and Rec | \$ 5,223 | Axon Enterprise, Inc. |
| 4/20/2020 | | 7,625 | TeeSnap |

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Warren County, Mississippi

In planning and performing our audit of the financial statements of Warren County, Mississippi for the year ended September 30, 2020, we considered Warren 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 Warren 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 July 23, 2021, on the financial statements of Warren 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 areas and immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors

1. The Board of Supervisors should ensure compliance with state law over the renewal of the inter-local agreement with the City of Vicksburg at the beginning of Board Member's new office terms.

Repeat Finding Yes

Criteria Section 17-13-7(4), Miss. Code Ann. (1972), provides that "Any two (2) or more local governmental units may enter into written contractual agreements with

one another for joint or cooperative action to provide services and facilities...”
Section 17-13-7(4) supports Section 27-41-2 which allows inter-local agreements for collection by county of ad valorem taxes due to the municipality.

Condition During our audit, we noted the County entered into an inter-local contractual agreement with the City of Vicksburg for the collection of its taxes. The written contractual agreement expired in 2004. We did note that substantial efforts have been made toward finalizing an approved inter-local agreements, however, as of the date of the audit report, such an agreement had not been reached and approved by the necessary authorities.

Cause The inter-local agreement has not been renewed between the City of Vicksburg and Warren County.

Effect Failure to renew contractual agreements could result in the loss or misappropriation of public funds. Successor board members may not be bound to a contract of previous boards.

Recommendation The Board of Supervisors should renew the inter-local agreement with the City of Vicksburg at the beginning of each new term of office.

Response Interlocal agreements for the Assessment and Collection of Taxes and the Collection of Delinquent taxes & Redemption of Property Sold for nonpayment of taxes, have already been drafted by the County Officials involved with the process and the Board Attorney. Those agreements are currently being reviewed by the Board of Supervisors. Once the Board of Supervisors reaches a consensus, the County will reach out to the City to have them review the proposed arrangement.

Parks and Recreation

2. Parks & Recreation Commission has inadequate controls over its purchasing system.

Repeat Finding No

Criteria The Commission is responsible for establishing and maintaining an effective system of internal control over purchases. An effective system would include a purchase requisitions, purchase order and an invoice in chronological order.

Condition During the course of our test work, the clerk at the Commission was unable to locate supporting documentation for any disbursements.

Cause A change in staff and disorganization of the prior clerk led to issues with locating supporting documentation. Failure to establish a systematic and appropriate

procedure for purchasing and organizing appropriate documentation leads to these violations.

Effect Internal control over purchasing requires that all purchases be properly approved prior to acquisition of goods and payment for those goods. Further, proper internal control requires an organizational system for recalling necessary documentation when requested.

Recommendation The Commission should follow the same legal requirements and procedures set in place by the County for any purchases made directly by the Commission and ensure that appropriate documentation is retained in an organized manner.

Response The commission will follow the legal requirements and procedures set in place by the county for purchases and ensure that the appropriate documentation is retained in an organized manner.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

July 23, 2021

WARREN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified? | None reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Tax Collector

Material Weakness

| | |
|---------------------------------|--|
| <u>2020-001</u> | Tax Collector's Office is not performing bank reconciliations accurately. |
| Repeat Finding | Yes |
| Criteria | An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner. |
| Condition | During the course of our test work, we noted that bank reconciliations were not being completed accurately and in a timely manner. |
| Cause | Cash accounts were not reconciled properly. |
| Effect | A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash. |
| Recommendation | In order to maintain an effective internal control system and increase the accuracy in recording receipts and disbursements, the Tax Collector should ensure that all bank accounts are reconciled correctly and monthly in a timely manner. |
| Tax Collector's Response | Warren County will take measures to ensure that the bank accounts are reconciled correctly and monthly in a timely manner. Will seek outside consultant to help with this issue. |

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

Parks and Recreation Commission

Material Weakness

| | |
|------------------------------|---|
| <u>2020-002</u> | Parks & Recreation Commission is not performing bank reconciliations accurately. |
| Repeat Finding | Yes |
| Criteria | An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner. |
| Condition | During the course of our test work, we noted that bank reconciliations did not accurately represent the Commission's cash transactions and do not tie to the associated general ledger accounts. |
| Cause | The Commission has not established internal control procedures which would ensure that the Commission's bank reconciliations are accurate and tie to the associated general ledger accounts. An effective system of internal control requires bank reconciliations to be performed correctly and on a timely basis subsequent to month end to ensure the completeness and inclusion of all transactions for each account. |
| Effect | The Commission is exposed to potential fraud of misappropriations of cash assets and potential material misstatements of cash accounts. |
| Recommendation | In order to maintain an effective internal control system and increase the accuracy in recording receipts and disbursements, the Commission should ensure that all bank accounts are reconciled correctly and monthly in a timely manner. |
| Commission's Response | The Commission will ensure that the bank account will be reconciled correctly and monthly in a timely matter. This will also be reviewed and signed off by the County Comptroller monthly. |

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

Material Weakness

2020-003

Parks & Recreation Commission has inadequate controls over the collections and deposit process.

Repeat Finding

No

Criteria

Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.

Condition

During the course of our test work, we found that the deposits are not being made in a timely manner. Further, nearly every deposit reviewed had an adjustment for an Over/(Short) amount where the actual collections for deposit did not match the system's reported collection amounts. Additionally, these deposits were not recorded on the ledger of the Parks and Recreation Commission. Failure to implement controls over cash could result in the loss or misappropriation of public funds, delay in the timely reconciliation of bank accounts, and settlement of funds to the County.

Cause

This is due to inadequate controls surrounding the deposits of revenue collected within the Park Commission and its operations.

Effect

Inadequate controls surrounding the collection and deposits of revenue collections could result in theft of assets and improper revenue recognition.

Recommendation

The management of the Parks and Recreation Commission should ensure that collections are being collected, recorded, managed, and deposited appropriately and timely.

Commission's Response

The Commission will ensure that the collections and deposits will be collected, recorded, managed and deposited appropriately and in a timely matter.