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



**WASHINGTON COUNTY
TABLE OF CONTENTS**

FINANCIAL SECTION.....	1
Independent Auditor’s Report	2
FINANCIAL STATEMENTS	5
Statement of Net Position	6
Statement of Activities	7
Balance Sheet – Governmental Funds.....	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Position – Proprietary Fund	12
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	13
Statement of Cash Flows – Proprietary Fund	14
Statement of Fiduciary Assets and Liabilities	15
Notes to Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	53
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) General Fund.....	54
Highway Maintenance Fund	55
Bridge and Culvert Fund	56
Schedule of Changes in the Net OPEB Liability and Related Ratios	57
Washington County Library System’s Schedule of Proportionate Share of the Net OPEB Liability ...	58
Schedule of County and Component Unit OPEB Contributions	59
Schedule of the County’s and Component Unit’s Proportionate Share of the Net Pension Liability .	60
Delta Health System Schedule of Changes in Net Pension Liability and Related Ratios	61
Schedule of the County’s and Component Unit’s Contributions	62
Schedule of the Delta Health System’s Contributions	63
Notes to Required Supplementary Information.....	64
OTHER INFORMATION	69
Schedule of Surety Bonds for County Officials.....	70
SPECIAL REPORTS	71
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 <i>Government Auditing Standards</i>	72
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)	74
Limited Internal Control and Compliance Review Management Report	79
SCHEDULE OF FINDINGS AND RESPONSES	88

WASHINGTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Washington County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Delta Health System or the Greenville Port Commission, component units, which represent 99.64 percent, 101.41 percent, and 99.34 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors. However, we did audit the Washington County Library System, component unit, which represents 0.36 percent, (1.41) deficit percentage and 0.66 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Our audits and the component unit audits of the Delta Health System and Greenville Port Commission were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Washington County, Mississippi, as of September 30, 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 County's Schedule of Changes in the Net OPEB Liability and Related Ratios, the Library's Schedule of Proportionate Share of the Net OPEB Liability, the County and Component Unit Schedule of OPEB Contributions, the Schedule of the County's and Component Unit's Proportionate Share of the Net Pension Liability, the Schedule of County's and Component Unit's Contributions, and the Delta Health System's Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Delta Health System'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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022, on our consideration of Washington County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washington County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

September 12, 2022

WASHINGTON COUNTY

FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary Government		Total	Component Units			
	Governmental Activities	Business-type Activities		Delta Health System	Greenville Port Commission	Washington County Library System	Total Component Units
ASSETS							
Cash	\$ 20,174,302		\$ 20,174,302	\$ 57,557,546	\$ 3,136,410	\$ 352,594	\$ 61,046,550
Investments		\$ 931,982	931,982				
Property tax receivable	19,353,250	742,764	20,096,014				
Fines receivable, (net of allowance for uncollectibles of \$12,612,451)	462,555		462,555				
Intergovernmental receivables	456,513	297,862	754,375	14,303,581			14,303,581
Other receivables	444,547	12,900	457,447		82,806		82,806
Inventories and prepaid items		244,906	244,906	2,626,330			2,626,330
Capital lease receivable					11,144		11,144
Internal balances	3,580,535	(3,580,535)	-				
Capital assets:							
Land and construction in progress	9,280,727	28,030	9,308,757	5,675,622	152,882		5,828,504
Other capital assets, net	69,759,356	12,765,780	82,525,136	32,360,673	6,228,942	96,004	38,685,619
Other assets				2,907,432			2,907,432
Total Assets	123,511,785	11,443,689	134,955,474	115,431,184	9,612,184	448,598	125,491,966
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	2,837,806	500,790	3,338,596	3,730,413	182,625	70,885	3,983,923
Deferred outflows related to OPEB			-			14,578	14,578
Deferred amount on refunding		887,934	887,934				
Total Deferred Outflows of Resources	2,837,806	1,388,724	4,226,530	3,730,413	182,625	85,463	3,998,501
LIABILITIES							
Claims payable	1,765,388	103,461	1,868,849	33,133,140	35,017	15,734	33,183,891
Claims and judgments payable	738,857		738,857				
Intergovernmental payables	640,615		640,615				
Accrued interest payable	27,756	103,517	131,273				
Other payables	161,231		161,231				
Long-term liabilities							
Due within one year:							
Capital related debt	1,255,116	1,060,000	2,315,116	728,468			728,468
Non-capital debt	140,000		140,000				
Other postemployment benefits						3,503	3,503
Estimated amounts due to third-party payors				3,471,438			3,471,438
Due in more than one year:							
Capital related debt	4,473,354	12,718,201	17,191,555	14,448,307			14,448,307
Non-capital debt	540,865	47,901	588,766		56,392	27,872	84,264
Net pension liability	29,454,467	5,197,848	34,652,315	8,112,676	1,453,074	1,026,022	10,591,772
Other postemployment benefits	18,990,712	3,351,302	22,342,014			83,508	83,508
Estimated amounts due to third-party payors				10,513,679			10,513,679
Total Liabilities	58,188,361	22,582,230	80,770,591	70,407,708	1,544,483	1,156,639	73,108,830
DEFERRED INFLOWS OF RESOURCES							
Property tax for future reporting period	19,353,250	742,764	20,096,014				
Deferred inflows related to OPEB			-			25,810	25,810
Deferred inflows related to pensions	28,270	4,990	33,260	299,907	48,201	140,169	488,277
Total Deferred Inflows of Resources	19,381,520	747,754	20,129,274	299,907	48,201	165,979	514,087
NET POSITION							
Net investment in capital assets	73,311,613	(96,457)	73,215,156	24,350,486	6,381,824	96,004	30,828,314
Restricted for:							
Expendable:							
General government	87,811		87,811				
Public safety	665,303		665,303				
Public works	1,991,219		1,991,219				
Health and welfare	22,001		22,001				
Culture and recreation	227,744		227,744				
Economic development	57,000		57,000				
Debt service	502,166		502,166	10,766			10,766
Unrestricted	(28,085,147)	(10,401,114)	(38,486,261)	24,092,730	1,820,301	(884,561)	25,028,470
Total Net Position	\$ 48,779,710	\$ (10,497,571)	\$ 38,282,139	\$ 48,453,982	\$ 8,202,125	\$ (788,557)	\$ 55,867,550

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

WASHINGTON 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 Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Delta Health System	Greenville Port Commission	Washington County Library System	Total Component Units
Primary government:											
Governmental activities:											
General government	\$ 13,249,145	\$ 1,327,360	\$ 1,001,186		\$ (10,920,599)		\$ (10,920,599)				
Public safety	5,442,358	577,034	78,854		(4,786,470)		(4,786,470)				
Public works	9,148,348	37,240	801,058	\$ 3,588,419	(4,721,631)		(4,721,631)				
Health and welfare	589,217		458,977		(130,240)		(130,240)				
Culture and recreation	485,693				(485,693)		(485,693)				
Conservation of natural resources	111,973				(111,973)		(111,973)				
Economic development and assistance	461,805				(461,805)		(461,805)				
Interest on long-term debt	316,760				(316,760)		(316,760)				
Pension expense	3,272,354				(3,272,354)		(3,272,354)				
OPEB expense	2,063,372				(2,063,372)		(2,063,372)				
Total Governmental Activities	35,141,025	1,941,634	2,340,075	3,588,419	(27,270,897)		(27,270,897)				
Business-type activities:											
Correctional facility	5,154,868	4,113,942				(1,040,926)	(1,040,926)				
Total Business-type Activities	5,154,868	4,113,942				(1,040,926)	(1,040,926)				
Total Primary Government	\$ 40,295,893	\$ 6,055,576	\$ 2,340,075	\$ 3,588,419	(27,270,897)	(1,040,926)	(28,311,823)				
Component Units:											
Delta Health System	\$ 114,707,424	\$ 111,390,328						\$ (3,317,096)			\$ (3,317,096)
Greenville Port Commission	1,662,116	781,675		\$ 398,860					\$ (481,581)		(481,581)
Washington County Library System	722,489		\$ 787,408							\$ 64,919	64,919
Total Component Units	\$ 117,092,029	\$ 112,172,003	\$ 787,408	\$ 398,860				(3,317,096)	(481,581)	64,919	(3,733,758)
General revenues:											
Property taxes					24,318,744	895,208	25,213,952				
Road & bridge privilege taxes					513,793		513,793				
Grants and contributions not restricted to specific programs					2,293,827		2,293,827	4,258,948			4,258,948
Unrestricted interest income					272,964	6,982	279,946		26,783		26,783
Unrestricted investment income							-	442,829			442,829
Gain (Loss) on disposal of capital assets					(38,101)		(38,101)				-
Miscellaneous					1,261,114		1,261,114	1,096,909	179,174		1,276,083
Total General Revenues					28,622,341	902,190	29,524,531	5,798,686	205,957	-	6,004,643
Changes in Net Position					1,351,444	(138,736)	1,212,708	2,481,590	(275,624)	64,919	2,270,885
Net Position - Beginning					47,428,266	(10,358,835)	37,069,431	45,972,392	8,477,749	(853,476)	53,596,665
Net Position - Ending					\$ 48,779,710	\$ (10,497,571)	\$ 38,282,139	\$ 48,453,982	\$ 8,202,125	\$ (788,557)	\$ 55,867,550

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

WASHINGTON COUNTY
Balance Sheet – Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds				
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 14,805,363	\$ 704,239	\$ 1,231,233	\$ 3,433,467	\$ 20,174,302
Property tax receivable	14,930,299	1,021,306	2,364,247	1,037,398	19,353,250
Fines receivable (net of allowance for uncollectibles of \$12,612,451)	462,555				462,555
Intergovernmental receivables	423,858			32,655	456,513
Advances to other funds	7,312,403				7,312,403
Due from other funds	358,412	56,230	45,900	10,756	471,298
Other receivable	302,286				302,286
Total Assets	<u>38,595,176</u>	<u>1,781,775</u>	<u>3,641,380</u>	<u>4,514,276</u>	<u>48,532,607</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Claims payable	989,135	70,039	92,150	614,064	1,765,388
Claims and judgments payable	738,857				738,857
Intergovernmental payables	640,615				640,615
Advances from other funds			3,892,271		3,892,271
Due to other funds	168,631				168,631
Other payables	161,231				161,231
Total Liabilities	<u>2,698,469</u>	<u>70,039</u>	<u>3,984,421</u>	<u>614,064</u>	<u>7,366,993</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	14,930,299	1,021,306	2,364,247	1,037,398	19,353,250
Unavailable revenue - fines	462,555				462,555
Total Deferred Inflows of Resources	<u>15,392,854</u>	<u>1,021,306</u>	<u>2,364,247</u>	<u>1,037,398</u>	<u>19,815,805</u>
FUND BALANCES					
Nonspendable:					
Advances	7,312,403				7,312,403
Restricted for:					
General Government				87,811	87,811
Public safety				665,303	665,303
Public Works		690,430		1,300,789	1,991,219
Health & Welfare				22,001	22,001
Culture and recreation				227,744	227,744
Economic development				57,000	57,000
Debt service				502,166	502,166
Unassigned	13,191,450		(2,707,288)		10,484,162
Total Fund Balances	<u>20,503,853</u>	<u>690,430</u>	<u>(2,707,288)</u>	<u>2,862,814</u>	<u>21,349,809</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,595,176</u>	<u>\$ 1,781,775</u>	<u>\$ 3,641,380</u>	<u>\$ 4,514,276</u>	<u>\$ 48,532,607</u>

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

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 21,349,809
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$104,417,486.	79,040,083
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	462,552
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,409,335)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(18,990,712)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(29,454,467)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	2,837,806
Deferred inflows of resources related to pensions	(28,270)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(27,756)
Total Net Position - Governmental Activities	<u>\$ 48,779,710</u>

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

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

	Major Funds				
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 17,600,101	\$ 1,530,665	\$ 3,987,305	\$ 1,200,673	\$ 24,318,744
Road and bridge privilege taxes		513,793			513,793
Licenses, commissions and other revenue	1,107,145			12,822	1,119,967
Fines and forfeitures	228,286				228,286
Intergovernmental revenues	3,525,689	587,908		4,108,724	8,222,321
Charges for services	110,700			503,574	614,274
Interest income	272,964				272,964
Miscellaneous revenues	1,241,218	5,033		14,863	1,261,114
Total Revenues	<u>24,086,103</u>	<u>2,637,399</u>	<u>3,987,305</u>	<u>5,840,656</u>	<u>36,551,463</u>
EXPENDITURES					
Current:					
General government	13,606,172			271,931	13,878,103
Public safety	5,614,508			377,826	5,992,334
Public works	11,171	2,803,090	7,820,901	3,495,707	14,130,869
Health and welfare	549,895			85,949	635,844
Culture and recreation	449,346				449,346
Conservation of natural resources	111,973				111,973
Economic development and assistance	485,449				485,449
Debt service:					
Principal	607,331	275,308		622,578	1,505,217
Interest	179,334	12,142		130,019	321,495
Total Expenditures	<u>21,615,179</u>	<u>3,090,540</u>	<u>7,820,901</u>	<u>4,984,010</u>	<u>37,510,630</u>
Excess of Revenues over (under) Expenditures	<u>2,470,924</u>	<u>(453,141)</u>	<u>(3,833,596)</u>	<u>856,646</u>	<u>(959,167)</u>
OTHER FINANCING SOURCES (USES)					
Lease principal payments	27,030				27,030
Long-term capital debt issued	109,681				109,681
Transfers in				209,254	209,254
Transfers out	(209,254)				(209,254)
Total Other Financing Sources and Uses	<u>(72,543)</u>	<u>-</u>	<u>-</u>	<u>209,254</u>	<u>136,711</u>
Net Changes in Fund Balances	<u>2,398,381</u>	<u>(453,141)</u>	<u>(3,833,596)</u>	<u>1,065,900</u>	<u>(822,456)</u>
Fund Balances - Beginning	<u>18,105,472</u>	<u>1,143,571</u>	<u>1,126,308</u>	<u>1,796,914</u>	<u>22,172,265</u>
Fund Balances - Ending	<u>\$ 20,503,853</u>	<u>\$ 690,430</u>	<u>\$ (2,707,288)</u>	<u>\$ 2,862,814</u>	<u>\$ 21,349,809</u>

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

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

Exhibit 4-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ (822,456)
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 \$6,028,325, exceeded depreciation of \$1,823,670 in the current period.	4,204,655
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 \$38,101 in the current period.	(38,101)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(20,893)
Debt proceeds provide current financial resources to Government Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$109,681 was exceeded by debt repayments of \$1,505,217.	1,395,536
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Accrued interest payable	4,735
Compensated absences	1,393
Net amortization on bond premium and discount	1,643
Other postemployment benefits payable	(1,851,679)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the changes in net position differs from change in fund balances by the principal collections on the capital leases.	(27,030)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,272,354)
Recording of contributions made for the current fiscal year	1,775,995
Change in Net Position of Governmental Activities	<u><u>\$ 1,351,444</u></u>

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

WASHINGTON COUNTY
Statement of Net Position – Proprietary Fund
September 30, 2020

Exhibit 5

	Business-type Activities Enterprise Fund WCRCF
ASSETS	
Current assets:	
Investments	\$ 931,982
Property tax receivable	742,764
Intergovernmental receivables	297,862
Due from other funds	55,745
Other receivables	12,900
Inventories	47,252
Total Current Assets	<u>2,088,505</u>
Noncurrent assets:	
Prepaid bond insurance	197,654
Capital Assets:	
Land	28,030
Other capital assets, net	12,765,780
Total Noncurrent Assets	<u>12,991,464</u>
Total Assets	<u>15,079,969</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	500,790
Deferred amount on refunding	887,934
Total Deferred Outflows of Resources	<u>1,388,724</u>
LIABILITIES	
Current liabilities:	
Claims payable	92,882
Accrued interest payable	103,517
Due to other funds	368,991
Advances from other funds	3,277,868
Capital debt:	
Other long-term liabilities	1,060,000
Total Current Liabilities	<u>4,903,258</u>
Noncurrent liabilities:	
Other postemployment benefits payable	3,351,302
Net pension liability	5,197,848
Capital related debt:	
Other long-term liabilities	12,718,201
Non-capital debt:	
Compensated absences payable	47,901
Total Non-Current Liabilities	<u>21,315,252</u>
Total Liabilities	<u>26,218,510</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,990
Deferred inflows related to property taxes	742,764
Total Deferred Inflows of Resources	<u>747,754</u>
NET POSITION	
Net investment in capital assets	(96,457)
Unrestricted	(10,401,114)
Total Net Position	<u>\$ (10,497,571)</u>

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

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

Exhibit 6

	Business-type Activities Enterprise Fund WCRCF
Operating Revenues	
Charges for services	\$ 4,113,942
Total Operating Revenues	<u>4,113,942</u>
Operating Expenses	
Personal services	2,308,729
Contractual services	487,824
Materials and supplies	616,189
Indirect cost allocation	19,605
Depreciation expense	308,150
Pension expense	577,474
OPEB expense	364,124
Total Operating Expenses	<u>4,682,095</u>
Operating Income (Loss)	<u>(568,153)</u>
Non-operating Revenues (Expense)	
Interest income	6,982
Property tax	895,208
Interest expense	(434,283)
Other income (expense)	(38,490)
Net Non-Operating Revenues (Expense)	<u>429,417</u>
Change in Net Position	(138,736)
Net Position - Beginning	(10,358,835)
Net Position - Ending	<u><u>\$ (10,497,571)</u></u>

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

WASHINGTON COUNTY
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2020

Exhibit 7

	Business-type Activities Enterprise Fund WCRCF
Cash Flows from Operating Activities	
Receipts from customers	\$ 4,195,687
Payments to employees	(2,602,174)
Payments to suppliers	(1,137,489)
Net Cash Provided (Used) by Operating Activities	<u>456,024</u>
Cash Flows From Non-Capital Financing Activities	
Loans from other funds	365,791
Cash received from property taxes	895,759
Other receipts	47,417
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,308,967</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on debt	(1,035,000)
Interest paid on debt	(440,920)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,475,920)</u>
Cash Flows From Investing Activities	
Interest on investments	6,982
Purchase of investment securities	(296,053)
Net Cash Provided (Used) by Investing Activities	<u>(289,071)</u>
Net Increase or Decrease in Cash and Cash Equivalents	<u>-</u>
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (568,153)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	308,150
Pension expense adjustment	264,063
OPEB expense adjustment	326,767
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(11,017)
(Increase) decrease in interfund receivables	21,026
(Increase) decrease in other receivables	(4,300)
(Increase) decrease in prepaid bond insurance	18,676
Increase (decrease) in claims payable	(59,327)
(Increase) decrease in interfund payable	161,951
Increase (decrease) in compensated absences liability	(1,812)
Total Adjustments	<u>1,024,177</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 456,024</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,382,335
Due from other funds	10,579
Other receivables	142,264
Total Assets	<u>1,535,178</u>
LIABILITIES	
Intergovernmental payables	569,849
Advances from other funds	142,264
Other payables	823,065
Total Liabilities	<u>\$ 1,535,178</u>

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

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

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

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

The County reports the following major Governmental Funds:

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

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

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

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 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, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

G. Receivables.

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

H. Interfund Transactions and Balances.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

I. Inventories and Prepaid Items.

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

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

J. Capital Assets.

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

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

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

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

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

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

Washington County

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 10 for additional details.

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

Component Unit – Washington County Library System

Deferred outflows related to OPEB – This amount represents the System’s proportionate share of the deferred outflows of resources reported by the OPEB plan in which the System participates. See Note 9 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 will not be recognized as an inflow of resources (revenue) until that time.

Washington County

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 as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows or resources reported by the pension plan in which the County participates. See Note 10 for additional details.

Component Unit – Washington County Library System

Deferred inflows related to OPEB – This amount represents the System’s proportionate share of the deferred inflows of resources reported by the OPEB plan in which the System participates. See Note 9 for additional details.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

L. Pensions.

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

M. Other Postemployment Benefits (OPEB).

Washington County

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

Component Unit – Washington County Library System

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

N. Long-term liabilities.

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

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

O. Equity Classifications.

Government-wide Financial Statements:

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

P. Property Tax Revenues.

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

NOTE 2 - DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$21,556,637 and the bank balance was \$21,642,349. 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.

Investments:

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

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury	Less than one year	1	\$ 931,982	N/A

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

NOTE 3 - 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>
General Fund	W.C. Regional Correctional Facility	\$ 358,412
W. C. Regional Correctional Facility	General Fund	55,745
Highway Maintenance Fund	General Fund	56,230
Bridge and Culvert Fund	General Fund	45,900
Other Governmental Funds	General Fund	10,756
Agency	W.C. Regional Correctional Facility	10,579
Total		<u>\$ 537,622</u>

Receivables represent: the general fund and enterprise fund are due to operating cash shortfall (\$358,412) and indirect cost allocation (\$19,605); property tax accrual (\$8,845) and prisoner housing (\$46,900); the agency fund and enterprise fund are amounts due to the inmate welfare fund (\$10,579). All other receivables represent the tax revenue collected but not settled until October 2020. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bridge & Culvert Fund	\$ 3,892,271
General Fund	W.C. Regional Correctional Facility	\$ 3,277,868
General Fund	Agency	142,264
Total		<u>\$ 7,312,403</u>

The General Fund receivable of \$142,264 is the amount owed in settlement of a prior years' theft. This amount has not been paid in several years. The advance of \$3,277,868 is comprised of: indirect cost allocations (\$209,362) and operating cash (\$3,068,506) made in prior years that have not been paid. The advance of \$3,892,271 represent loans made to facilitate bridge rehabilitation & replacement.

C. Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 209,254
Total		<u>\$ 209,254</u>

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES.

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

Governmental Activities	
Description	Amount
MS Emergency Management - CARES Act	\$ 190,327
State Legislative Tax Credit	184,727
VOCA/VAWA Grant	44,304
MS Department of Health - Tobacco Tire Grant	22,561
MS Department of Public Safety - JAG Grant	10,094
MDOC - Prisoner Housing	4,500
Total Governmental Activities	<u>\$ 456,513</u>
Business-Type Activities	
Description	Amount
MS Department of Corrections	\$ 220,552
County Municipalities	77,310
Total Business-Type Activities	<u>\$ 297,862</u>

NOTE 5 - OTHER RECEIVABLE.

The Governmental Activities other receivable of \$444,547 represents amounts due from the tax collector (\$109,258), MARS warehouse rent (\$193,025) and Agency Funds (\$142,264). The other receivable of \$12,900 for Business-type Activities represents amounts due for nurse reimbursement.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 6 - CAPITAL ASSETS.

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

Governmental activities:	Balance				Balance
	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 4,704,445				\$ 4,704,445
Construction in progress	3,830,345	4,976,961		(4,231,024)	4,576,282
Total non-depreciable capital assets	8,534,790	4,976,961	-	(4,231,024)	9,280,727
Depreciable capital assets:					
Infrastructure	126,736,684			4,231,024	130,967,708
Buildings	21,176,024				21,176,024
Improvements other than buildings	3,840,567				3,840,567
Mobile equipment	9,330,403	819,090	363,253	249,800	10,036,040
Furniture and equipment	4,570,878	136,231	17,760		4,689,349
Leased property under capital leases	3,620,911	96,043		(249,800)	3,467,154
Total depreciable capital assets	169,275,467	1,051,364	381,013	4,231,024	174,176,842
Less accumulated depreciation for:					
Infrastructure	80,229,145	478,599			80,707,744
Buildings	9,221,700	291,569			9,513,269
Improvements other than buildings	626,062	153,624			779,686
Mobile equipment	7,670,693	435,549	326,928	112,410	7,891,724
Furniture and equipment	3,743,959	53,244	15,984		3,781,219
Leased property under capital leases	1,445,169	411,085		(112,410)	1,743,844
Total accumulated depreciation	102,936,728	1,823,670	342,912	-	104,417,486
Total depreciable capital assets, net	66,338,739	(772,306)	38,101	4,231,024	69,759,356
Governmental activities capital assets, net	\$ 74,873,529	4,204,655	38,101	-	\$ 79,040,083

Adjustments are due to reclassification of assets.

Business-type activities:	Balance				Balance
	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 28,030				\$ 28,030
Total non-depreciable capital assets	28,030	-	-	-	28,030
Depreciable capital assets:					
Buildings	15,181,373				15,181,373
Improvements other than buildings	113,001				113,001
Furniture and equipment	2,455,771				2,455,771
Total depreciable capital assets	17,750,145	-	-	-	17,750,145
Less accumulated depreciation for:					
Buildings	2,429,024	303,628			2,732,652
Improvements other than buildings	36,176	4,522			40,698
Furniture and equipment	2,211,015				2,211,015
Total accumulated depreciation	4,676,215	308,150	-	-	4,984,365
Total depreciable capital assets, net	13,073,930	(308,150)	-	-	12,765,780
Business-type activities capital assets, net	\$ 13,101,960	(308,150)	-	-	\$ 12,793,810

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 473,310
Public safety	304,440
Public works	913,347
Culture and recreation	132,573
Total governmental activities depreciation expense	<u>\$ 1,823,670</u>
Business-type Activities:	
Public safety	\$ 308,150
Total business-type activities depreciation expense	<u>\$ 308,150</u>

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Governmental activities:		
Infrastructure	Unknown	Fiscal 2021

CAPITAL ASSETS – COMPONENT UNITS

Delta Health System	Balance				Balance
	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 4,677,347		40,032		\$ 4,637,315
Construction in progress	968,523	811,065		(741,281)	1,038,307
Total non-depreciated capital assets	<u>5,645,870</u>	<u>811,065</u>	<u>40,032</u>	<u>(741,281)</u>	<u>5,675,622</u>
Depreciable capital assets:					
Land improvements	860,754				860,754
Buildings	41,215,312			202,560	41,417,872
Fixed equipment	9,069,410	157,672			9,227,082
Equipment	82,849,371	1,428,955	64,806	505,381	84,718,901
Total depreciable capital assets	<u>133,994,847</u>	<u>1,586,627</u>	<u>64,806</u>	<u>707,941</u>	<u>136,224,609</u>
Less accumulated depreciation for:					
Land improvements	772,676	20,982			793,658
Buildings	27,179,451	752,149			27,931,600
Fixed equipment	8,003,645	74,515			8,078,160
Equipment	64,450,339	2,674,985	64,806		67,060,518
Total accumulated depreciation	<u>100,406,111</u>	<u>3,522,631</u>	<u>64,806</u>	<u>-</u>	<u>103,863,936</u>
Total depreciable capital assets, net	<u>33,588,736</u>	<u>(1,936,004)</u>	<u>-</u>	<u>707,941</u>	<u>32,360,673</u>
Total capital assets, net	<u>\$ 39,234,606</u>	<u>(1,124,939)</u>	<u>40,032</u>	<u>(33,340)</u>	<u>\$ 38,036,295</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Greenville Port Commission	Balance				Balance
	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 152,882				\$ 152,882
Construction in progress	113,369	361,766		(475,135)	-
Total non-depreciated capital assets	266,251	361,766	-	(475,135)	152,882
Depreciable capital assets:					
Building facilities	823,460				823,460
Improvements other than buildings	2,703,684			475,135	3,178,819
Machinery and equipment	9,796,021	9,750			9,805,771
Office furniture and fixtures	49,008	6,918	8,718		47,208
Total depreciable capital assets	13,372,173	16,668	8,718	475,135	13,855,258
Less accumulated depreciation for:					
Building facilities	247,432	22,178			269,610
Improvements other than buildings	1,182,331	162,057			1,344,388
Machinery and equipment	5,583,140	387,504			5,970,644
Office furniture and fixtures	49,008	1,384	8,718		41,674
Total accumulated depreciation	7,061,911	573,123	8,718	-	7,626,316
Total depreciable capital assets, net	6,310,262	(556,455)	-	475,135	6,228,942
Total capital assets, net	\$ 6,576,513	(194,689)	-	-	\$ 6,381,824

Washington County Library System	Balance				Balance
	Oct. 1, 2019	Additions	Deletions	Adjustments	Sept. 30, 2020
Depreciable capital assets:					
Equipment and fixtures	692,135	10,094			702,229
Other	285,090				285,090
Total depreciable capital assets	977,225	10,094	-	-	987,319
Less accumulated depreciation for:					
Equipment and fixtures	646,186	15,108			661,294
Other	217,708	12,313			230,021
Total accumulated depreciation	863,894	27,421	-	-	891,315
Total capital assets, net	\$ 113,331	(17,327)	-	-	\$ 96,004

NOTE 7 - CLAIMS AND JUDGMENTS.

Risk Financing:

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

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

	2019	2020
Unpaid Claims, Beginning of Fiscal Year	\$ 664,166	\$ 688,221
Plus: Incurred Claims (Including IBNRs)	4,997,671	5,284,260
Less: Claims payments	4,973,616	5,233,624
Unpaid Claims, End of Fiscal Year	<u>\$ 688,221</u>	<u>\$ 738,857</u>

NOTE 8 - 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	\$ 1,788,044
Other furniture and equipment	650,110
Siemens energy project	1,029,000
Total	3,467,154
Less: Accumulated depreciation	1,743,844
Leased Property Under Capital Leases	<u>\$ 1,723,310</u>

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2021	\$ 485,946	\$ 31,548
2022	209,926	21,477
2023	184,529	15,714
2024	149,009	10,474
2025	98,810	7,147
2026-2028	217,446	7,788
Total	<u>\$ 1,345,666</u>	<u>\$ 94,148</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS.

Washington County

Plan Description

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

Funding Policy

The benefits of the Washington County, Mississippi Post-Employment Benefits Other Than Pensions are funded on a pay-as-you-go basis. The County funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance 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 \$178 to \$652 depending on dependent coverage and Medicare eligibility.

Changes in Total OPEB Liability

The County's Total OPEB liability of \$22,342,014 was measured as of September 30, 2020 and was determined by an actuarial valuation date of October 1, 2019.

Actuarial Assumptions and Other Inputs

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

	<u>Total OPEB Liability (a)</u>
Balance at September 30, 2019	20,163,569
Changes for the Year:	
Service cost	1,634,492
Interest	793,004
Benefits paid	<u>(249,051)</u>
Net Changes	<u>2,178,445</u>
Balances at September 30, 2020	<u><u>\$ 22,342,014</u></u>

Changes in Assumptions

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

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

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	6.25% decreasing to 2.68% over 75 years	7.25% decreasing to 3.68% over 75 years	8.25% decreasing to 4.68% over 75 years
OPEB liability September 30, 2020	\$ 17,893,772	22,342,014	28,319,122

Sensitivity of the OPEB liability to changes in the discount rate

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

		1% Decrease	Current Rate	1% Increase
		2.68%	3.68%	4.68%
OPEB liability				
September 30, 2020	\$	27,518,840	22,342,014	18,381,170

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$2,427,496. At September 30, 2020, the County reported no deferred outflows of resources and no deferred inflows of resources related to OPEB, therefore, there will be no amortization of changes of assumptions, experience losses (gains), and no amounts of deferred outflows or inflows will be recognized in pension expense.

Component Unit - Washington County Library System

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided. The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Contributions. The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the Library were \$3,470 for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At September 30, 2020, the System reported a liability of \$87,011 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the System's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2020, the System's proportion was 0.01118091 percent. This was a decrease of 0.00047055 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended September 30, 2020, the System recognized OPEB expense of \$146. At September 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111	\$ 15,142
Net difference between projected and actual earnings on investments	3	
Changes of assumptions	13,509	3,677
Changes in the proportion and differences between actual contributions and proportionate share contributions		6,991
Contributions subsequent to the measurement date	955	
	<u>\$ 14,578</u>	<u>\$ 25,810</u>

The \$955 reported as deferred outflows of resources related to OPEB resulting from System contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred Outflows/Deferred Inflow Aging:	
Year ending September 30:	Amount
2021	\$ (3,006)
2022	(3,006)
2023	(2,768)
2024	(1,709)
2025	(1,698)
Total	<u>\$ (12,187)</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Actuarial assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Health Care Cost Trends	
Medicare Supplement Claims	
Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.50% by 2030

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

The demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of the last actuarial experience study dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the System's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the System's proportionate share of the net OPEB liability, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.19%	2.19%	3.19%
Net OPEB liability	\$ 96,153	87,011	79,169

Sensitivity of the System's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the System's proportionate share of the net OPEB liability, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 80,341	87,011	94,567

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position for June 30, 2020 is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

NOTE 10 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the County was required to contribute 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 \$2,089,408, \$1,924,580, and \$1,719,796, 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 \$34,652,315 for its proportionate share of the net pension liability. The net pension liability was measured at 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 0.179 percent, which was based on a measurement date of June 30, 2020. This was no change from its proportionate share percentage 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 \$3,849,828. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 300,437	\$ -
Net difference between projected and actual earnings on pension plan investments	1,478,812	
Changes of assumptions	193,846	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	813,528	33,260
Contributions subsequent to the measurement date	551,973	
	<u>\$ 3,338,596</u>	<u>\$ 33,260</u>

The \$551,973 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:

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

<u>Deferred Outflows/Deferred Inflows Aging:</u>	
<u>Year ending September 30:</u>	<u>Amount</u>
2021	\$ 732,521
2022	891,596
2023	670,587
2024	458,659
Total	<u>\$ 2,753,363</u>

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

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

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

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

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

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

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

	1% Decrease	Current	1% Increase
	6.75%	7.75%	8.75%
County's proportionate share of the net pension liability	\$ 44,853,170	34,652,315	26,232,520

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

DEFINED BENEFIT PENSION PLAN - COMPONENT UNITS

Greenville Port Commission

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

Contributions. The Port Commission contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$88,006, \$76,812, and \$71,557, 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 Port Commission reported a liability of \$1,453,074 for its proportionate share of the net pension liability. At June 30, 2020, the Port's proportion was 0.007506 percent, which was an increase of 0.000358 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Port Commission recognized pension expense of \$148,345. At September 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,596	\$ -
Net difference between projected and actual earnings on investments	94,155	34,697
Changes of assumptions	7,741	
Changes in the proportion and differences between actual contributions and proportionate share contributions	45,772	13,504
Contributions subsequent to the measurement date	22,361	
	<u>\$ 182,625</u>	<u>\$ 48,201</u>

The \$22,361 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows/Deferred Inflow Aging:</u>	
<u>Year ending September 30:</u>	<u>Amount</u>
2021	\$ 9,507
2022	44,134
2023	39,191
2024	19,231
Total	<u>\$ 112,063</u>

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
Proportionate share of the net pension liability	\$ 1,880,826	1,453,074	1,100,007

Washington County Library System

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

Contributions. The System's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$64,464, \$63,771, and \$62,157, 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 System reported a liability of \$1,026,022 for its proportionate share of the net pension liability. At June 30, 2020, the System's proportion was 0.0053 percent, which was a decrease of 0.0010 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the System recognized pension expense of \$84,787. At September 30, 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,956	\$ -
Net difference between projected and actual earnings on investments	38,886	
Changes of assumptions	6,823	
Changes in the proportion and differences between actual contributions and proportionate share contributions		140,169
Contributions subsequent to the measurement date	16,220	
	<u>\$ 70,885</u>	<u>\$ 140,169</u>

The \$16,220 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Outflows/Deferred Inflow Aging:</u>	
<u>Year ending September 30:</u>	<u>Amount</u>
2021	\$ (59,867)
2022	(28,224)
2023	(10,993)
2024	13,580
Total	<u>\$ (85,504)</u>

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
Proportionate share of the net pension liability	\$ 1,328,055	1,026,022	776,717

Delta Health System

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

Plan Description. The Plan is administered by a board of trustees appointed by the Director of the Health System's Department of Human Resources. Benefit provisions are contained in the Plan Document and were established and can be amended by action of the Health System's Board of Trustees. The Plan benefits were effectively frozen by amendment to the plan on February 1, 2009. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Summary of Participant Data

<u>Employees Covered by the Plan at June 30, 2020</u>	<u>Number of</u>
Active Employees	272
Inactive employees entitled to but not yet receiving benefits	466
Inactive employees or beneficiaries currently receiving benefits	338
Total	<u>1,076</u>

Contributions. The Health System's Board of Trustees has the authority to establish and amend the contribution requirements of the Health System and active employees. The Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Health System is required to contribute amounts necessary to fund the Plan at an actuarially determined rate. For the years ended September 30, 2020, and 2019, the Health System contributed \$1,456,000 and \$1,344,000, respectively, to the Plan.

Net Pension Liability

The Health System's net pension liability was measured as of June 30, 2020, for the year ended September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2019, rolled forward to June 30, 2020.

The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions:

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

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

The Health System has not had a formal actuarial experience study performed.

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

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Cash	11.33%	-0.34%
US Core Fixed Income	40.13%	0.55%
US Large Caps	39.42%	4.51%
Global Equity	7.77%	5.55%
US REITs	1.35%	5.30%
	100.00%	

Discount Rate. The discount rate used to measure the total pension liability at September 30, 2020, was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended September 30, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of July 1, 2019	\$ 28,664,135	\$ 20,388,406	\$ 8,275,729
Changes for the year:			
Service Cost	-	-	-
Interest	1,810,992	-	1,810,992
Differences between expected and actual experience	154,091	-	154,091
Benefit payments	(1,631,113)	(1,631,113)	-
Employer contributions	-	1,232,000	(1,232,000)
Net investment income	-	896,136	(896,136)
Net changes	333,970	497,023	(163,053)
Balance as of June 30, 2020	\$ 28,998,105	\$ 20,885,429	\$ 8,112,676

Sensitivity Analysis. The following presents the net pension liability of the Health System as of September 30, 2020 calculated using the discount rate of 6.50 percent, as well as what the Health System's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50 percent) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Net pension liability	\$ 11,538,423	\$ 8,112,676	\$ 5,263,751

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended September 30, 2020, the Health System recognized pension expense of \$610,817. At September 30, 2020, the Health System reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,609	\$ -
Net difference between projected and actual earnings on pension plan investments	121,448	
Contributions made subsequent to measurement date	560,000	
Total	<u>\$ 786,057</u>	<u>\$ -</u>

At September 30, 2020, the Health System reported \$560,000 as deferred outflows of resources related to the pension resulting from the Health System's contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the net pension liability at September 30, 2021.

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

Year Ending June 30,	Amount
2021	\$ 85,257
2022	47,291
2023	10,242
2024	83,267
Total	<u>\$ 226,057</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 11 - LONG TERM DEBT.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
GO Road and Bridge Refunding Bonds, Series 2011	\$ 290,000	2.00/3.00	07-22
GO Bonds, Series 2011	1,645,000	2.50/3.50	12-26
GO Recreational Facilities Bonds, Series 2013	2,230,000	3.625	09-28
Total General Obligation Bonds	<u>\$ 4,165,000</u>		
B. Capital Leases:			
15 Sheriff Vehicles	40,755	2.07	03-21
4 2017 Mack GU713 Dump Trucks	52,025	2.29	03-21
E911 Console System	135,391	2.66	08-21
2017 Isuzu NPR HD Truck w/Isuzu AL125 Paint Striper	30,158	2.39	11-21
Weiler Paver Model P385B	79,401	3.99	02-22
2 2018 Dodge Rams - Sheriff	28,557	3.59	06-23
2 CAT Motor Graders (SNs N9F1164 & N9F101165)	263,912	3.28	04-24
3 F 150 Ford Trucks-Sheriff's Department	102,910	3.25	05-25
Suntrust energy savings project	612,557	2.03	03-28
Total Capital Leases	<u>\$ 1,345,666</u>		
C. Other Loans:			
Warehouse Project - (CAP Loan)	507,804	3.00	05-22
Total Other Loans	<u>\$ 507,804</u>		
<u>Business-type Activities:</u>			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2017	<u>\$ 7,715,000</u>	3.00	07-31
B. Limited Obligation Bonds:			
Special Obligation Refunding Bonds, Series 2017	<u>\$ 5,845,000</u>	1.85/3.75	07-31

Pledge of Future Revenues – The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$7,210,000 in Taxable Special Obligation Urban Renewal Revenue Refunding Bonds, Series 2017 issued in Washington County, Mississippi. Proceeds from the bonds provided partial financing of the refunding of limited obligation bonds, series 2009 used for the construction of the Washington County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through Trustmark National Bank. Annual principal and interest payments on the bonds are expected to require less than 15 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,090,274. Principal and interest paid for the current year and total inmate housing revenues were \$641,920 and \$4,113,942, respectively.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Governmental Activities:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
2021	475,000	139,238	434,170	9,297
2022	500,000	122,075	73,634	276
2023	365,000	106,900		
2024	385,000	95,206		
2025	400,000	82,263		
2026-2028	2,040,000	165,232		
Total	<u>\$ 4,165,000</u>	<u>\$ 710,914</u>	<u>\$ 507,804</u>	<u>\$ 9,573</u>

Business-type Activities:	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
<u>Year Ending September 30,</u>				
2021	600,000	231,450	460,000	182,920
2022	620,000	213,450	470,000	173,030
2023	640,000	194,850	485,000	161,750
2024	660,000	175,650	495,000	148,898
2025	675,000	155,850	510,000	135,038
2026-2030	3,710,000	461,850	2,805,000	420,388
2031	810,000	24,300	620,000	23,250
Total	<u>\$ 7,715,000</u>	<u>\$ 1,457,400</u>	<u>\$ 5,845,000</u>	<u>\$ 1,245,274</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 2.61% of the latest property assessments.

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

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 389,381		\$ 1,393		\$ 387,988	
General obligation bonds	4,625,000		460,000		4,165,000	\$ 475,000
Add: Bond premium	4,520		1,643		2,877	
Capital leases	1,841,257	109,681	605,272		1,345,666	485,946
Other loans	947,749		439,945		507,804	434,170
Total	<u>\$ 7,807,907</u>	<u>109,681</u>	<u>1,508,253</u>	<u>-</u>	<u>\$ 6,409,335</u>	<u>\$ 1,395,116</u>
	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020	Amount due within one year
Business-type Activities:						
Compensated absences	\$ 49,713		1,812		47,901	
General Obligation Refunding Bonds	8,300,000		585,000		7,715,000	\$ 600,000
Special Obligation Refunding Bonds	6,295,000		450,000		5,845,000	460,000
Add: Bond premium	244,391		21,099		223,292	
Less: Bond discount	(5,573)		(482)		(5,091)	
Total	<u>\$ 14,883,531</u>	<u>-</u>	<u>1,057,429</u>	<u>-</u>	<u>\$ 13,826,102</u>	<u>\$ 1,060,000</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

LONG TERM DEBT - COMPONENT UNITS

Delta Health System

A summary of long-term debt, including capital lease obligations at September 30, 2020, is as follows:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Hospital Revenue and Limited Obligation Refunding Bonds - Series 2019	\$ 14,110,000	4.25	09-36
Capital lease obligation	1,066,775	7.00	07-30
	<u>15,176,775</u>		
Less current portion of long-term debt	<u>(728,468)</u>		
Long-term debt, excluding current portion	<u>\$ 14,448,307</u>		

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

<u>Year Ending September 30,</u>	<u>Revenue Bonds</u>		<u>Capital Lease Obligations</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal & Interest</u>
2021	630,000	599,675	155,781
2022	655,000	572,900	155,781
2023	685,000	545,063	155,781
2024	715,000	515,950	155,781
2025	745,000	485,563	174,893
2026-2030	4,240,000	1,924,188	601,200
2031-2035	5,250,000	941,375	
2036	<u>1,190,000</u>	<u>50,575</u>	
			1,399,217
Less amount representing interest			<u>332,442</u>
	<u>\$ 14,110,000</u>	<u>5,635,289</u>	<u>1,066,775</u>

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

	<u>Balance Oct. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2020</u>	<u>Amount due within one year</u>
Hospital Revenue and Limited Obligation Bonds - Series 2019	14,710,000		600,000		14,110,000	630,000
Capital lease obligations	889,320	242,415	64,960		1,066,775	98,468
Total	<u>\$ 15,599,320</u>	<u>242,415</u>	<u>664,960</u>	<u>-</u>	<u>15,176,775</u>	<u>\$ 728,468</u>

Estimated Amounts Due to Third Party Payors

During the year ended September 30, 2020, the Health System received approximately \$14,333,000 from accelerated Medicare payment requests. The unapplied amount of accelerated Medicare payment requests are recorded in Estimated amounts due to third-party payors in the accompanying Statement of Net Position, with amounts anticipated to be due within one year of \$3,471,438 and amounts due in more than one year of \$10,513,679.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Greenville Port Commission

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

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020
Compensated absences	\$ 55,983	409			\$ 56,392
Total	\$ 55,983	409	-	-	\$ 56,392

Washington County Library System

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

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020
Compensated absences	\$ 25,186	2,686			\$ 27,872
Total	\$ 25,186	2,686	-	-	\$ 27,872

NOTE 12 - CONTINGENCIES.

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

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

Hospital Revenue and Limited Obligation Debt Contingencies – On July 31, 2019, the County issued Hospital Revenue and Limited Obligation Refunding Bonds, Series 2019 (Revenue Bonds) in the amount of \$14,710,000, bearing interest at 4.25%, to provide partial funds for the advance refunding of the outstanding FHA-insured Mortgage Revenue Bonds, Series 2007 with an outstanding amount of approximately \$26,615,000. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of Hospital Revenue and Limited Obligation debt outstanding at September 30, 2020, is as follows:

Description	Amount
Hospital Revenue and Limited Obligation Refunding Bonds, Series 2020	\$ 14,110,000

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 13 - NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS).

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

<u>Description</u>	<u>Balance</u> <u>Sept. 30, 2020</u>
Industrial revenue bonds	\$ 7,935,000
Urban renewal notes	6,195,000
Total	<u>\$ 14,130,000</u>

NOTE 14 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(28,085,147) 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 \$469,177 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 \$2,368,629 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 \$28,270 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' unrestricted net position deficit amount of \$(10,401,114) includes the effect of deferring the recognition of expenses resulting from an advance refunding of County debt. \$83,899 of the \$887,934 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next 11 years.

The business-type activities' unrestricted net position deficit amount of \$(10,401,114) 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 \$82,796 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 \$417,994 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 \$4,990 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.

NOTE 15 -JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower, and Washington. The Washington County Board of Supervisors appoints two of the 20 members of the College Board of Trustees. The County levied 4.0 mills for the college for maintenance, improvement, and enlargement in the fiscal year 2020.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower, and Washington. The Washington County Board of Supervisors appoints five of the 22 members of the board of trustees. The County appropriated \$25,569 to the organization in the fiscal year 2020.

NOTE 16 - TAX ABATEMENT

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

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

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

Category	Fiscal Year 2020	
	% of Taxes Abated	Ad Valorem Taxes Abated
Warehouses or manufacturing/operating facilities-real property	100.00%	\$ 148,763
Additions, expansions or equipment replacement-personal property	100.00%	\$ 898,735
Total ad valorem tax abated		<u>\$ 1,047,498</u>

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

NOTE 17 - SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Washington County evaluated the activity of the County through September 12, 2022 (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/15/2020	1.97%	\$ 218,932	Lease Purchase	Ad valorem taxes
1/5/2021	3.25%	\$ 200,828	Lease Purchase	Ad valorem taxes
3/23/2021	1.97%	\$ 218,932	Lease Purchase	Ad valorem taxes
10/7/2021	2.13%	\$ 483,050	Lease Purchase	Ad valorem taxes
6/23/2021	2.00%	\$ 3,714,000	General Obligation Bonds	Ad valorem taxes

Management is continuing to evaluate the impact of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, on the County's operations. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal year 2020. As such, our financial position, operations, and cash flows will be negatively impacted for the fiscal year 2021 and may hinder our ability to meet the needs of our constituents. Management has and will take the necessary actions to marginalize the disruption caused by the outbreak. The specific impact on our financial position, operations, and cash flows is not readily determinable as of the date of these financial statements, therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WASHINGTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 18,308,394	17,617,497	17,617,497	\$ -
Licenses, commissions and other revenue	1,143,700	1,037,025	1,037,025	-
Fines and forfeitures	190,000	206,549	206,549	-
Charges for services	60,000	88,510	88,510	-
Intergovernmental revenues	2,926,685	2,822,418	2,822,418	-
Interest income	55,000	272,364	272,364	-
Miscellaneous revenues	1,588,536	1,582,262	1,582,262	-
Total Revenues	24,272,315	23,626,625	23,626,625	-
EXPENDITURES				
Current:				
General government	13,913,386	13,744,420	13,744,420	-
Public safety	6,166,415	5,575,089	5,575,089	-
Public works	-	11,171	11,171	-
Health and welfare	660,025	552,726	552,726	-
Culture and recreation	433,678	427,928	427,928	-
Conservation of natural resources	113,700	113,765	113,765	-
Economic development and assistance	438,145	484,869	484,869	-
Debt Service	574,767	671,582	671,582	-
Total Expenditures	22,300,116	21,581,550	21,581,550	-
Excess of Revenues over (under) Expenditures	1,972,199	2,045,075	2,045,075	-
OTHER FINANCING SOURCES (USES)				
Lease principal payments	443,467	764,324	764,324	-
Transfers in	15,000	73,700	73,700	-
Transfers out	(20,499)	(217,971)	(217,971)	-
Total Other Financing Sources and Uses	437,968	620,053	620,053	-
Net Change in Fund Balance	2,410,167	2,665,128	2,665,128	-
Fund Balance - Beginning	(5,448,902)	13,546,800	13,546,800	-
Fund Balance - Ending	\$ (3,038,735)	16,211,928	16,211,928	\$ -

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

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
HIGHWAY MAINTENANCE FUND
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,175,198	1,530,814	1,530,814	\$ -
Intergovernmental revenues	624,000	594,727	594,727	-
Miscellaneous revenues	520,000	528,530	528,530	-
Total Revenues	2,319,198	2,654,071	2,654,071	-
EXPENDITURES				
Public works	2,889,385	2,839,499	2,839,499	-
Debt service	265,000	287,450	287,450	-
Total Expenditures	3,154,385	3,126,949	3,126,949	-
Excess of Revenues over (under) Expenditures	(835,187)	(472,878)	(472,878)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(20,178)	(20,178)	-
Total Other Financing Sources and Uses	-	(20,178)	(20,178)	-
Net Change in Fund Balance	(835,187)	(493,056)	(493,056)	-
Fund Balance - Beginning	(4,194,818)	1,194,583	1,194,583	-
Fund Balance - Ending	\$ (5,030,005)	701,527	701,527	\$ -

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

WASHINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
BRIDGE & CULVERT FUND
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,851,980	3,986,813	3,986,813	\$ -
Total Revenues	2,851,980	3,986,813	3,986,813	-
 EXPENDITURES				
Public works	4,293,836	3,804,088	3,804,088	-
Total Expenditures	4,293,836	3,804,088	3,804,088	-
Excess of Revenues over (under) Expenditures	(1,441,856)	182,725	182,725	-
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balance	(1,441,856)	182,725	182,725	-
Fund Balance - Beginning	(2,044,524)	1,427,945	1,427,945	-
Fund Balance - Ending	\$ (3,486,380)	1,610,670	1,610,670	\$ -

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

WASHINGTON COUNTY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Changes for the Year:			
Service Cost	\$ 1,634,492	1,576,478	1,520,523
Interest	793,004	715,682	642,851
Benefit payments/refunds	<u>(249,051)</u>	<u>(240,211)</u>	<u>(231,685)</u>
Net Change in total OPEB liability	2,178,445	2,051,949	1,931,689
Total OPEB liability - beginning, as restated	<u>20,163,569</u>	<u>18,111,620</u>	<u>16,179,931</u>
Total OPEB liability - ending (a)	<u><u>\$ 22,342,014</u></u>	<u><u>20,163,569</u></u>	<u><u>18,111,620</u></u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 249,051	240,211	231,685
Benefit payments/refunds	<u>(249,051)</u>	<u>(240,211)</u>	<u>(231,685)</u>
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - ending (b)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Net OPEB Liability - ending (a) - (b)	<u><u>\$ 22,342,014</u></u>	<u><u>20,163,569</u></u>	<u><u>18,111,620</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 10,778,719	10,464,776	10,159,977
Net OPEB Liability as a percentage of covered-employee payroll	207.28%	192.68%	178.26%

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

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

WASHINGTON COUNTY LIBRARY SYSTEM - A COMPONENT UNIT OF WASHINGTON COUNTY
SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS*
September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Library's proportion of the net OPEB liability	0.01118091%	0.01165146%	0.01204799%
Library's proportionate share of the OPEB liability	\$ 87,011	\$ 98,867	\$ 93,197
Library's covered-employee payroll	\$ 355,276	\$ 396,203	\$ 394,651
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	24.49%	24.95%	23.62%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%

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

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

WASHINGTON COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT OPEB CONTRIBUTIONS
LAST 10 FISCAL YEARS*
September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
WASHINGTON COUNTY			
Actuarially determined contribution	\$ 3,188,148	2,922,968	2,684,587
Contributions in relation to the actuarially determined contribution	<u>249,051</u>	<u>240,211</u>	<u>231,685</u>
Contribution deficiency (excess)	<u>\$ 2,939,097</u>	<u>2,682,757</u>	<u>2,452,902</u>
Covered employee payroll	\$ 10,778,719	10,464,776	10,159,977
Contributions as a percentage of covered employee payroll	2.31%	2.30%	2.28%
COMPONENT UNIT - WASHINGTON COUNTY LIBRARY SYSTEM			
Actuarially determined contribution	\$ 3,470	3,963	4,030
Contributions in relation to the actuarially determined contribution	<u>3,470</u>	<u>3,963</u>	<u>4,030</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 364,734	396,203	394,651
Contributions as a percentage of covered employee payroll	0.95%	1.00%	1.02%

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

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

WASHINGTON COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2020
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014
WASHINGTON COUNTY							
County's proportion of the net pension liability (asset)	0.179%	0.179%	0.172%	0.165%	0.167%	0.172%	0.172%
County's proportionate share of the net pension liability (asset)	\$ 34,652,315	\$ 31,489,626	\$ 28,608,709	\$ 27,428,604	\$ 29,830,369	\$ 26,587,808	\$ 20,877,651
County's covered payroll	\$ 13,166,823	\$ 11,657,108	\$ 10,965,025	\$ 10,603,668	\$ 10,675,319	\$ 10,716,121	\$ 10,254,113
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	263.18%	270.13%	260.91%	258.67%	279.43%	248.11%	203.60%
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 - GREENVILLE PORT COMMISSION							
Commission's proportion of the net pension liability (asset)	0.007506%	0.007148%	0.007159%	0.00747%	0.0070%	0.0080%	
Commission's proportionate share of the net pension liability (asset)	\$ 1,453,074	\$ 1,257,474	\$ 1,190,755	\$ 1,241,768	\$ 1,250,376	\$ 1,236,642	
Commission's covered payroll	\$ 499,831	\$ 465,512	\$ 464,673	\$ 479,486	\$ 460,990	\$ 498,616	
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.71%	270.13%	256.26%	258.98%	271.24%	248.01%	
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	
COMPONENT UNIT - WASHINGTON COUNTY LIBRARY							
Library's proportion of the net pension liability (asset)	0.0053%	0.0063%	0.0063%	0.0066%	0.0066%	0.0071%	0.0074%
Library's proportionate share of the net pension liability (asset)	\$ 1,026,022	\$ 1,108,296	\$ 1,047,878	\$ 1,097,145	\$ 1,178,924	\$ 1,097,520	\$ 898,225
Library's covered payroll	\$ 355,276	\$ 408,914	\$ 403,997	\$ 422,662	\$ 424,174	\$ 442,174	\$ 460,685
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	288.80%	271.03%	259.38%	259.58%	277.93%	248.21%	194.98%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

DELTA HEALTH SYSTEM – A COMPONENT UNIT OF WASHINGTON COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended September 30, 2020
UNAUDITED

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ -	\$ -	\$ 42,046	\$ 56,525	\$ 441,695	490,706
Interest on total pension liability	1,810,992	1,777,663	1,789,547	1,751,794	1,598,830	1,547,795
Differences between expected & actual experience	154,091	303,214	(572,890)	1,782,929	(194,015)	(95,165)
Benefit payments	(1,631,113)	(1,507,059)	(1,295,266)	(1,133,330)	(1,038,177)	(983,322)
Net change in total pension liability	333,970	573,818	(36,563)	2,457,918	808,333	960,014
Total pension liability, beginning	28,664,135	28,090,317	28,126,880	25,668,962	24,860,629	23,900,615
Total pension liability, ending (a)	28,998,105	28,664,135	28,090,317	28,126,880	25,668,962	24,860,629
Plan Fiduciary Net Position						
Employer contributions	1,232,000	1,344,000	1,002,664	1,083,329	1,338,128	838,590
Net investment income	896,136	1,592,274	992,263	1,428,854	752,788	429,704
Benefit payments	(1,631,113)	(1,507,059)	(1,295,266)	(1,133,330)	(1,038,177)	(983,322)
Administrative expenses	-	-	-	-	(27,241)	(28,627)
Net change in fiduciary net position	497,023	1,429,215	699,661	1,378,853	1,025,498	256,345
Fiduciary net position, beginning	20,388,406	18,959,191	18,259,530	16,880,677	15,855,179	15,598,834
Fiduciary net position, ending (b)	20,885,429	20,388,406	18,959,191	18,259,530	16,880,677	15,855,179
Net pension liability, ending (a) - (b)	\$ 8,112,676	\$ 8,275,729	\$ 9,131,126	\$ 9,867,350	\$ 8,788,285	\$ 9,005,450
Fiduciary net position as a percentage of the total pension liability	72.02%	71.13%	67.49%	64.92%	65.76%	63.78%
Covered payroll	\$ 15,329,000	\$ 15,529,549	\$ 15,803,760	\$ 18,481,088	\$ 20,365,267	\$ 22,586,180
Net pension liability as a percentage of covered payroll	52.92%	53.29%	57.78%	53.39%	43.15%	39.87%

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

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

WASHINGTON COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2020
UNAUDITED

	2020	2019	2018	2017	2016	2015
WASHINGTON COUNTY						
Contractually required contribution	\$ 2,089,408	\$ 1,924,580	\$ 1,719,796	\$ 1,692,615	\$ 1,708,550	\$ 1,694,754
Contributions in relation to the contractually required contribution	<u>2,089,408</u>	<u>1,924,580</u>	<u>1,719,796</u>	<u>1,692,615</u>	<u>1,708,550</u>	<u>1,694,754</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 12,008,091	\$ 11,897,387	\$ 10,919,320	\$ 10,746,762	\$ 10,847,934	\$ 10,760,346
Contributions as a percentage of covered payroll	17.40%	16.18%	15.75%	15.75%	15.75%	15.75%
COMPONENT UNIT - GREENVILLE PORT COMMISSION						
Contractually required contribution	\$ 88,006	\$ 76,812	\$ 71,557	\$ 73,186	\$ 74,814	\$ 79,665
Contributions in relation to the contractually required contribution	<u>88,006</u>	<u>76,812</u>	<u>71,557</u>	<u>73,186</u>	<u>74,814</u>	<u>79,665</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 505,778	\$ 475,800	\$ 454,330	\$ 464,673	\$ 475,010	\$ 505,810
Contributions as a percentage of covered payroll	17.40%	16.14%	15.75%	15.75%	15.75%	15.75%
COMPONENT UNIT - WASHINGTON COUNTY LIBRARY						
Contractually required contribution	\$ 64,464	\$ 63,771	\$ 62,157	\$ 66,811	\$ 66,047	\$ 68,685
Contributions in relation to the contractually required contribution	<u>64,464</u>	<u>63,771</u>	<u>62,157</u>	<u>66,811</u>	<u>66,047</u>	<u>68,685</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Library's covered payroll	\$ 370,483	\$ 396,203	\$ 394,651	\$ 424,198	\$ 419,347	\$ 436,096
Contributions as a percentage of covered payroll	17.40%	16.10%	15.75%	15.75%	15.75%	15.75%

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

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

DELTA HEALTH SYSTEM – A COMPONENT UNIT OF WASHINGTON COUNTY
SCHEDULE OF THE HEALTH SYSTEM'S CONTRIBUTIONS
Years Ended September 30, 2020
UNAUDITED

<u>Year Ended September 30</u>	<u>*Actuarially Determined Contribution</u>	<u>*Actual Employer Contribution</u>	<u>*Contribution Deficiency (Excess)</u>	<u>*Covered Employee Payroll</u>	<u>*Contributions as a % of Covered Payroll</u>
2020	\$ 640,254	\$ 1,456,000	\$ (815,746)	\$15,262,514	9.54%
2019	\$ 651,388	\$ 1,344,000	\$ (692,612)	\$15,530,036	8.65%
2018	655,860	1,088,665	(432,805)	15,803,760	6.89%
2017	953,390	1,083,329	(129,939)	17,828,969	6.08%
2016	969,968	1,083,333	(113,365)	19,894,222	5.45%
2015	939,446	939,446	-	22,030,952	4.26%
2014	944,920	944,920	-	24,486,606	3.86%
2013	1,071,487	1,071,487	-	26,939,540	3.98%
2012	1,082,409	1,082,409	-	26,831,830	4.03%
2011	931,812	931,812	-	25,945,982	3.59%

*Certain contribution information in this schedule has been revised to reflect presentation of the information on a fiscal year basis as required by GASB 68.

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

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

Budgetary Comparison Schedule

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ 2,665,128	(493,056)	\$ 182,725
Increase (Decrease)			
Net adjustments for revenue accruals	(241,835)	(16,672)	493
Net adjustments for expenditure accruals	(24,912)	56,587	(4,016,814)
GAAP Basis	<u>\$ 2,398,381</u>	<u>(453,141)</u>	<u>\$ (3,833,596)</u>

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

OPEB Schedules

A. Changes of assumptions.

2018

The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

2019

The SEIR was changed from 3.89% for the prior Measurement Date to 3.50% to the current Measurement Date.

2020

The SEIR was changed from 3.50% for the prior Measurement Date to 2.19% to the current Measurement Date.

B. Changes in benefit provisions.

2018

None

2019

None

2020

The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

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

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from June 30, 2019 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	30 years, open
Asset valuation method	Market Value of Assets

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

Price Inflation	2.75 percent
Salary increase, including inflation	3.00 percent to 18.25 percent
Initial health care cost trend rates Medicare Supplement Claims – Pre Medicare	7.00 percent
Ultimate health care cost trend rates Medicare Supplement Claims – Pre Medicare	4.75 percent
Year of ultimate trend rates Medicare Supplement Claims – Pre Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.5 percent

Pension Schedules

A. Changes of assumptions.

County, Port Commission, and Library System

2019

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

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

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

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

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

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

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

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

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

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

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

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

2017

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

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

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

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

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

2016

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

2015

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

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

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

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

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

B. Changes in benefit provisions.

County, Port Commission, and Library System.

2016

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

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

County, Port Commission, and Library System.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 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:

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

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

Delta Health System

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

Valuation date	July 1, 2019
Measurement date	June 30, 2020
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed periods
Amortization period	16 years
Amortization growth rate	3.50 percent
Asset valuation method:	
Smoothing record	3 years
Recognition method	Non-asymptotic
Corridor	80.00 to 120.00 percent
Inflation	3.00 percent
Salary increases, including inflation	5.00 percent
Investment rate of return	6.50 percent
Retirement age	65
Mortality	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per scale AA

WASHINGTON COUNTY

OTHER INFORMATION

WASHINGTON COUNTY
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Amount
Lee Gordon	Supervisor District 1	Travelers Casualty & Surety	100,000
Tommy L. Benson, III	Supervisor District 2	Travelers Casualty & Surety	100,000
Carl McGee	Supervisor District 3	Travelers Casualty & Surety	100,000
Mala U. Brooks	Supervisor District 4	Western Surety	100,000
Jerry Redmond, Sr.	Supervisor District 5	Travelers Casualty & Surety	100,000
Chelesa Carter	County Administrator	Travelers Casualty & Surety	100,000
Marilyn Hansell	Chancery Clerk	Travelers Casualty & Surety	100,000
Barbara Esters-Parker	Circuit Clerk	Travelers Casualty & Surety	100,000
Milton M. Gaston, Sr.	Sheriff	Travelers Casualty & Surety	100,000
Patricia Ann Lee	Tax Collector	Western Surety	100,000
Patricia D. Hays	Deputy Tax Collector	Western Surety	50,000
Marketa D. Nash	Deputy Tax Collector	Western Surety	50,000
Monique T. Ford	Deputy Tax Collector	Western Surety	50,000
Katrina M. Voss	Deputy Tax Collector	Western Surety	50,000
Frederick Guidry	Deputy Tax Collector	Western Surety	50,000
Keevia Flakes	Deputy Tax Collector	Western Surety	50,000
Bennie McCain	Deputy Tax Collector	Western Surety	50,000
Qadriyyah L. Franklin	Deputy Tax Collector	Western Surety	50,000
Kimberly L. Robinson	Deputy Tax Collector	Western Surety	50,000
Gloria J. Phillips	Deputy Tax Collector	Western Surety	50,000
Raven Brown	Deputy Tax Collector	Western Surety	50,000
Lori Howard	Purchase Clerk	Travelers Casualty & Surety	75,000
Shikaria Davis	Receiving Clerk	Travelers Casualty & Surety	75,000
Roderick Montgomery	Inventory Control Clerk	Travelers Casualty & Surety	75,000
Arthur Perry	Road Manager	Travelers Casualty & Surety	50,000
Mark K. Seard	Tax Assessor	Travelers Casualty & Surety	50,000
Monica Williams	Deputy Tax Assessor	Western Surety	10,000
Chontina Smith	Deputy Tax Assessor	Travelers Casualty & Surety	50,000
Angela Bell-Alexander	Deputy Tax Assessor	Travelers Casualty & Surety	50,000
Lidia Haley	Deputy Tax Assessor	Travelers Casualty & Surety	50,000
Laverne Holmes	Justice Court Judge	Travelers Casualty & Surety	50,000
Cedric C. Bush	Justice Court Judge	Travelers Casualty & Surety	50,000
Laverne Simpson	Justice Court Judge	Travelers Casualty & Surety	50,000
Eloise H. Brooks	Justice Court Clerk	St. Paul Travelers	50,000
Sharon D. Taliaferro	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Paulette Rhymes	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Anglyn Robinson	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Babette Larry	Deputy Justice Court Clerk	St. Paul Travelers	50,000
Johmarra L. Jackson	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Willie A. Pilgrim	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Nathaniel Watkins, Jr.	Constable	Travelers Casualty & Surety	50,000
Lester Walker	Constable	Travelers Casualty & Surety	50,000
Malcolm Kent	Constable	Travelers Casualty & Surety	50,000

WASHINGTON COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Washington County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Washington County, Mississippi, as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 12, 2022. We audited the financial statements of the Washington County Library System, a component unit, but other auditors audited the financial statements of Delta Health System and the Greenville Port Commission, component units, as described in our report on Washington County's financial statements. This report does not include the results of our testing of internal control over financial reporting and on compliance and other matters of the Library System or the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those audits.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Washington County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated September 12, 2022, included within this document.

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
September 12, 2022

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

Members of the Board of Supervisors
Washington County, Mississippi

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

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

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

In our opinion, Washington County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 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 Washington County, Mississippi's compliance with the 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
September 12, 2022

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

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
2/3/2020	Camera, labor, relocation of existing IP camera	\$ 1,855	Security Plus	Camera system went out at the Juvenile Detention Center while juveniles were present
	Total	<u>\$ 1,855</u>		

WASHINGTON COUNTY

Schedule 3

**Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020**

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Washington County, Mississippi

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

In addition, for areas not considered material to Washington County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 12, 2022, on the financial statements of Washington County, Mississippi.

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

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

Board of Supervisors

1. Public Officials Should Ensure Compliance with the County Government Reorganization Act of 1988 by Delegating the Necessary Authorities to the County Administrator and Road Manager.

Repeat Finding	No
Criteria	<p><i>Section 19-2-9(1), Mississippi Code Annotated (1972)</i>, states that the countywide personnel system is to be administered by the county administrator. The board of supervisors should spread on its minutes an order delegating the authority for handling personnel matters to the county administrator.</p> <p><i>Section 65-17-1(2), Mississippi Code Annotated (1972)</i>, states that “the county road manager, under the policies determined by the board of supervisors and subject to the board’s general supervision and control, shall administer the county road department, superintend the working, construction and maintaining of the public roads and the building of bridges in such county, and carry out the general policies of the board in conformity with the estimates of expenditures fixed in the annual budget as finally adopted by the board or as thereafter revised by appropriate action of the board.” The board of supervisors should reflect this by adopting written personnel policies and procedures that reflect the duties of the road manager or by spreading an order on its minutes.</p>
Condition	During the course of our audit, we noted that there is no board order delegating authority to the county administrator over the administration of the countywide personnel system. We also noted that there is no adopted, written policy or order spread on the minutes listing the duties and authorities of the road manager.
Cause	No board order has been spread to delegate the requisite authority to the county administrator to administer the countywide personnel system, and no board order or policy adopted lists the duties and authorities of the road manager.
Effect	Failure to properly delegate the necessary authority to the county administrator and the road manager could result in noncompliance with the County Government Reorganization Act of 1988.
Recommendation	The Board should spread an order on its minutes delegating the necessary authority over the administration of the countywide personnel system to the county administrator. The Board should also either spread an order on its minutes or adopt a written policy listing the duties and authorities of the road manager.
Response	I will comply.
2.	<u>All Supervisors must Inspect the Roads and Bridges and Attest to the Clerk of the Board for having done so.</u>
Repeat Finding	No
Criteria	<i>Section 65-7-117, Mississippi Code Annotated (1972)</i> , states that, “Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful,

which reports shall be presented to the board of supervisors and kept on file for three (3) years.”

Condition	During the course of our testing we noted that the Board of Supervisors had inspected the roads and bridges but no certifications on the minutes or affidavits from the supervisors were filed to document that they had examined the roads and bridges annually.
Cause	Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done.
Effect	Failure to complete annual inspections of roads and bridges and to file an affidavit of said inspection can lead to failure to identify and to complete necessary improvements in a timely manner.
Recommendation	The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and file an affidavit with the Clerk of the Board for inclusion in the minutes.
Response	I will comply.

3. Public Officials Should Ensure that all Sixteenth Section Leases for Central Maintenance Facilities are for a Term of no less than twenty-five (25) years.

Repeat Finding	No
Criteria	<i>Section 65-7-91, Mississippi Code Annotated (1972), states that, “The board of supervisors may, for the benefit of the county, purchase or lease real property upon which to establish facilities for the working of the public roads, and may erect on the real property barns, sheds, and other necessary buildings for the working of the public roads. However, only real property belonging to or under the control of the state or some other governmental entity may be leased at no more than fair market value by the county for such purposes and any such lease shall be for a term of not less than twenty-five (25) years.”</i>
Condition	During the course of our audit, we noted that the sixteenth section lease with Western Line School District was for a term of five (5) years.
Cause	The sixteenth section lease with the Western Line School District for use to place the County Maintenance Headquarters was executed for a term of five (5) years.
Effect	Failure to execute a sixteenth section lease for a period of less than twenty-five years could result in noncompliance with the applicable statutes.
Recommendation	The Board of Supervisors should ensure that all sixteenth section leases are for the term prescribed by law.
Response	I will comply.

4.	<u>List of employees authorized to issue requisitions and receiving reports.</u>
Repeat Finding	No
Criteria	<i>Sections 31-7-103 and 31-7-109, Mississippi Code Annotated (1972), state that persons must be specifically authorized to sign purchase requisitions and receiving reports.</i>
Condition	During the course of our test work, we were unable to locate a listing approved by the Board of Supervisors specifying who was authorized to sign purchase requisitions and receiving reports.
Cause	The Board of Supervisors did not approve a list that specifies those individuals with authority to sign purchase requisitions and receiving reports for each department.
Effect	Failure to specify individuals with authority to sign purchase requisitions and receiving reports could result in the loss or misappropriation of public funds.
Recommendation	The Board should annually approve a list of individuals in each department who are authorized to sign purchase requisitions and receiving reports and spread this list on the minutes.
Response	We were unaware that we had to spread across the minutes a list of individuals who are authorized to sign requisitions and receiving reports for each department. Now that we are aware, we will comply.
5.	<u>Public Officials and Employees should ensure compliance with state law over surety bonding requirements.</u>
Repeat Finding	Yes, 2019-2.
Criteria	<i>Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</i>
Condition	<p>During the course of our testing we noted the following instances of non-compliance:</p> <ul style="list-style-type: none"> • One (1) deputy circuit clerk and (1) assistant receiving clerk were not bonded at all • Two (2) deputy circuit clerks were bonded using a blanket bond • Ten (10) individuals were not bonded for the entire fiscal year • Two (2) individuals were bonded using an indefinite bond • One (1) deputy tax collector was not bonded prior to beginning work • Eleven (11) individuals were bonded utilizing incorrect titles

Cause	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Laws.
Response	I will comply.
6.	<u>Controls over classifications should be strengthened</u>
Repeat Finding	No
Criteria	Revenues and disbursements should be recorded in the proper accounts.
Condition	During the course of our testing, we noted multiple instances in which revenues and disbursements were being coded to the improper accounts.
Cause	Internal control is not being properly adhered to concerning the coding of revenues and expenditures within the chart of accounts.
Effect	Revenues and expenditures were misclassified.
Recommendation	We recommend controls be implemented to review financial information monthly to ensure proper classification.
Response	I will comply. That issue has been corrected with the board approving in the September 6, 2021 meeting to do an advance from general fund and repayment by the bridge and culvert fund to the general fund for bridge expenditures.
7.	<u>No bank reconciliation of the Inmate Trust Fund Account</u>
Repeat Finding	Yes; 2019-4.
Criteria	An effective system of internal controls requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	During the course of our test work we found that bank reconciliations had not been prepared for the Inmate Trust Fund Account.
Cause	Employees were not following proper protocols for reconciling the account.
Effect	Not completing an accurate bank reconciliation results in a weakness in the system of internal controls over cash.
Recommendation	The management of the Washington County Regional Correction Facility should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly monthly and maintain records of such.
Response	We have discussed this with the auditor and we are taking the recommendations to strengthen our internal controls. These changes are being implemented immediately.

Payroll Clerk

8.	<u>Employee File Documentation.</u>
Repeat Finding	Yes; 2019-1.
Criteria	The County is responsible for establishing and maintaining an effective system of internal controls pertaining to the documentation in employee files.
Condition	During the course of our test work, we noted the following: <ul style="list-style-type: none">• Seven (7) instances where the pay rate and/or Board-approved pay rate were not evidenced in the file• Two (2) instances where the tax withholding elected on the forms does not match the system• Seven (7) instances where the I-9 form was either incomplete, completed incorrectly, or missing altogether
Cause	The employee files are not being reviewed regularly to identify any files without proper documentation.
Effect	The County employees' withholding elections could be calculated at the wrong rates and the County could face liability due to having improperly executed Form I-9s.
Recommendation	The County should maintain a complete employee file system that would ensure that the County is in compliance with State and Federal employee documentation laws.
Response	I will comply.
9.	<u>Re-Hired Retirees were not paid in compliance with the Form 4Bs filed with the Mississippi Employees Retirement System.</u>
Repeat Finding	No
Criteria	Section 25-11-127, Mississippi Code Annotated (1972) provides that as a PERS retiree, a PERS Form 4B "Certification/Acknowledgement of Reemployment of Retiree" must be filed within 5 days of employment. If an employee decides to return to employment with a covered employer after they retire, the employee and the employer must notify PERS in writing within five days of the reemployment date and provide the conditions under which he/she is being reemployed. Notification must be repeated each new fiscal year of post-retirement employment.
Condition	During the course of our audit, we noted that there were three (3) retirees being paid in excess of the allowed salary as reported on the filed Form 4B.
Cause	The County did not comply with Section 25-11-127, Mississippi Code Annotated (1972).
Effect	The failure to comply with the reemployment conditions as reported on PERS Form 4B could jeopardize the provisions for reemployment.

Recommendation	The County should timely and accurately file PERS Form 4Bs for all re-hired retirees and ensure that the statutory conditions for reemployment are met.
Response	I will comply.
Sheriff	
10.	<u>The Sheriff Should Ensure Compliance with State Laws over the Presentation of Meal Logs to the Board of Supervisors.</u>
Repeat Finding	No
Criteria	<i>Section 19-25-74, Mississippi Code Annotated (1972), states, "The sheriff shall maintain a log, showing the name of each prisoner, the date and time of incarceration and release, to be posted by the tenth calendar day of each month for the period spanning the preceding month, which shall record the number of meals served to prisoners on each day, and shall make affidavit as to the correctness thereof and file the same monthly with the board of supervisors. Such log shall remain on file with the board of supervisors as other records of said board and shall be made available to the State Department of Audit upon request. No claims for the cost or expenses of feeding prisoners shall be approved by the board of supervisors for any month unless and until such log for that month is filed."</i>
Condition	During the course of our test work, we noted that the meal logs were not being presented to the Board yet claims to vendors were being paid.
Cause	The Sheriff did not present the meal logs to the Board of Supervisors.
Effect	Failure to properly maintain and present the meal logs could result in the misappropriation of public funds for the incorrect number of meals.
Recommendation	The Sheriff should present the meal logs to the Board of Supervisors for review monthly prior to payment of any claims for meal expenses. The logs should also be maintained on hand for audit purposes.
Response	We accepted the recommendation of the auditor, thus we already are complying.
Circuit Clerk	
11.	<u>Circuit Clerk Should Ensure Compliance with State Law over Filing the Annual Financial Report and Depositing Excess into the County General Fund.</u>
Repeat Finding	No
Criteria	<i>Section 9-1-43(1), Mississippi Code Annotated (1972), states, "All such fees received by the office of Chancery or Circuit Clerks that are in excess of the salary limitation shall be deposited by such Clerk into the county general fund on or before April 15 for the preceding calendar year."</i>

Section 9-1-45(1), Mississippi Code Annotated (1972), states, "Each Chancery and Circuit Clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each Clerk by the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a Clerk's spouse or children. Each Chancery and Circuit Clerk shall provide any additional information requested by the Public Employees' Retirement System for the purpose of retirement calculations."

Section 9-1-45(3), Mississippi Code Annotated (1972), states, "If the Chancery or Circuit Clerk fails to provide the reports required in this section, then the State Auditor shall give by United States certified mail, return receipt requested, written notification to the Chancery or Circuit Clerk of noncompliance. If within thirty (30) days after receipt of the notice, the Chancery or Circuit Clerk, in the opinion of the State Auditor, remains in noncompliance, the State Auditor may institute civil proceedings in a court of the county in which the Clerk serves. The court, upon a hearing, shall decide the issue and if it determines that the Clerk is not in substantial compliance, shall order the Clerk to immediately and thereafter comply. Violations of any order of the court shall be punishable as for contempt. In addition, the court in its discretion may impose a civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000) upon the Clerk, for which he shall be liable in his individual capacity, for any such noncompliance that the court determines as intentional or willful."

Condition	The Circuit Clerk did not file her Annual Financial Report and deposit excess funds into the general fund until July 2021.
Cause	The Circuit Clerk did not timely filer her Annual Financial Report and deposit excess funds into the general fund until after the statutory deadline.
Effect	Failure to file an Annual Financial Report could result in a civil court proceeding and possible civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000). Additionally, failure to deposit any amount in excess of her salary limitation into the county general fund could result in misappropriation and/or loss of public funds.
Recommendation	The Circuit Clerk should ensure that her Annual Financial Report is filed, that the amount in excess of her salary limitation is deposited into the county general fund, and that all future Annual Financial Reports are filed by April 15th.
Response	I will comply

Chancery Clerk

12. Chancery Clerk Should Ensure that Land Redemption Settlements are made Timely.

Repeat Finding No

Criteria *Section 27-45-1, Mississippi Code Annotated (1972), states that “the clerk shall make redemption settlements within twenty (20) days after the end of each month and shall make a complete report thereof to the board of supervisors. For a failure to report or to pay over the sums to the parties entitled thereto as herein required, he shall be liable on his official bond to a penalty of one percent (1%) per month on the amount withheld. The chancery clerk shall also note each redemption on the public record of delinquent tax lands, on the day payment of taxes is made, with the date, name and the amount of redemption money paid.”*

Condition During the course of our audit, we noted that redemption settlements were made after the 20th of the following month for all months chosen for testing.

Cause The Chancery Clerk did not make redemption settlements by the 20th of the following month.

Effect Failure to properly settle redemptions could result in the misappropriation of public funds and a violation of State Law.

Recommendation The Chancery Clerk should ensure that redemption settlements are made by the 20th of the month following collection.

Response I will comply.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
September 12, 2022

WASHINGTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 2: Financial Statement Findings

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