

DESOTO COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2023

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

**DESOTO COUNTY
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DESOTO COUNTY

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
DeSoto County, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of DeSoto County, Mississippi, (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeSoto County, Mississippi, as of September 30, 2023, 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.

We did not audit the financial statements of the Emergency Communication District of DeSoto County, which represents 5.9 percent, 1.4 percent, and 8.3 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of September 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Emergency Communication District of DeSoto County are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of DeSoto County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DeSoto 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 DeSoto 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

December 9, 2024

DESOTO COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

INTRODUCTION

The discussion and analysis of DeSoto County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2023. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

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

Information contained in this section is supplemented by the more detailed information contained elsewhere in this County's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

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

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

- Total net position decreased \$12,545,467, which represents a 4.4% decrease from fiscal year 2022.
- General revenues account for \$99,176,878 in revenues, or 79.82% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$25,082,025 or 20.18% of total revenues.
- The County had \$113,440,402 in total expenses; only \$25,082,025 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$99,176,878 and beginning net position were adequate to provide for the remainder of these programs.
- Among major funds, the General Fund had \$79,654,717 in revenues, \$61,274,716 in expenditures, \$13,336,958 in transfers out, \$139,039 in transfers in, and \$186,170 in lease payments received. The General Fund's fund balance increased by \$5,368,252.
- Among major funds, the Coronavirus Fund had \$5,199,442 in revenues, \$4,709,919 in expenditures, and \$240,000 in transfers out. The Coronavirus Fund's fund balance increased by \$249,523.
- Among major funds, the Bridge and Culvert Fund had \$12,563,844 in revenues, \$9,132,746 in expenditures, \$147,500 in transfers out and \$105,000 in transfers in. The Bridge and Culvert Fund's fund balance increased by \$3,388,598.

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

- Capital assets, net of accumulated depreciation and adjustments, decreased by \$15,054,580, primarily due to a prior period adjustment.
- Long-term debt decreased by \$8,559,277, primarily due to the timely payment of existing debt.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

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

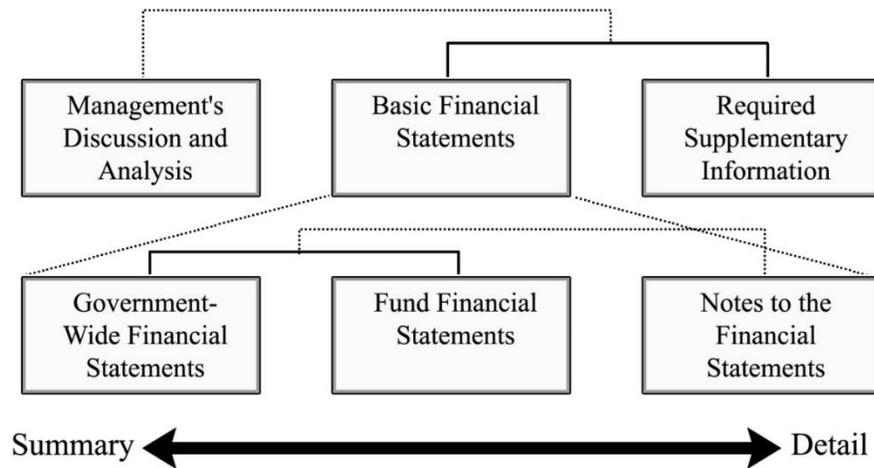


Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

| Government-Wide Financial Statements | | Fund Financial Statements | | |
|--|--|---|---|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire County government (except fiduciary funds) | All activities of the County that are not proprietary or fiduciary in nature | The County has one type of proprietary fund, which is the Internal Service Fund type. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various activities. | Instances in which the County administers resources on behalf of someone else. |
| Required financial statements | Statement of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances | Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows | Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset, deferred outflow, liability, and deferred inflow information | All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term | Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets, deferred outflows, liabilities, and deferred inflows | All assets, deferred outflows, liabilities, and deferred inflows |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

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

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

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

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

The discretely presented component units are as follows:

DeSoto County Emergency Communications District
DeSoto County Convention and Visitors Bureau

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

Further information may be obtained from the various component units as follows:

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

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

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's current financing requirements. Governmental funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The governmental funds statements provide a detailed short-term view of the County's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual government funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental fund.

Proprietary funds. The Internal Service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its self-funded health insurance plan for county employees. The proprietary fund is reported as distinct from the governmental funds on the fund financial statements. However, because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail. The self-funded health insurance fund is considered the only proprietary fund of the County.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

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

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund, Coronavirus Fund, and Bridge & Culvert Fund.

This report also presents a Schedule of the County's Proportionate Share of the Net Pension Liability of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. This schedule is presented to show trending data over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board (GASB).

This report also presents a Schedule of County Contributions to PERS over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board (GASB).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$272,401,433 as of September 30, 2023.

The largest portion of the County's net position (58.89%) reflects its investment in capital assets (e.g. land, buildings, improvement other than buildings, mobile equipment, furniture and equipment, right-to-use leased assets, infrastructure assets, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

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

The following table presents a summary of the County's net position at September 30, 2023 and 2022.

| | <u>Governmental Activities</u> | |
|----------------------------------|--------------------------------|--------------------|
| | <u>2023</u> | <u>2022</u> |
| <u>Assets</u> | | |
| Current and other assets | \$ 343,059,902 | 334,696,904 |
| Capital assets, net | 201,300,261 | 216,354,841 |
| Total Assets | <u>544,360,163</u> | <u>551,051,745</u> |
| <u>Deferred outflows</u> | <u>29,282,880</u> | <u>16,383,298</u> |
| <u>Liabilities</u> | | |
| Current and other liabilities | 45,122,993 | 49,332,135 |
| Net pension liability | 124,750,547 | 98,801,467 |
| Long-term debt | 45,858,421 | 54,417,698 |
| Total Liabilities | <u>215,731,961</u> | <u>202,551,300</u> |
| <u>Deferred inflows</u> | <u>85,509,649</u> | <u>79,936,843</u> |
| <u>Net Position:</u> | | |
| Net investment in capital assets | 160,919,057 | 168,182,610 |
| Restricted | 118,879,839 | 132,281,314 |
| Unrestricted | (7,397,463) | (15,517,024) |
| Total Net Position | <u>\$ 272,401,433</u> | <u>284,946,900</u> |

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Additional information on net position:

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

| | 2023 | 2022 |
|--|----------------|--------------|
| Total unrestricted net position | \$ (7,397,463) | (15,517,024) |
| Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71 | 96,054,149 | 83,182,936 |
| Unrestricted net position, exclusive of the net pension liability effect | \$ 88,656,686 | 67,665,912 |

Changes in net position. The County's total revenues for the fiscal year ended September 30, 2023, were \$124,258,903. The total cost of all programs and services was \$113,440,402. The increase in net position was \$10,818,501.

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2023 and 2022.

| | Governmental Activities | |
|---------------------------------------|--------------------------------|-------------|
| | 2023 | 2022 |
| Program Revenues: | | |
| Charges for services | \$ 11,809,632 | 12,989,380 |
| Operating Grants | 9,925,165 | 2,609,794 |
| Capital Grants | 3,347,228 | 7,440,206 |
| General Revenues: | | |
| Property taxes | 86,742,623 | 82,264,328 |
| Road and Bridge Privilege Taxes | 2,599,931 | 2,540,353 |
| Unrestricted Grants and Contributions | 4,916,576 | 6,499,955 |
| Other General Revenue | 4,917,748 | 3,112,080 |
| Total Revenues | 124,258,903 | 117,456,096 |
| Program Expenses: | | |
| General Government | 18,294,474 | 21,075,333 |
| Public Safety | 41,700,328 | 33,466,205 |
| Public Works | 22,332,769 | 11,943,414 |
| Health and Welfare | 5,309,749 | 1,889,345 |
| Culture and Recreation | 2,295,322 | 2,893,088 |
| Conservation of Natural Resources | 3,165,574 | 259,549 |
| Economic Development and Assistance | 308,653 | 592,467 |
| Interest on Long-Term Debt | 649,269 | 539,586 |
| Pension Expense | 19,384,264 | 10,664,375 |
| Total Expenses | 113,440,402 | 83,323,362 |
| | \$ 10,818,501 | 34,132,734 |
| Changes in Net Position | | |

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Governmental activities. The following table presents the cost of nine major county functional activities: general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, interest on long-term debt and pension expense.

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

| | <u>Total Costs</u> | <u>Net Costs</u> |
|-----------------------------------|-----------------------|---------------------|
| General Government | \$ 18,294,474 | (9,912,735) |
| Public Safety | 41,700,328 | (36,048,470) |
| Public Works | 22,332,769 | (13,363,380) |
| Health and Welfare | 5,309,749 | (5,010,938) |
| Culture and Recreation | 2,295,322 | (2,035,810) |
| Conservation of Natural Resources | 3,165,574 | (3,065,574) |
| Economic Development | 308,653 | 1,112,063 |
| Interest on Long-Term Debt | 649,269 | (649,269) |
| Pension Expense | 19,384,264 | (19,384,264) |
| Total | <u>\$ 113,440,402</u> | <u>(88,358,377)</u> |

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The financial performance of the county as a whole is reflected in its governmental funds. As the county completed the year, its governmental funds reported a combined fund balance of \$195,375,666 an increase of \$9,638,263 or 5.19% from the previous year.

The General Fund is the principal operating fund of the county. The increase in fund balance in the General Fund for the fiscal year was \$5,368,252.

BUDGETARY HIGHLIGHTS

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

At least once a month the budgetary reports are sent to each department head for their review. The county requires a budget amendment for any line items that exceed the budget. Also, when a purchase order is requested

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

by the various departments, the procurement department verifies that the funds are available in that budget line item to cover the requested purchase. If funds are not available, the department who requested the purchase is required to submit a budget amendment to the Office of Finance and Accounting to present to the County Board of Supervisors and post to the accounting records to ensure that the funds are available in the appropriate line item. This ensures that the County complies with state law and the State Audit Department guidelines.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2023, the county's total capital assets were \$349,336,598, including land, construction in progress, buildings, improvements other than buildings, infrastructure, mobile equipment, intangible assets, and furniture and equipment. This amount represents an increase of \$6,438,466 from the previous year. The majority of this increase is due to construction in progress and equipment expenditures.

Total accumulated depreciation as of September 30, 2023, was \$148,036,337 and total depreciation expense for the year was \$7,578,599.

The balance in total net capital assets was \$201,300,261 at year end.

Additional information on the county's capital assets can be found in Note 7 of this report.

Debt Administration. At September 30, 2023, the county had \$44,017,385 in long-term debt outstanding. This includes general obligation bonds and unamortized premiums. As of September 30, 2023, \$7,497,000 is due within one year.

The remaining long-term liability, \$126,591,583, consisted of compensated absences, lease liabilities and net pension liability.

Additional information on the county's long-term debt can be found in Note 10 of this report.

CURRENT ISSUES

The DeSoto County Board of Supervisors has always strived to ensure that the county is financially stable and has accomplished this by committing itself to financial excellence for many years. DeSoto County has been experiencing growth over the past several years. The amount of growth remains relatively steady and the trend is for continued growth for the next several years. The county's population has grown over the past 30 years and that growth is expected to continue as follows:

Between seven to ten companies locate to DeSoto County each year. The County averages several industrial expansions annually. Unemployment is at 3.2% in the State of Mississippi. The County's growth has been complemented by conservative, yet progressive leadership. The catalyst of the growth is a strong school system and proactive leadership from the County Board of Supervisors that has allowed the county to keep the tax millage rate low from year to year. In the 2023 fiscal year, the County Board of Supervisors financed the County's operations without raising the tax rate. Due to the County Board of Supervisors' conservative financial approach,

**DESOTO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

the County has been able to establish substantial cash reserves to ensure the County remains in a good position to endure the economic cycles that come and go from year to year.

DeSoto County Tax Millage Rates 2013-2023

| Fiscal Year | General County | Road/ Bridge | Debt Service | Solid Waste | Total |
|----------------|-------------------|-----------------|-----------------|----------------|-------|
| 2013 | 27.42 | 7.00 | 5.38 | 1.22 | 41.02 |
| 2014 | 26.92 | 7.00 | 5.88 | 1.22 | 41.02 |
| 2015 | 26.65 | 6.97 | 6.18 | 1.22 | 41.02 |
| 2016 | 26.65 | 6.97 | 6.03 | 1.37 | 41.02 |
| 2017 | 27.09 | 6.97 | 5.59 | 1.37 | 41.02 |
| 2018 | 27.09 | 6.97 | 5.59 | 1.37 | 41.02 |
| 2019 | 27.09 | 6.97 | 5.59 | 1.37 | 41.02 |
| 2020 | 28.09 | 7.41 | 3.40 | 2.12 | 41.02 |
| 2021 | 28.09 | 7.41 | 4.05 | 1.47 | 41.02 |
| 2022 | 28.09 | 7.41 | 4.05 | 1.47 | 41.02 |
| 2023 | 29.49 | 7.41 | 2.65 | 1.47 | 41.02 |

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

DESOTO COUNTY

FINANCIAL STATEMENTS

DESOTO COUNTY
Statement of Activities
For the Year Ended September 30, 2023

Exhibit 2

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Component Units |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 18,294,474 | 6,310,141 | 1,574,958 | 496,640 | (9,912,735) | |
| Public safety | 41,700,328 | 4,902,912 | 305,235 | 443,711 | (36,048,470) | |
| Public works | 22,332,769 | 519,630 | 7,478,262 | 971,497 | (13,363,380) | |
| Health and welfare | 5,309,749 | 76,949 | 207,198 | 14,664 | (5,010,938) | |
| Culture and recreation | 2,295,322 | | 259,512 | | (2,035,810) | |
| Conservation of natural resources | 3,165,574 | | 100,000 | | (3,065,574) | |
| Economic development and assistance | 308,653 | | | 1,420,716 | 1,112,063 | |
| Interest on long-term debt | 649,269 | | | | (649,269) | |
| Pension expense | 19,384,264 | | | | (19,384,264) | |
| Total Governmental Activities | <u>113,440,402</u> | <u>11,809,632</u> | <u>9,925,165</u> | <u>3,347,228</u> | <u>(88,358,377)</u> | |
| Component units: | | | | | | |
| Emergency Communications District | \$ 1,377,728 | 1,965,283 | | | | 587,555 |
| Convention and Visitors Bureau | 12,916,699 | 7,670,395 | 108,509 | | | (5,137,795) |
| Total Component Units | <u>\$ 14,294,427</u> | <u>9,635,678</u> | <u>108,509</u> | <u>-</u> | | <u>(4,550,240)</u> |
| General revenues: | | | | | | |
| Property taxes | | | | \$ 86,742,623 | | |
| Road & bridge privilege taxes | | | | 2,599,931 | | |
| Tourism tax | | | | | | 13,516,646 |
| Grants and contributions not restricted to specific programs | | | | 4,916,576 | | |
| Unrestricted interest income | | | | 1,482,763 | | 250,979 |
| Miscellaneous | | | | 3,777,694 | | 215,995 |
| Lease principal payments | | | | 186,170 | | |
| Internal Service Fund | | | | (2,309,698) | | |
| Transfers from outside sources | | | | 1,780,819 | | |
| Total General Revenues, Contributions and Transfers | | | | <u>99,176,878</u> | | <u>13,983,620</u> |
| Changes in Net Position | | | | <u>10,818,501</u> | | <u>9,433,380</u> |
| Net Position - Beginning, as previously reported | | | | 284,946,900 | | 45,623,363 |
| Prior period adjustments | | | | (23,363,968) | | 7,794 |
| Net Position - Beginning, as restated | | | | <u>261,582,932</u> | | <u>45,631,157</u> |
| Net Position - Ending | | | | <u>\$ 272,401,433</u> | | <u>55,064,537</u> |

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

DESOTO COUNTY
Balance Sheet – Governmental Funds
September 30, 2023

Exhibit 3

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|---------------------|--------------------------|--------------------------------|--------------------------------|
| | General Fund | Coronavirus Fund | Bridge & Culvert Fund | | |
| ASSETS | | | | | |
| Cash | \$ 44,896,935 | 32,520,148 | 44,485,880 | 74,973,536 | 196,876,499 |
| Investments | 30,000,000 | | | | 30,000,000 |
| Property tax receivable | 62,430,661 | | 10,185,819 | 12,450,494 | 85,066,974 |
| Accounts receivable (net of allowance for uncollectibles of \$322,022) | 469,139 | | | | 469,139 |
| Fines receivable (net of allowance for uncollectibles of \$6,307,635) | 1,848,824 | | | | 1,848,824 |
| Loans receivable | 7,136,984 | | | | 7,136,984 |
| Lease receivable | 355,141 | | | | 355,141 |
| Intergovernmental receivables | 2,726,522 | | | 1,648,282 | 4,374,804 |
| Other receivables | 183,908 | | | 32,737 | 216,645 |
| Due from other funds | 410,891 | | 132,063 | 426,479 | 969,433 |
| Due from component units | | | | 15,296,000 | 15,296,000 |
| Prepaid items | 948,826 | | | | 948,826 |
| Total Assets | \$ 151,407,831 | 32,520,148 | 54,803,762 | 104,827,528 | 343,559,269 |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Claims payable | \$ 2,237,089 | 1,086,655 | 1,102,322 | 2,041,422 | 6,467,488 |
| Intergovernmental payables | 5,908,230 | | | 201,805 | 6,110,035 |
| Due to other funds | 691,298 | | | 410,891 | 1,102,189 |
| Unearned revenue | 90,418 | 30,890,104 | | | 30,980,522 |
| Amounts held in custody for others | 487,291 | | | | 487,291 |
| Other payables | | | | | - |
| Total Liabilities | \$ 9,414,326 | 31,976,759 | 1,102,322 | 2,654,118 | 45,147,525 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Unavailable revenue - property taxes | 62,430,661 | | 10,185,819 | 12,450,494 | 85,066,974 |
| Unavailable revenue - leases | 355,141 | | | | 355,141 |
| Unavailable revenue - accounts receivable | 469,139 | | | | 469,139 |
| Unavailable revenue - accounts receivable- component unit | | | | 15,296,000 | 15,296,000 |
| Unavailable revenue - fines | 1,848,824 | | | | 1,848,824 |
| Total Deferred Inflows of Resources | \$ 65,103,765 | - | 10,185,819 | 27,746,494 | 103,036,078 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 948,826 | | | | 948,826 |
| Restricted for: | | | | | |
| General government | | | | 1,334,518 | 1,334,518 |
| Public safety | | | | 9,763,354 | 9,763,354 |
| Public works | | 543,389 | 43,515,621 | 29,461,490 | 73,520,500 |
| Health and welfare | | | | 17,282,493 | 17,282,493 |
| Culture and recreation | | | | 1,870,359 | 1,870,359 |
| Debt service | | | | 14,714,702 | 14,714,702 |
| Unassigned | 75,940,914 | | | - | 75,940,914 |
| Total Fund Balances | \$ 76,889,740 | 543,389 | 43,515,621 | 74,426,916 | 195,375,666 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 151,407,831 | 32,520,148 | 54,803,762 | 104,827,528 | 343,559,269 |

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

DESOTO COUNTY**Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2023**

| | <u>Amount</u> |
|--|-----------------------|
| Total Fund Balance - Governmental Funds | \$ 195,375,666 |
| 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 \$172,915,668. | 201,300,261 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | |
| Due from Component Unit | 15,296,000 |
| Accounts Receivable | 469,139 |
| Fines Receivable | 1,848,824 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (45,858,421) |
| Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds. | (124,750,547) |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds. | (105,035) |
| Deferred amount on refunding | 498,948 |
| Deferred outflows and inflows of resources related to pensions are applicable to to future periods and, therefore, are not reported in the funds: | |
| Deferred outflows of resources related to pensions | 28,783,932 |
| Deferred inflows of resources related to pensions | (87,534) |
| Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. | <u>(369,800)</u> |
| Total Net Position - Governmental Activities | <u>\$ 272,401,433</u> |

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

DESOTO COUNTY

Exhibit 4

**Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2023**

| | Major Funds | | | Other | Total |
|---|---------------------|------------------|-----------------------|--------------------|--------------------|
| | General Fund | Coronavirus Fund | Bridge & Culvert Fund | Governmental Funds | Governmental Funds |
| REVENUES | | | | | |
| Property taxes | \$ 62,936,595 | | 9,986,399 | 13,819,629 | 86,742,623 |
| Road and bridge privilege taxes | | | | 2,599,931 | 2,599,931 |
| Licenses, commissions and other revenue | 4,340,379 | | 72,159 | 809,494 | 5,222,032 |
| Fines and forfeitures | 1,420,565 | | | 581,661 | 2,002,226 |
| Intergovernmental revenues | 7,123,565 | 4,949,919 | | 6,115,485 | 18,188,969 |
| Charges for services | 1,975,018 | | 12,882 | 2,361,740 | 4,349,640 |
| Interest income | 466,989 | 249,523 | 286,416 | 479,835 | 1,482,763 |
| Miscellaneous revenues | 1,391,606 | | 2,205,988 | 1,772,374 | 5,369,968 |
| Total Revenues | 79,654,717 | 5,199,442 | 12,563,844 | 28,540,149 | 125,958,152 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 20,260,947 | | | 1,940,799 | 22,201,746 |
| Public safety | 36,087,448 | 796,353 | | 6,956,928 | 43,840,729 |
| Public works | 686,635 | 339,019 | 9,132,746 | 21,734,353 | 31,892,753 |
| Health and welfare | 2,031,905 | 3,338,265 | | 1,755 | 5,371,925 |
| Culture and recreation | 1,545,791 | | | 870,996 | 2,416,787 |
| Conservation of natural resources | 305,562 | | | 2,862,355 | 3,167,917 |
| Economic development and assistance | 356,428 | 236,282 | | 67,081 | 659,791 |
| Debt service: | | | | | |
| Principal | | | | 8,250,000 | 8,250,000 |
| Interest | | | | 1,082,208 | 1,082,208 |
| Total Expenditures | 61,274,716 | 4,709,919 | 9,132,746 | 43,766,475 | 118,883,856 |
| Excess of Revenues over (under) Expenditures | 18,380,001 | 489,523 | 3,431,098 | (15,226,326) | 7,074,296 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from sale of capital assets | | | | | - |
| Lease payments received | 186,170 | | | | 186,170 |
| Transfers in | 139,039 | | 105,000 | 14,840,884 | 15,084,923 |
| Transfers out | (13,336,958) | (240,000) | (147,500) | (2,838,487) | (16,562,945) |
| Transfers in from component units | | | | 3,855,819 | 3,855,819 |
| Total Other Financing Sources and Uses | (13,011,749) | (240,000) | (42,500) | 15,858,216 | 2,563,967 |
| Net Changes in Fund Balances | 5,368,252 | 249,523 | 3,388,598 | 631,890 | 9,638,263 |
| Fund Balances - Beginning | 71,521,488 | 293,866 | 40,127,023 | 73,795,026 | 185,737,403 |
| Fund Balances - Ending | \$ 76,889,740 | 543,389 | 43,515,621 | 74,426,916 | 195,375,666 |

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

DESOTO COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2023

| | <u>Amount</u> |
|--|----------------------|
| Net Changes in Fund Balances - Governmental Funds | \$ 9,638,263 |
| 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 \$17,480,261 exceeded depreciation of \$7,565,879 in the current period. | 9,914,382 |
| 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 \$1,592,274. | (1,592,274) |
| 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. | 158,785 |
| Ambulance 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. | 76,949 |
| Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$8,250,000 exceeded debt proceeds of \$0. | 8,250,000 |
| 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: | |
| Decrease in Receivable from Component Unit | (2,075,000) |
| Accrued interest payable | 54,632 |
| Compensated absences payable | (282,654) |
| Amortization of bond premiums | 579,211 |
| Amortization of refunding charges on long-term debt | (200,904) |
| 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 | (19,384,264) |
| Recording of contributions made during the year | 6,513,051 |
| An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities. | (831,676) |
| Change in Net Position of Governmental Activities | <u>\$ 10,818,501</u> |

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

DESOTO COUNTY
Statement of Net Position- Proprietary Fund
September 30, 2023

Exhibit 5

| | <u>Governmental Activities</u> |
|---------------------------|--------------------------------------|
| | <u>Internal Service Fund</u> |
| ASSETS | |
| Current assets: | |
| Cash | \$ 470,066 |
| Total Current Assets | <u>470,066</u> |
| | |
| Total Assets | <u>470,066</u> |
| | |
| LIABILITIES | |
| Current liabilities: | |
| Claims payable | <u>839,866</u> |
| Total Current Liabilities | <u>839,866</u> |
| | |
| Total Liabilities | <u>839,866</u> |
| | |
| NET POSITION | |
| Unrestricted | <u>(369,800)</u> |
| Total Net Position | <u>\$ (369,800)</u> |

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

DESOTO COUNTY**Exhibit 6****Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2023**

| | Governmental Activities |
|-------------------------------------|--------------------------------------|
| | <u>Internal Service Fund</u> |
| Operating Revenues | |
| Premiums | \$ 6,473,944 |
| Total Operating Revenues | <u>6,473,944</u> |
| Operating Expenses | |
| Claims payments | <u>8,790,068</u> |
| Total Operating Expenses | <u>8,790,068</u> |
| Operating Income (Loss) | <u>(2,316,124)</u> |
| Nonoperating Revenues (Expenses) | |
| Interest income | <u>6,426</u> |
| Net Nonoperating Revenue (Expenses) | <u>6,426</u> |
| Net Income (Loss) Before Transfers | (2,309,698) |
| Transfers in | <u>1,478,022</u> |
| Changes in Net Position | <u>(831,676)</u> |
| Net Position - Beginning | <u>461,876</u> |
| Net Position - Ending | \$ <u><u>(369,800)</u></u> |

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

DESOTO COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2023

Exhibit 7

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| | Internal Service Funds |
| Cash Flows From Operating Activities | |
| Receipts for premiums | \$ 6,473,944 |
| Payments for claims | <u>(8,517,994)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(2,044,050)</u> |
| Cash Flows From Noncapital Financing Activities | |
| Operating transfers in | <u>1,478,022</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>1,478,022</u> |
| Cash Flows From Investing Activities | |
| Proceeds from sale and maturities of investments | |
| Interest on deposits | <u>6,426</u> |
| Net Cash Provided (Used) by Investing Activities | <u>6,426</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (559,602) |
| Cash and Cash Equivalents at Beginning of Year | 1,029,668 |
| Cash and Cash Equivalents at End of Year | <u>\$ 470,066</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating income (loss) | \$ <u>(2,316,124)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Changes in assets and liabilities: | |
| Increase (decrease) in claims payable | <u>272,074</u> |
| Total Adjustments | <u>272,074</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (2,044,050)</u> |

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

DESOTO COUNTY
Statement of Fiduciary Net Position
September 30, 2023

Exhibit 8

| | <u>Custodial Funds</u> |
|--|----------------------------|
| ASSETS | |
| Cash and investments | \$ 73,017 |
| Receivables: | |
| Due from other funds | <u>132,756</u> |
| Total Assets | <u>\$ 205,773</u> |
| LIABILITIES | |
| Amounts held in custody for others | \$ 203,870 |
| Other liabilities | <u>1,903</u> |
| Total Liabilities | <u>\$ 205,773</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations and other governments | \$ <u>-</u> |
| Total net position | <u>-</u> |

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

DESOTO COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2023

Exhibit 9

| | <u>Custodial Funds</u> |
|---|----------------------------|
| ADDITIONS | |
| Interest and dividends | \$ 375 |
| Tourism tax | 13,489,574 |
| Collections for assessments | 1,766,272 |
| Transfers in from related entities | <u>2,395,902</u> |
| Total Additions | <u>17,652,123</u> |
| DEDUCTIONS | |
| Payments in accordance with agreements | 2,396,277 |
| Payments of assessments to other organizations | 1,766,272 |
| Payments of tax to other governments | <u>13,489,574</u> |
| Total Deductions | <u>17,652,123</u> |
| Net increase (decrease) in fiduciary net position | - |
| Net Position - Beginning | <u>-</u> |
| Net Position - Ending | <u><u>\$ -</u></u> |

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

DESOTO COUNTY

Exhibit 10

Combining Statement of Net Position- Discretely Presented Component Units

September 30, 2023

| | Emergency Communications District | Convention and Visitors Bureau | Total |
|--|---|--------------------------------------|-------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 3,936,822 | 31,794,577 | 35,731,399 |
| Accounts receivable (net of allowance for uncollectibles of \$0 and \$5,000, respectively) | 469,295 | 1,387,145 | 1,856,440 |
| Intergovernmental receivables | | 1,090,643 | 1,090,643 |
| Lease receivables | | 229,999 | 229,999 |
| Inventories and prepaid items | | 243,597 | 243,597 |
| Total Current Assets | <u>4,406,117</u> | <u>34,745,961</u> | <u>39,152,078</u> |
| Noncurrent assets: | | | |
| Prepaid expenses | 599,333 | | 599,333 |
| Capital assets: | | | |
| Land and construction in progress | | 7,292,688 | 7,292,688 |
| Other capital assets, net | | 38,238,718 | 38,238,718 |
| Total Noncurrent Assets | <u>599,333</u> | <u>45,531,406</u> | <u>46,130,739</u> |
| Total Assets | <u>5,005,450</u> | <u>80,277,367</u> | <u>85,282,817</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | | 1,825,892 | 1,825,892 |
| Total Deferred Outflows of Resources | <u>-</u> | <u>1,825,892</u> | <u>1,825,892</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Claims payable | 713,821 | 1,805,282 | 2,519,103 |
| Accrued liabilities | | 883,803 | 883,803 |
| Accrued interest payable | 2,743 | 419,713 | 422,456 |
| Event security deposits | | 20,000 | 20,000 |
| Unearned revenue | | 422,521 | 422,521 |
| Long-Term Debt | 481,000 | 2,006,448 | 2,487,448 |
| Total Current Liabilities | <u>1,197,564</u> | <u>5,557,767</u> | <u>6,755,331</u> |
| Noncurrent liabilities: | | | |
| Long-Term Debt | 3,021,000 | 14,315,549 | 17,336,549 |
| Compensated absences payable | | 149,154 | 149,154 |
| Net pension liability | | 7,570,547 | 7,570,547 |
| Total Noncurrent Liabilities | <u>3,021,000</u> | <u>22,035,250</u> | <u>25,056,250</u> |
| Total Liabilities | <u>4,218,564</u> | <u>27,593,017</u> | <u>31,811,581</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenues - pensions | | 2,592 | 2,592 |
| Deferred revenues - leases | | 229,999 | 229,999 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>232,591</u> | <u>232,591</u> |
| NET POSITION | | | |
| Net investment in capital assets | | 29,209,409 | 29,209,409 |
| Unrestricted | 786,886 | 25,068,242 | 25,855,128 |
| Total Net Position | <u>\$ 786,886</u> | <u>54,277,651</u> | <u>55,064,537</u> |

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

DESOTO COUNTY

Exhibit 11

**Combining Statement of Activities- Discretely Presented Component Units
For the Year Ended September 30, 2023**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------------|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Emergency Communication District | Convention and Visitors Bureau | Total |
| Component units: | | | | | | | |
| Emergency Communications District | \$ 1,377,728 | 1,965,283 | - | - | 587,555 | | 587,555 |
| Convention and Visitors Bureau | 12,916,699 | 7,670,395 | 108,509 | - | | (5,137,795) | (5,137,795) |
| Total Component Units | \$ 14,294,427 | 9,635,678 | 108,509 | - | 587,555 | (5,137,795) | (4,550,240) |
| General revenues: | | | | | | | |
| Tourism tax | | | | | \$ - | 13,516,646 | 13,516,646 |
| Unrestricted interest income | | | | | 5,056 | 245,923 | 250,979 |
| Miscellaneous | | | | | - | 215,995 | 215,995 |
| Total General Revenues | | | | | 5,056 | 13,978,564 | 13,983,620 |
| Changes in Net Position | | | | | 592,611 | 8,840,769 | 9,433,380 |
| Net Position - Beginning, as previously reported | | | | | 186,481 | 45,436,882 | 45,623,363 |
| Prior period adjustment | | | | | 7,794 | - | 7,794 |
| Net Position - Beginning, as restated | | | | | 194,275 | 45,436,882 | 45,631,157 |
| Net Position - Ending | | | | | \$ 786,886 | 54,277,651 | 55,064,537 |

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

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

DeSoto 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 DeSoto County to present these financial statements on the primary government and its component units which have a significant operational or financial relationship 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.

Blended Component Units

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

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

Discretely Presented Component Units

The component unit column in the financial statements includes the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. The majority of the members of the governing bodies of these component units were appointed by the County Board of Supervisors.

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

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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

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

A Certified public accounting firm other than the primary government auditor prepares audited financial statement information for the DeSoto County Emergency Communications District. The component units listed above are provided to the County as the primary government. Financial information may be obtained from the DeSoto County Chancery Clerk's office at 2535 Highway 51, South Room 104, Hernando, Mississippi 38632.

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. 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 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. 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 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

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. 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 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.

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

Governmental 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.

Coronavirus Fund – This fund is used to account for monies from specific revenue sources that are restricted for COVID-19 recovery efforts.

Bridge and Culvert Fund - This fund is used to account for monies from specific revenue sources that are restricted for bridges and culverts.

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.

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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.

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

Custodial Funds – Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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 market value. However, the County did not invest in any governmental securities during the fiscal year.

G. Receivables.

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

H. 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

I. Inventories and Prepaid Items.

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

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

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

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

*Intangible assets for the County represent right to use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term "depreciation" includes the amortization of intangible assets.

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

K. Deferred Outflows/Inflows of Resources.

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

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

Deferred outflows related to pensions – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 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.

Deferred revenues – property taxes/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.

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

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

Deferred inflows related to leases/leases – Deferred inflows of resources measured at the initial value of the lease receivable to reflect that the receivable relates to future periods.

L. Leases.

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

The County uses the Federal Prime Borrowing Rate in effect at the date of the lease inception (4.00%) to calculate the present value of lease payments when the rate implicit in the lease is not known.

M. Subscription-Based Information Technology Arrangements.

The Governmental Accounts Standards Board (GASB) issued Statement No.96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements amount governments that have entered into SBITAs, and to enhance understandability, reliability, relevance and consistency of information about SBITAs.

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 financed purchases and other commitments.

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

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

O. 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.

P. Compensated Absences.

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

Q. Equity Classifications.

Government-wide Financial Statements:

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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

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

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

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

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

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

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

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

Fund Balance Flow Assumption – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned 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.

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

R. 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.

S. 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.

T. Changes in Accounting Standards

GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS.

A summary of the significant net position adjustments is as follows:

Exhibit 2- Statement of Activities- Governmental Activities:

| Explanation | Amount |
|---|---------------|
| To correct prior years errors in capital assets | 23,363,968 |
| Total prior period adjustments | \$ 23,363,968 |

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS.

Deposits:

DeSoto County:

The carrying amount of the County's total deposits with financial institutions at September 30, 2023, was \$197,419,582 and the bank balance was \$199,999,515. 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:

Investments balances at September 30, 2023, are as follows:

| <u>Investment Type</u> | <u>Maturities</u> | <u>Fair Value Level</u> | <u>Fair Value</u> |
|------------------------|--------------------|-------------------------|-----------------------------|
| Certificate of deposit | Less than one year | Level 1 | \$ 25,000,000 |
| Certificate of deposit | Less than one year | Level 1 | <u>5,000,000</u> |
| Total | | | \$ <u><u>30,000,000</u></u> |

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, Mississippi Code of 1972 Annotated* 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, Mississippi Code of 1972 Annotated*. The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk. **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

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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. Of the County's investment, \$25,000,000 were insured by securities pledged to the State Treasurer by that institution to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in a certificate of deposit. These investments are 100% of the County's total investments and are reported in the General Fund.

| <u>Investment Type</u> | <u>Fund</u> | <u>Fair Value</u> | <u>Percentage of total investments</u> |
|------------------------|-------------------------|----------------------|--|
| Certificate of deposit | General Fund | \$ 25,000,000 | 83.33% |
| Certificate of deposit | One mill mandatory Fund | 1,000,000 | 3.33% |
| Certificate of deposit | Unallocated funds Fund | <u>4,000,000</u> | 13.34% |
| Total | | <u>\$ 30,000,000</u> | |

NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES.

The following is a summary of interfund balances at September 30, 2023:

A. Due From/To Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|--------------------------|---------------------|
| General Fund | Other Governmental Funds | \$ 410,891 |
| Bridge & Culvert Fund | General Fund | 132,063 |
| Other Governmental Funds | General Fund | 426,479 |
| Custodial Funds | General Fund | 132,756 |
| | Total | <u>\$ 1,102,189</u> |

Receivables represent tax revenues and law library fees collected but not settled until October 2023 and cover expenditures for the volunteer fire department. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|-------------------------------|-------------------------------|----------------------|
| General Fund | Other governmental funds | \$ 139,039.00 |
| Major Fund - Bridge & Culvert | General Fund | 105,000.00 |
| Other governmental funds | General Fund | 12,033,936.00 |
| Other governmental funds | Major Fund - Coronavirus Fund | 240,000.00 |
| Other governmental funds | Other governmental funds | 2,566,948.00 |
| Internal Service Fund | General Fund | 1,198,022.00 |
| Internal Service Fund | Major Fund - Bridge & Culvert | 147,500.00 |
| Internal Service Fund | Other governmental funds | 132,500.00 |
| | Total | <u>\$ 16,562,945</u> |

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Transfers to Bridge and Culvert Fund are to cover various capital expenditures. Transfers to Other Governmental Funds are for budgeted allocations and reimbursement for court-related expenditures and postage.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2023, consisted of the following:

| Description | Amount |
|---|--------------|
| Legislative Credit | 2,121,054 |
| Cable tv franchise fees | 6,336.00 |
| Commissary commission | 26,872.00 |
| DHS reimbursements | 29,210.00 |
| Alcohol and Drug Grant | 43,345.00 |
| HIDTA | 5,946.00 |
| JAG Grant | 1,250.00 |
| Hazard Mitigation Grant | 224,840.00 |
| Homeland Security grant - 21HS017T | 1,910.00 |
| Homeland Security grant - A21HS017T | 34,995.00 |
| Highway planning and construction | 1,225,500.00 |
| DUI Grant reimbursement | 43,346.00 |
| EMA Grant reimbursement | 110,165.00 |
| EMPG reimbursement | 124,895.00 |
| Facility housing | 18,000.00 |
| Gary Senise Grant reimbursement | 24,019.00 |
| Occupant protection grant reimbursement | 17,250.00 |
| Prisoner housing reimbursement | 122,015.00 |
| Youth court reimbursement | 83,114.00 |
| ADC Reimbursement | 66,242.00 |
| Reimbursement for county services | 24,000.00 |
| Rental income | 20,500.00 |
| | 4,374,804 |

NOTE 6 – LOANS RECEIVABLE.

At September 30, 2023, the DeSoto County Convention and Visitors Bureau had \$4,517,229 in loans payable for previous loans the County made to the Bureau for acquisition and construction costs related to the DeSoto County Convention and Visitors Bureau. During October 2013, the County and the Bureau entered into an agreement to repay the original loan totaling \$7,494,614 with no interest. Agreement terms include monthly payments of \$20,818 beginning November 1, 2013 and concluding October 1, 2043.

At September 30, 2023, the DeSoto County Regional Utility Authority had \$2,599,920 in loans payable for a previous loan the County made to the Authority for acquisition and construction costs designed to facilitate county growth. During July 2013, the County and the Authority entered into an agreement to

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

repay the original loan totaling \$3,900,000 with no interest. Agreement terms include monthly payments of \$10,834 paid beginning October 1, 2014 and concluding September 1, 2044.

On September 30, 2023, the Fairhaven Fire Department had \$19,836 in loans payable for a previous loan the County made to the Department. On August 20, 2015, DeSoto county entered into an agreement with Fairhaven Fire Department to construct a fire facility. The County loaned \$204,820 to be paid back annually beginning July 1, 2016. In December 2018, the loan terms were amended to reduce the total outstanding amount due. The loan will conclude November 2024.

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

| Description | Date of Loan | Maturity Date | Amount |
|--|-----------------|------------------|---------------------|
| DeSoto County Convention and Visitors Bureau | 10/2013 | 10/2043 | \$ 4,517,229 |
| DeSoto County Regional Utility Authority | 07/2013 | 09/2044 | 2,599,920 |
| Fairhaven Fire Department Project | 08/2015 | 11/2024 | 19,835 |
| | | | <u>\$ 7,136,984</u> |

NOTE 7 - CAPITAL ASSETS.

The following is a summary of capital assets activity for the year ended September 30, 2023:

| Governmental Activities | Balance | | | | Balance |
|---|--------------------|--------------------|------------------|---------------------|--------------------|
| | Oct. 1, 2022 | Additions | Deletions | Adjustments | Sept. 30, 2023 |
| Non-depreciable capital assets: | | | | | |
| Land | 4,340,034 | - | - | - | 4,340,034 |
| Construction in progress | 64,422,851 | 15,338,941 | - | (55,717,233) | 24,044,559 |
| Total non-depreciable capital assets | <u>68,762,885</u> | <u>15,338,941</u> | <u>-</u> | <u>(55,717,233)</u> | <u>28,384,593</u> |
| Depreciable capital assets: | | | | | |
| Infrastructure | 148,621,632 | 760,756 | | 40,229,757 | 189,612,145 |
| Buildings | 82,678,416 | | 1,521,843 | 5,884,060 | 87,040,633 |
| Improvements other than buildings | 1,128,779 | 59,909 | 855 | 3,150,508 | 4,338,341 |
| Mobile equipment | 41,625,375 | 1,320,655 | 2,121,213 | (944,976) | 39,879,841 |
| Intangible right to use equipment | 81,045 | | | | 81,045 |
| Total depreciable capital assets | <u>274,135,247</u> | <u>2,141,320</u> | <u>3,643,911</u> | <u>48,319,349</u> | <u>320,952,005</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 82,978,321 | 3,423,809 | | 3,404,525 | 89,806,655 |
| Buildings | 22,769,211 | 1,640,412 | 228,900 | 2,574,942 | 26,755,665 |
| Improvements other than buildings | 552,287 | 153,298 | | 27,088 | 732,673 |
| Mobile equipment | 20,182,914 | 2,348,360 | 1,822,737 | 9,959,529 | 30,668,066 |
| Intangible right to use equipment | 60,558 | 12,720 | | | 73,278 |
| Total accumulated depreciation | <u>126,543,291</u> | <u>7,578,599</u> | <u>2,051,637</u> | <u>15,966,084</u> | <u>148,036,337</u> |
| Depreciable capital assets, net | <u>147,591,956</u> | <u>(5,437,279)</u> | <u>1,592,274</u> | <u>32,353,265</u> | <u>172,915,668</u> |
| Governmental activities capital assets, net | <u>216,354,841</u> | <u>9,901,662</u> | <u>1,592,274</u> | <u>(23,363,968)</u> | <u>201,300,261</u> |

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

| | |
|--|----------------|
| Total capital assets, net, excluding intangible right to use asset | \$ 201,292,494 |
| Intangible right to use assets, net | <u>7,767</u> |

| | |
|---|-----------------------|
| Total capital assets, net, as reported in the statement of net position | <u>\$ 201,300,261</u> |
|---|-----------------------|

Adjustments are to remove deleted assets, move completed construction in progress and correct prior years errors in recording depreciation expense.

Depreciation expense was charged to the following functions:

| Governmental Activities | <u>Amount</u> |
|--------------------------------|---------------------|
| General government | \$ 318,954 |
| Public safety | 2,484,570 |
| Public works | 4,759,972 |
| Health and welfare | 845 |
| Culture and recreation | 4,880 |
| Conservation | <u>9,378</u> |
| Total | <u>\$ 7,578,599</u> |

Commitments with respect to unfinished capital projects at September 30, 2023, consisted of the following:

| <u>Description of Commitment</u> | <u>Remaining Financial Commitment</u> | <u>Expected Date of Completion</u> |
|---|---------------------------------------|------------------------------------|
| Agri Education Building Project | \$ 12,074,252.00 | Not Determined |
| Agri-Ed Walking Trails | 1,769,487.50 | Not Determined |
| Armory Road | 975,735.93 | Not Determined |
| Austin Rd Bridge LSBP | 287,564.00 | Not Determined |
| Broadband Infrastructure | 9,687,052.64 | Not Determined |
| Commerce Street/Della to Jaybird - MPO | 2,526,077.92 | Not Determined |
| Courthouse Renovation | 1,146,095.77 | Not Determined |
| EOC Building | 6,045,048.50 | Not Determined |
| Getwell / Pleasant Hill Signal - MPO | 9,851.12 | Not Determined |
| Getwell / Robertson Gin Rd | 55,513.37 | Not Determined |
| Getwell Road Bridge | 3,018,371.00 | Not Determined |
| Getwell Road Improvements | 4,298,670.91 | Not Determined |
| Hawks Crossing Park (Lewisburg Park) | 80,000.00 | Not Determined |
| Information Technology - Office Impv's/Software | 4,944,940.92 | Not Determined |
| Johnson Creek Greenway Project | 21,482.50 | Not Determined |
| Juvenile Detention Renovation | 1,975,658.49 | Not Determined |
| Nail Rd - Hacks to Polk Lane | 19,864,672.14 | Not Determined |
| Polk Lane Extension | 2,859,731.77 | Not Determined |
| Sheriff's Dept ICAC Building Addition | 251,893.86 | Not Determined |
| Starlanding Rd East-Tulane-Getwell | 9,119,342.15 | Not Determined |
| Starlanding Sewer | 2,460,326.98 | Not Determined |
| Swinnea Road-Starlanding to Bankston | 2,164,194.07 | Not Determined |
| Wilson Mill Road | <u>2,347,110.28</u> | Not Determined |
| | <u>87,983,074</u> | |

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 8 - CLAIMS AND JUDGMENTS.

Risk Financing:

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public 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, 2023, to January 1, 2024. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

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

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

The County has purchased coinsurance which functions as two separate stop loss coverage: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$110,000, and the aggregate policy covers all claims submitted for FY 2023.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonable estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). At September 30, 2023, the amount of these liabilities was 839,866. An analysis of claims activities is presented below:

| | Beginning of Year | Claims and Changes | Premiums and Changes | End of Year |
|--------------|----------------------|-----------------------|-------------------------|----------------|
| 2019 to 2020 | \$ 537,320 | 6,500,161 | 6,414,635 | \$ 451,794 |
| 2020 to 2021 | 451,794 | 6,651,654 | 6,177,667 | (22,193) |
| 2021 to 2022 | \$ (22,193) | 6,913,505 | 6,323,520 | \$ 567,792 |
| 2022 to 2023 | \$ 567,792 | 6,613,520 | 6,341,446 | \$ 839,866 |

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 9 – LEASES.

The County is a lessee for various non-cancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses 4.00% as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As Lessee:

Lease Assets

The County is obligated for the following leased assets acquired through leases as of September 30, 2023:

| | <u>Balance</u> | <u>Additions</u> | <u>Amortization</u> | <u>Balance</u> |
|------------------|-------------------------|------------------|----------------------|---------------------|
| | <u>10/1/2022</u> | | | <u>9/30/2023</u> |
| Office Equipment | \$ <u>20,487</u> | <u>-</u> | <u>12,720</u> | <u>7,767</u> |
| Total | \$ <u><u>20,487</u></u> | <u><u>-</u></u> | <u><u>12,720</u></u> | <u><u>7,767</u></u> |

See Note 7 for further details regarding intangible right-to-use equipment, which represents leased equipment.

Lease Liabilities

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

| | Balance 10/1/2022 | Additions | Principal Payments | Balance 9/30/2023 |
|------------------|----------------------|-----------|-----------------------|----------------------|
| Office Equipment | \$ 20,487 | - | 12,720 | 7,767 |
| Total | \$ 20,487 | - | 12,720 | 7,767 |

On April 29, 2019, DeSoto County entered into a lease agreement with Copyplus, Inc. for the lease of copy machines owned by Copyplus, Inc. The lease stipulated that the lessee would pay approximately \$993 per month in lease payments commencing for a term of 5 years. This lease includes 0% interest financing of the equipment.

On December 30, 2020, DeSoto County entered into a lease agreement with Pitney Bowes for the lease of office equipment owned by Pitney Bowes. The lease stipulated that the lessee would pay approximately \$67 per month in lease payments commencing for a term of 5 years. This lease includes 0% interest financing of the equipment.

| Description | Discount Rate | Term | Issue Date | Maturity Date | Monthly Payment | Amount Outstanding |
|----------------|------------------|-----------|------------|------------------|--------------------|-----------------------|
| CopyPlus, Inc. | 0.00% | 60 months | 4/29/2019 | 5/31/2024 | \$ 993 | \$ 5,958 |
| Pitney Bowes | 0.00% | 60 months | 12/30/2020 | 12/29/2025 | 67 | 1,809 |
| | | | | | \$ 1,060 | \$ 7,767 |

The following is a schedule by years of the total payments due as of September 30, 2023:

| Year ending September 30: | Principal |
|------------------------------|-----------|
| 2024 | \$ 6,762 |
| 2025 | 804 |
| 2026 | 201 |
| Total | \$ 7,767 |

As Lessor:

On September 1, 2002, DeSoto County entered into a lease agreement with Mississippi Department of Human Services for the lease of building space owned by the County. The lease stipulated that the lessee would pay approximately \$808 per month in lease payments commencing 9/1/2002 for a term of 23 years. At the end of the lease term, a new agreement will be required. The County is to receive \$9,303 in rent annually with an implicit interest rate of 4.00%.

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

On January 1, 2010, DeSoto County entered into a lease agreement with AbilityWorks, Inc. for the lease of building space owned by the County. The lease stipulated that the lessee would pay approximately \$300 per month in lease payments commencing 01/01/2010 for a term of 20 years. At the end of the lease term, a new agreement will be required. The County is to receive \$3,600 in rent annually with an implicit interest rate of 4.00%.

On August 1, 2020, DeSoto County entered into a lease agreement with Mississippi Department of Human Services for the lease of building space owned by the County. The lease stipulated that the lessee would pay approximately \$13,750 per month in lease payments commencing 8/1/2020 for a term of 5 years. At the end of the lease term, a new agreement will be required. The County is to receive \$158,400 in rent annually with an implicit interest rate of 4.00%.

On January 1, 2022, DeSoto County entered into a lease agreement with USDA for the lease of building space owned by the County. The lease stipulated that the lessee would pay approximately \$1,303 per month in lease payments commencing 01/01/2022 for a term of 3 years. At the end of the lease term, a new agreement will be required. The County is to receive \$15,636 in rent annually with an implicit interest rate of 4.00%.

Remaining amounts to be received associated with these leases are as follows:

| Leases Receivable | Year ending September 30: | | |
|-------------------|------------------------------|-------------------|---------------|
| | | Principal | Interest |
| | 2024 | \$ 186,170 | 7,757 |
| | 2025 | 153,996 | 6,416 |
| | 2026 | 3,456 | 144 |
| | 2027 | 3,456 | 144 |
| | 2028 | 3,456 | 144 |
| | 2029-2030 | 4,607 | 193 |
| | Total | \$ <u>355,141</u> | <u>14,798</u> |

NOTE 10 – LONG-TERM DEBT.

Debt outstanding as of September 30, 2023, consisted of the following:

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|--------------------------------------|-----------------------|------------------|------------------------|
| Governmental Activities: | | | |
| A. General Obligation Bonds: | | | |
| 2019 Advanced Civic Center Refunding | 8,850,000 | 1.87% | 9/2029 |
| 2012 GO Refunding Bonds | 1,580,000 | 3.00% | 7/2024 |
| 2015 Refunding Bonds | 1,980,000 | 3.36% | 7/2024 |
| 2016 Refunding Bonds 8.125m | 3,145,000 | 1.66% | 9/2029 |
| 2020 GO Bonds | 18,530,000 | 3.00% | 9/2040 |
| 2021 Refunding Bonds | 9,879,000 | 1.150% | 3/2033 |
| Total General Obligation Bonds | <u>43,964,000</u> | | |

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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

| <u>Year ending</u> <u>September 30:</u> | <u>Governmental Activities</u> | |
|--|---------------------------------|-----------------|
| | <u>General obligation Bonds</u> | |
| | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 7,497,000 | 1,284,730 |
| 2025 | 4,066,000 | 1,024,523 |
| 2026 | 4,207,000 | 895,700 |
| 2027 | 3,917,000 | 768,331 |
| 2028 | 4,035,000 | 636,528 |
| 2029-2033 | 11,572,000 | 1,918,083 |
| 2034-2038 | 6,025,000 | 948,900 |
| 2039-2041 | 2,645,000 | 119,550 |
| Total | \$ 43,964,000 | 7,596,345 |

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, 2023, the amount of outstanding debt was equal to 1.42% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2023:

| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Adjustments</u> | <u>Balance</u> | <u>Amount due</u> |
|---------------------------------|---------------------|------------------|-------------------|--------------------|-----------------------|-------------------|
| | <u>Oct. 1, 2022</u> | | | | <u>Sept. 30, 2023</u> | <u>within one</u> |
| | | | | | | <u>year</u> |
| Governmental Activities: | | | | | | |
| Compensated absences | \$ 1,550,615 | 282,654 | | - | 1,833,269 | |
| General obligation bonds | 52,214,000 | - | 8,250,000 | - | 43,964,000 | 7,497,000 |
| Add: | | | | | | |
| Premiums | 632,596 | - | 579,211 | - | 53,385 | |
| Total | \$ 54,397,211 | 282,654 | 8,829,211 | - | 45,850,654 | 7,497,000 |

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

Component Units

DeSoto County provided to the Emergency Communications District (E-911) the Bond funds for erecting, equipping, repairing, reconstructing, remodeling, and enlarging County buildings and related facilities and the purchase and installation of the Emergency Communications District equipment. DeSoto County is

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

ultimately responsible for the \$3,502,000 bond issues included in the disclosures above. DeSoto County maintains a bond fund in its name for the payment of the principal and interest on the Bonds, and the payment of Agent's fees in connection with this. The Emergency Communications District has included this debt issuance and the resulting liability in their financial statements as a payable to the County and The Emergency Communications District shall annually take such action as necessary to include payment of the debt service requirements of the Bonds, as a part of its annual budget year. For FY 2023, the Emergency Communications District's total bond principal payments to the County were \$469,000.

DeSoto County provides to the Convention and Visitors Bureau refunding bond funds for improvements at the DeSoto Civic Center in Southaven. DeSoto County maintains a bond fund in its name for the payment of the principal and interest on the Bonds, and the payment of Agent's fees in connection with this. The Convention and Visitors Bureau shall for as long as any principal of and interest on the Bonds remain outstanding, provide to the County adequate and sufficient funds which may be lawfully used for the payment of the principal of and interest on the Bonds. The Convention and Visitors Bureau has included this debt issuance and resulting liability in their financial statements as a payable to the County and shall annually take such action as necessary to include its payment of the debt service payments on the Bonds, as a part of its annual budget year. As of September 30, 2023, the Convention and Visitors Bureau was responsible for the repayment of the Series 2019 bonds and \$1,955,000 of the Series 2016 bonds reported in the County long-term liabilities. For FY 2023, the Convention and Visitors Bureau total bond principal payments to the County were \$480,000. The Convention and Visitors Bureau paid the \$2,075,000 due for the Series 2019 bonds directly to the lender.

NOTE 11 - DEFINED BENEFIT PENSION PLAN.

DeSoto County

General Information about the Pension Plan

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

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

DESOTO COUNTY
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the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee’s earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2023, PERS members are required to contribute 9% of their annual covered salary, and the County is required to contribute an actuarially determined rate. The employer’s rate at September 30, 2023 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, 2023, 2022, and 2021, were \$6,513,051, \$6,125,998, and \$5,461,266, 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, 2023, the County reported a liability of \$124,750,547 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2023, 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, 2023, net pension liability was 0.4958 percent, which was based on a measurement date of June 30, 2023. This was an increase of .0159% percent from its proportionate share used to calculate the September 30, 2022, net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the County recognized pension expense of \$19,384,264. At September 30, 2023, 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 | \$ 3,095,098 | - |
| Net difference between projected and actual earnings on pension plan investments | 4,995,266 | - |
| Changes of assumptions | 14,551,411 | - |
| Changes in the proportion and differences between actual contributions and proportionate share of contributions | 4,408,763 | 87,534 |
| Contributions subsequent to the measurement date | 1,733,394 | - |
| | \$ 28,783,932 | 87,534 |

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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The \$1,733,394 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization of deferred outflows and inflows

| Year ending September 30: | Amount |
|---------------------------|---------------|
| 2024 | \$ 10,865,505 |
| 2025 | 6,623,882 |
| 2026 | 9,436,524 |
| 2027 | 37,093 |
| Total | \$ 26,963,004 |

Actuarial Assumptions. The total pension liability as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.40 percent |
| Salary increases | 2.65 - 17.90 percent, including inflation |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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:

DESOTO COUNTY
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| Asset Class | Target Allocation | Long-Term Expected Real Rate |
|----------------------|----------------------|---------------------------------|
| Domestic Equity | 27.00 % | 4.75 % |
| International Equity | 22.00 | 4.75 |
| Global Equity | 12.00 | 4.95 |
| Fixed Income | 20.00 | 1.75 |
| Real Estate | 10.00 | 3.25 |
| Private Equity | 8.00 | 6.00 |
| Cash Equivalents | 1.00 | 0.25 |
| | <u>100.00 %</u> | |

Discount Rate. The discount rate used to measure the total pension liability was 7.00 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 phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 Percent for FYE 2025, 21.40 percent for FYE 2026, and 22.40 percent for FYE 2027). 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------|--------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 160,868,994 | 124,750,547 | 95,111,348 |

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

NOTE 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

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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

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

No commitment debt is repaid only by the entities for which the debt was issued and includes debt that either bears the County’s name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states that absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in event of default. 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 at Sept. 30, 2023</u> |
|---|--------------------------------------|
| Mississippi Development Bank, Series 2010B Taxable | 136,780,000 |
| Mississippi Development Bank, Series 2014 | 43,135,000 |
| Mississippi Development Bank, Series 2015 Refunding | 18,710,000 |
| Mississippi Development Bank, Series 2017A | 29,870,000 |
| Mississippi Development Bank, Series 2019 | 45,350,000 |
| | <u>273,845,000</u> |

NOTE 14 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities’ unrestricted net position deficit amount of \$(7,397,463) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,733,394 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, 2024. The \$27,050,538 balance of the deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 4 years. The \$87,534 balance of the deferred inflow of resources related to pension at September 30, 2023, will be recognized in pension expense over the next 3 years.

The governmental activities’ net investment in capital assets net position of \$160,919,057 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$498,948 balance of deferred outflows of resources at September 30, 2023, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 10 years.

The governmental activities’ unrestricted net position deficit amount of \$(7,397,463) includes the effect of recognition of deferring the recognition of revenue resulting from leases receivable. The \$355,141 balance of deferred inflows of resources at September 30, 2023, will be recognized as revenue and will increase the unrestricted net position over the next 7 years.

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 15 -RELATED ORGANIZATIONS.

The DeSoto County Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations does not extend beyond making appointments and in making small appropriations, if any, to these organizations:

Horn Lake Creek Watershed Drainage District

NOTE 16 -JOINT VENTURES.

The county participates in the following joint venture:

DeSoto County is a participant with Lafayette, Panola, Tate and Tunica counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free library service to the citizens of the respective counties. First Regional Library is governed by a five-member Board appointed by the County Board of Supervisors of the participating counties, one from each county. Each County appropriates funds annually as determined by each County Board of Supervisors for the ongoing support of the First Regional Library. DeSoto County, Mississippi's appropriations from the General Fund for this year to the joint venture amounted to \$1,440,000. Complete financial statements for the First Regional Library can be obtained from P.O. Box 386, Hernando, Mississippi 38632.

NOTE 17 -JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

North Delta Planning and Development District operates in a district composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The DeSoto County Board of Supervisors appoints 4 of 30 members of the Board of Directors. DeSoto County appropriated \$234,173 for the operation of the district in fiscal year 2023, and \$114,750 for the cost of the county-wide transportation service for disabled and elderly citizens.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The DeSoto County Board of Supervisors appoints one of the 21 members of the Board of Commissioners. DeSoto County levied a 0.75 mill tax, which resulted in \$22,641 to help support the district in fiscal year 2023.

Region IV Community Mental Health District, composed of Alcorn, DeSoto, Prentiss, Tippah and Tishomingo counties, provides community based health programming for both youth and adults and provides an array of counseling services for anyone in need. Region IV Community Mental Health District currently operates within the DeSoto County School District and provides in-school counseling and therapy to students in need of services. In accordance with state law, the DeSoto County Board of Supervisors allocated \$200,000 in fiscal year 2023 in order to participate as a member of Region IV and for countywide services from the mental health care provider. Region IV is managed by an appointed five member Board of Directors, with each Director appointed by the participating Board of Supervisors from each county.

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The DeSoto County Board of Supervisors appoints two of the 23 members of the College Board of Trustees. DeSoto County levied 4.11 mills of tax, which resulted in \$9,374,800 for maintenance and support of the college in fiscal year 2023.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. DeSoto County did not appropriate any funds for support of the agency in fiscal year 2023.

NOTE 18 - TAX ABATEMENTS

GASB 77 – DeSoto County, Mississippi

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

Facts and Assumptions

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

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

- Mississippi Code Section 27-31-105, allows County Board of Supervisors, at their discretion, to grant tax exemptions for any enterprise who makes additions to or expansions of the facilities or

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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properties or replaces equipment used in conjunction with or necessary to the operation of such enterprises from ad valorem taxation with the exception of school district taxes and not to exceed a period longer than ten years. The initial request for exemption must be made in writing by June 1st of the year immediately following the year in which the additions, expansions or replacements are completed. The time of the exemption shall commence from the date of completion of the additions, expansions or replacements and shall extend for a period not to exceed ten years, however the Board of Supervisors in lieu of granting the exemption for one period of ten years, may grant the exemption in consecutive periods of five years each, not to exceed ten years.

- Mississippi Code Section 27-31-104, allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The Board of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the Board of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.

- Mississippi Code Section 21-45-1, allows County Board of Supervisors, at their discretion, to enter into agreements with municipalities and enterprises for tax increment financing incentives. Any redevelopment project may contain a provision that county ad valorem taxes, if any, levied upon taxable property in a redevelopment project shall be divided according to a tax increment financing plan. After adoption of a redevelopment plan containing a tax increment financing plan, property taxable at the time of the certification shall be included in the assessed value at its most recently determined valuation, the “original assessed value.” Each year thereafter the assessed value of the real and personal property within the redevelopment area will be captured and will either show an increase or decrease from the original assessed value. This new value will be the “current assessed value.” Any amount by which the current assessed value exceeds the original assessed value is the amount for purposes of tax increment financing that a portion will be captured and used for retiring redevelopment bonds. Only a portion of the current assessed value is authorized to be utilized for the redevelopment project, the remainder of the taxes will be settled to the various County tax levy funds.

| <u>Tax Abatement Program</u> | <u>Amount of Taxes Abated During the Fiscal Year</u> | <u>Company Reported Capital in Investment</u> | <u>Employees Retained or New</u> | <u>Estimated Overall Payroll</u> |
|------------------------------|--|---|--|--|
| Personal/Real Tax Exemptions | \$ 7,790,722 | \$ 1,250,403,505 | 7,846 | \$ 297,751,558 |
| Fee in Lieu | 9,202,620 | 707,672,095 | 2,279 | 133,120,400 |
| Tax Increment Financing | 15,186 | 5,800,000 | 30 | 250,000 |

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

DESOTO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 19 - 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 DeSoto County evaluated the activity of the County through December 9, 2024 (the date the financial statements were available to be issued) and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

| <u>Issue Date</u> | <u>Interest Rate</u> | <u>Issue Amount</u> | <u>Type of Financing</u> | <u>Source of Financing</u> |
|-------------------|----------------------|---------------------|--------------------------|----------------------------|
| TBD | TBD | 38,500,000 | G.O. Bond | Tax revenue |

**DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT
FOR DESOTO COUNTY, MISSISSIPPI**

NOTES TO FINANCIAL STATEMENTS

DISCRETELY PRESENTED COMPONENT UNIT
EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

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

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

A. Financial Reporting Entity.

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

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

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

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

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

B. Basis of Presentation.

GASB Statement 34, *Basic Financial Statements- and Management’s Discussion and Analysis – for State and Local Governments*, states that for special-purpose governments engaged in a single governmental

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EMERGENCY COMMUNICATIONS DISTRICT FOR DESOTO COUNTY, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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program, the fund financial statements and the government-wide statements may be combined. The District's business-type activity statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

Government-wide Financial Statements

Government-wide Financial Statements- The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows report information on all activities of the District.

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

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

C. Measurement Focus and Basis of Accounting.

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

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

D. Use of Estimates in the Preparation of Financial Statements.

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

E. Cash and Cash Equivalents.

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

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F. Capital Assets.

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

G. Compensated Absences.

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

H. Long-term Liabilities.

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

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

I. Budgetary Comparison.

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

J. Net Position.

Net position is classified as follows:

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

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

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

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

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classifications could be used, it is the District’s general policy to spend restricted resources first, followed by unrestricted resources.

NOTE 2 – CASH AND CASH EQUIVALENTS.

The carrying amount of the District’s total deposits with financial institutions at September 30, 2023, was \$3,936,822, and the bank balance was \$3,943,375. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the District. 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 District.

NOTE 3 – ACCOUNTS RECEIVABLE.

The District has accounts receivable in the amount of \$469,295 which consists of telephone service charges to multiple telephone service providers in the DeSoto County area. These receivables are generally collected within 60-90 days of the month for which the service is provided.

NOTE 4 – PREPAID EXPENSES.

The District has prepaid expenses in the amount of \$599,333. These prepaid expenses are amounts paid in advance for the annual service contracts pertaining to the District’s emergency communications equipment.

NOTE 5 – LONG TERM LIABILITIES

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

| | Balance Oct. 1, 2022 | Additions | Reductions | Adjustments | Balance Sept. 30, 2023 | Amount due within one year |
|-------------------------|-------------------------|-----------|------------|-------------|---------------------------|----------------------------------|
| Loan from DeSoto County | \$ 3,971,000 | - | 469,000 | - | 3,502,000 | 481,000 |

Loan from DeSoto County- On March 1, 2015, DeSoto County approved the issuance of General Obligation Bonds, Series 2015 Construction Fund in the amount of \$6,500,000 with a rate of 2.25% - 3.00%. The proceeds of the bonds were used for erecting, equipping, repairing, reconstructing, remodeling and

**DISCRETELY PRESENTED COMPONENT UNIT
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enlarging County buildings and related facilities and the purchase and installation of the District’s E-911 equipment. The bonds were partially refunded on September 16, 2021, with the remaining unrefunded portion due March 1, 2023. The refunding bonds have an average interest rate of 1.150%. The District is obligated to reimburse payments on this bond via an interlocal agreement with DeSoto County.

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

| Year ending September 30: | Principal | Interest |
|------------------------------|--------------|----------|
| 2024 | \$ 481,000 | 30,658 |
| 2025 | 485,000 | 26,118 |
| 2026 | 496,000 | 21,507 |
| 2027 | 502,000 | 16,817 |
| 2028 | 507,000 | 12,074 |
| 2028-2030 | 1,031,000 | 9,734 |
| Total | \$ 3,502,000 | 116,908 |

NOTE 6 - DEFINED BENEFIT PENSION PLAN.

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

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

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the

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

Contributions. At September 30, 2023, PERS members are required to contribute 9% of their annual covered salary, and the District is required to contribute an actuarially determined rate. The employer's rate at September 30, 2023 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 District's contributions (employer share only) to PERS for the years ending September 30, 2023, 2022, and 2021, were \$19,026, \$18,306, and \$17,904, respectively, equal to the required contributions for each year.

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

NOTE 7 – RISK MANAGEMENT.

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

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. General Statement

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

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

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

B. Reporting Entity.

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

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

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

C. Encumbrance Accounting.

The Bureau does not use the encumbrance method of accounting.

D. Basis of Presentation and Accounting.

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

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Government-wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements report detailed information about the Bureau. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues, and expenditures.

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Under this concept, tourism taxes may be accrued.

Other revenue related to events and miscellaneous revenues are recorded when received because they are generally not measurable until that time. Investment earnings are recorded as earned since they are measurable and available.

The Bureau reports one major Governmental Fund: The General Fund is used to account for and report all financial resources.

E. Budget.

The State of Mississippi Code, Title 21, Chapter 35- Municipal Budget, requires the Board of Supervisors for a municipality to formally adopt and amend an annual budget in accordance with the Mississippi Code. Unless stated in the Code or required by the municipality, component units are not required to adopt an annual budget. As of September 30, 2023, DeSoto County did not require the Bureau to adopt a legal budget.

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F. Cash and Cash Equivalents.

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

G. Revenue Recognition.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collected within the current year or within 60 days of year-end and available to pay obligations existing at the end of the year). This includes investment earnings and tourism tax. Other revenues such as certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

H. Expenditure Recognition.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on outstanding long-term obligations Due to DeSoto County are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

I. Inventory.

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

J. Prepaid Expenses.

Prepaid balances are for payments made by the Bureau in the current year to provide services occurring in the subsequent fiscal year. The Bureau reports prepaid items when purchased as an asset and defer the recognition of the expenditure until the period the prepaid items are actually consumed or used.

K. Capital Assets.

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

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

| | |
|---------------------------------|----------------|
| Buildings | 20 to 50 years |
| Improvements and Infrastructure | 5 to 50 years |
| Equipment | 2 to 15 years |
| Furniture and Fixtures | 2 to 15 years |
| Intangibles | 15 years |

L. Deferred Outflows/Inflows of Resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period and not recognized as an expense/expenditures until a later period. The Bureau reports deferred outflows related to net pension liability.

Deferred inflows of resources represent an acquisition of net position that applies at a future period and is not recognized as revenue until a later period. In the government-wide financial statements, the Bureau deferred inflows of resources reported on the statement of net position relate to pension benefits. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to lease.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The Bureau has reported deferred inflows of resources related to unavailable revenues for event ticket sales. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

M. Compensated Absences.

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

N. Due to DeSoto County.

The Bureau’s Due to DeSoto County represents unmatured principal of bonds, bond premiums and loans in the name of DeSoto County on behalf of the Bureau.

O. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee’s Retirement System (PERS) and additions to/deductions from PERS’ fiduciary net

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position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Lease Receivable.

The Bureau implemented GASB Statement No. 87, *Leases*, as of October 1, 2021. The Bureau is a lessor for noncancellable lease of Land and Real Estate. The Bureau recognizes a lease receivable and a deferred inflow of resources in the statement of net position and statement of governmental fund balance sheet. The Bureau recognizes lease receivables with an initial, individual present value of \$5,000 or more and lease terms longer than 12 months.

At the commencement of a lease, the Bureau initially measures the lease receivable at the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow is initially measured as the initial amount of the lease liability, adjusted for lease payments received at or before the lease commencement date, plus certain initial direct costs. Subsequently, the deferred inflow is amortized on a straight-line basis over the lease's term.

Key estimates and judgements related to lease include how the Bureau determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Bureau uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Bureau generally reviews similar debt on the market and uses the rate charged for the debt as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Bureau is reasonably certain to exercise.

The Bureau monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Q. Fund Balances.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable. Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted. 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.

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Committed. Amounts that can be used only for specific purposes as determined by a formal action by the board of directors.

Assigned. Amounts that are constrained by the Bureau's intent to be used for a specific purpose but are neither restricted nor committed. Assignments of fund balance are created by the Executive Director and Business Manager pursuant to authorization established by the policy adopted by the Bureau.

Unassigned. All amounts not included in other spendable classifications.

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

R. Net Position

Net position is the difference between assets, deferred outflows and liabilities, deferred inflows.

"Net investment in capital assets" are capital assets, less accumulated depreciation and any outstanding obligations Due to DeSoto County or other borrowings related to the acquisition, construction or improvement of those assets.

Net position is reported as "restricted" when there are legal limitations that are imposed on their use by legislation or external restrictions by other governments, creditors or grantors.

Unrestricted net position includes all other assets, not meeting the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted resources are available for use, it is the Bureau's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 – CASH AND CASH EQUIVALENTS.

The carrying amount of the Bureau's total deposits with financial institutions at September 30, 2023, was \$31,794,577, and the bank balance was \$31,242,525. 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).

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Custodial credit risk is the risk that in the event of a bank failure, the Bureau’s deposits might not be recovered. As of September 30, 2023, none of the Bureau’s deposits were subject to custodial credit risk. Deposits above FDIC coverage were collateralized by the pledging financial institution’s trust department or by the Mississippi State Treasurer in accordance with Section 27-105-5 Miss. Code Ann. (1972).

NOTE 3 – LEASE RECEIVABLES.

The Bureau, acting as a lessor, leases land and building under long-term cancelable lease agreements. The lease expires 2041. During the year ended September 30, 2023, the Bureau recognized \$8,671 and \$9,329 in lease revenue and lease interest income, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

| Year ending September 30: | Principal | Interest |
|------------------------------|-----------|----------|
| 2024 | 9,024 | 8,976 |
| 2025 | 9,392 | 8,608 |
| 2026 | 9,775 | 8,225 |
| 2027 | 10,172 | 7,827 |
| 2028 | 10,581 | 7,419 |
| 2029-2033 | 59,845 | 30,155 |
| 2034-2038 | 72,642 | 17,358 |
| 2039-2041 | 48,568 | 5,433 |
| Total | 229,999 | 94,001 |

NOTE 4 – CONTRACT REVENUE.

In December 2011, the Bureau entered into a five-year agreement with Landers Auto Group, renaming the DeSoto Civic Center the “Landers Center”, effective January 1, 2012. Landers Auto Group paid \$50,000 upon execution of the agreement and paid \$50,000 every six months after the commencement date, for a total of \$500,000 over five years, with the option to renew for an additional five years. In 2016, Ritchey Management II, LLC (Landers Auto Group) exercised their option to extend the naming rights contract for another five years. In 2023, the parties agreed a new contract for \$200,000 per year, paid \$100,000 every six months for five years, with the option to renew for an additional five years with the extended five years, if opted for, being paid at \$225,000 per year.

NOTE 5 – SUMMARY OF CHANGES IN CAPITAL ASSETS.

Changes in capital assets for the year ended September 30, 2023, were as follows:

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| Component Unit: | Balance Oct. 1, 2022 | Additions | Deletions | Adjustments | Balance Sept. 30, 2023 |
|--------------------------------------|-------------------------|------------------|-----------|-------------|---------------------------|
| Nondepreciable: | | | | | |
| Land | 6,328,825 | - | - | - | 6,328,825 |
| Construction in progress | 142,763 | 821,100 | - | - | 963,863 |
| Total non-depreciable capital assets | <u>6,471,588</u> | <u>821,100</u> | <u>-</u> | <u>-</u> | <u>7,292,688</u> |
| Depreciable: | | | | | |
| Buildings and improvements | 57,238,838 | 1,729,033 | | - | 58,967,871 |
| Machinery and equipment | 5,138,186 | 845,114 | | - | 5,983,300 |
| Furniture and fixtures | 132,837 | 256,681 | | - | 389,518 |
| Total depreciable capital assets | <u>62,509,861</u> | <u>2,830,828</u> | <u>-</u> | <u>-</u> | <u>65,340,689</u> |
| Accumulated Depreciation: | | | | | |
| Buildings and improvements | 22,331,664 | 1,558,968 | | - | 23,890,632 |
| Machinery and equipment | 2,637,951 | 477,419 | | - | 3,115,370 |
| Furniture and fixtures | 87,946 | 8,023 | | - | 95,969 |
| Total accumulated depreciation | <u>25,057,561</u> | <u>2,044,410</u> | <u>-</u> | <u>-</u> | <u>27,101,971</u> |
| | <u>37,452,300</u> | <u>786,418</u> | <u>-</u> | <u>-</u> | <u>38,238,718</u> |
| | <u>43,923,888</u> | <u>1,607,518</u> | <u>-</u> | <u>-</u> | <u>45,531,406</u> |

NOTE 6 – LONG-TERM LIABILITIES.

Changes in long-term obligations for the year ended September 30, 2023, were as follows:

| | Balance Oct. 1, 2022 | Additions | Reductions | Adjustments | Balance Sept. 30, 2023 | Due Within One Year |
|----------------------|-------------------------|-----------|------------------|-------------|---------------------------|------------------------|
| Due to DeSoto County | 19,293,445 | - | 2,971,448 | - | 16,321,997 | 2,006,448 |
| Compensated Absences | 163,476 | - | 14,322 | - | 149,154 | - |
| Total | <u>\$ 19,456,921</u> | <u>-</u> | <u>2,985,770</u> | <u>-</u> | <u>16,471,151</u> | <u>2,006,448</u> |

As of September 30, 2023, Due to the County consisted of the following:

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

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| Year ending September 30: | Principal | Interest |
|------------------------------|-------------------|------------------|
| 2024 | 2,006,448 | 474,650 |
| 2025 | 2,091,448 | 399,075 |
| 2026 | 2,021,448 | 319,625 |
| 2027 | 2,256,448 | 234,600 |
| 2028 | 2,341,448 | 143,825 |
| 2029-2033 | 3,606,193 | 48,700 |
| 2034-2038 | 1,249,102 | - |
| 2039-2043 | 749,462 | - |
| Total | <u>16,321,997</u> | <u>1,620,475</u> |

- *Loans Payable* – During November 2013, The Bureau and DeSoto County, Mississippi entered into an agreement for the Bureau to repay the loan of \$7,494,614 with 0% interest due or accruing. The terms of the agreement include monthly payments of \$20,818 beginning November 1, 2013, and one final payment of \$20,819 on October 1, 2043. As of September 30, 2023, the outstanding balance was \$4,517,228.
- *Bonds Payable* – consists of General Obligation Refunding Bonds, Series 2016 and 2019 issued by DeSoto County, Mississippi with a rate of 2.5% - 5.0%. The Bureau services these bonds via an interlocal agreement with DeSoto County. As of September 30, 2023, the outstanding balance was \$11,804,769 including bond premiums of \$999,769.

NOTE 7 – CONTINGENCIES

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

NOTE 8 – PENSION OBLIGATIONS

General information about the Pension Plan:

Plan Description. The Bureau contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees’ authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the 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

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Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

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

Contributions. At September 30, 2023, PERS members are required to contribute 9% of their annual covered salary, and the Bureau is required to contribute an actuarially determined rate. The employer's rate at September 30, 2023 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Bureau's contributions (employer share only) to PERS for the years ending September 30, 2023, 2022, and 2021, were \$392,489, \$324,452, and \$278,679, 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, 2023, the Bureau reported a liability of \$7,570,547 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Bureau's proportion of the net pension liability was based on a projection of the Bureau's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Bureau's proportionate share used to calculate the September 30, 2023 net pension liability was 0.0301 percent, which was based on a measurement date of June 30, 2023. This was

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an increase of 0.0030 percent from its proportionate share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the Bureau recognized pension expense of \$1,213,365. At September 30, 2023, the Bureau reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| ifferences between expected and actual experience | \$ 185,198 | - |
| t difference between projected and actual earnings on | | |
| pension plan investments | 179,173 | - |
| anges of assumptions | 925,700 | - |
| anges in the proportion and differences between actual | | |
| contributions and proportionate share of contributions | 446,986 | 2,592 |
| ntributions subsequent to the measurement date | 88,835 | - |
| | \$ 1,825,892 | 2,592 |

\$88,835 reported as deferred outflows of resources related to pensions resulting from Bureau contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending September 30: | Amount |
|---------------------------|--------------|
| 2024 | \$ 707,446 |
| 2025 | 509,159 |
| 2026 | 515,609 |
| 2027 | 2,251 |
| Total | \$ 1,734,465 |

Actuarial Assumptions. The total pension liability as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods in the measurement:

| | |
|---|-------------|
| Inflation percentage | 2.40% |
| Salary increases, including inflation | 2.65-17.90% |
| Investment rate of return | |
| net of pension plan investment expense, including inflation | 7.00% |

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Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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</u> |
|----------------------|------------------------------|---|
| Domestic Equity | 27.00 % | 4.75 % |
| International Equity | 22.00 | 4.75 |
| Global Equity | 12.00 | 4.95 |
| Fixed Income | 20.00 | 1.75 |
| Real Estate | 10.00 | 3.25 |
| Private Equity | 8.00 | 6.00 |
| Cash | 1.00 | 0.25 |
| | <u>100.00 %</u> | |

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 percent for FYE 2025, 21.40 percent for FYE 2026, and 22.40 percent for FYE 2027). 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.

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Sensitivity to the Bureau’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Bureau’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Bureau’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------|--------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 9,762,413 | 7,570,547 | 5,771,878 |

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS Annual Comprehensive Financial Report, publicly available at www.pers.ms.gov.

NOTE 9 – RISK MANAGEMENT.

The Bureau is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Bureau carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage for the past three fiscal years, except for a single claim which resulted in an expense to the Bureau of \$285,000 which was recognized in 2023. Additional internal controls were implemented to prevent a similar situation in the future.

DESOTO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

DESOTO COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
For the Year Ended September 30, 2023
UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|----------------------|---------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 62,053,092 | 62,194,092 | 62,868,099 | 674,007 |
| Licenses, commissions and other revenue | 3,738,850 | 4,080,796 | 4,309,908 | 229,112 |
| Fines and forfeitures | 1,330,000 | 1,318,800 | 1,386,068 | 67,268 |
| Intergovernmental revenues | 6,239,790 | 7,000,445 | 6,843,803 | (156,642) |
| Charges for services | 1,795,000 | 1,912,113 | 1,984,450 | 72,337 |
| Interest income | 185,100 | 289,100 | 467,298 | 178,198 |
| Miscellaneous revenues | 1,267,985 | 1,543,326 | 1,505,480 | (37,846) |
| Total Revenues | <u>76,609,817</u> | <u>78,338,672</u> | <u>79,365,106</u> | <u>1,026,434</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 21,115,694 | 22,147,916 | 20,346,328 | 1,801,588 |
| Public safety | 36,911,899 | 37,425,676 | 36,022,300 | 1,403,376 |
| Public works | 759,094 | 815,312 | 671,202 | 144,110 |
| Health and welfare | 2,412,641 | 2,562,674 | 2,224,048 | 338,626 |
| Culture and recreation | 1,601,103 | 1,601,103 | 1,555,663 | 45,440 |
| Conservation of natural resources | 359,649 | 364,943 | 316,602 | 48,341 |
| Economic development and assistance | 365,428 | 390,428 | 376,856 | 13,572 |
| Total Expenditures | <u>63,525,508</u> | <u>65,308,052</u> | <u>61,512,999</u> | <u>3,795,053</u> |
| Excess of Revenues over (under) Expenditures | <u>13,084,309</u> | <u>13,030,620</u> | <u>17,852,107</u> | <u>4,821,487</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | | 95,246 | | (95,246) |
| Transfers in | 1,036,973 | 1,176,012 | 1,181,843 | 5,831 |
| Transfers out | <u>(16,026,984)</u> | <u>(15,639,928)</u> | <u>(14,379,760)</u> | <u>1,260,168</u> |
| Total Other Financing Sources and Uses | <u>(14,990,011)</u> | <u>(14,368,670)</u> | <u>(13,197,917)</u> | <u>1,170,753</u> |
| Net Change in Fund Balance | (1,905,702) | (1,338,050) | 4,654,190 | 5,992,240 |
| Fund Balances - Beginning | <u>56,808,634</u> | <u>56,808,634</u> | <u>71,407,384</u> | <u>14,598,750</u> |
| Fund Balances - Ending | <u>\$ 54,902,932</u> | <u>55,470,584</u> | <u>76,061,574</u> | <u>20,590,990</u> |

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

DESOTO COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
CORONAVIRUS FUND
For the Year Ended September 30, 2023
UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|--------------------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ | | | - |
| Interest income | 50,000 | 50,000 | 249,523 | 199,523 |
| Total Revenues | <u>50,000</u> | <u>50,000</u> | <u>249,523</u> | <u>199,523</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 3,000,000 | 3,000,000 | | 3,000,000 |
| Public works | 14,293,688 | 14,293,688 | 48,857 | 14,244,831 |
| Health and welfare | 8,878,742 | 8,638,742 | 3,338,265 | 5,300,477 |
| Economic development and assistance | 10,000,000 | 9,980,693 | 236,142 | 9,744,551 |
| Total Expenditures | <u>36,172,430</u> | <u>35,913,123</u> | <u>3,623,264</u> | <u>32,289,859</u> |
| Excess of Revenues over (under) Expenditures | <u>(36,122,430)</u> | <u>(35,863,123)</u> | <u>(3,373,741)</u> | <u>32,489,382</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (240,000) | (240,000) | - |
| Total Other Financing Sources and Uses | <u>-</u> | <u>(240,000)</u> | <u>(240,000)</u> | <u>-</u> |
| Net Change in Fund Balance | (36,122,430) | (36,103,123) | (3,613,741) | 32,489,382 |
| Fund Balances - Beginning | <u>36,122,430</u> | <u>36,103,123</u> | <u>36,133,889</u> | <u>30,766</u> |
| Fund Balances - Ending | \$ <u>-</u> | <u>-</u> | <u>32,520,148</u> | <u>32,520,148</u> |

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

DESOTO COUNTY
BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)
BRIDGE AND CULVERT FUND
For the Year Ended September 30, 2023
UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|----------------------|---------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 9,532,524 | 9,652,524 | 9,977,926 | 325,402 |
| Lincenses commissions and other revenues | 35,000 | 38,189 | 75,795 | 37,606 |
| Charges for services | | | 18,700 | 18,700 |
| Interest income | 125,000 | 125,000 | 286,416 | 161,416 |
| Miscellaneous revenues | 5,780,250 | 6,009,370 | 2,205,988 | (3,803,382) |
| Total Revenues | <u>15,472,774</u> | <u>15,825,083</u> | <u>12,564,825</u> | <u>(3,260,258)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 27,199,525 | 30,656,274 | 8,293,442 | 22,362,832 |
| Total Expenditures | <u>27,199,525</u> | <u>30,656,274</u> | <u>8,293,442</u> | <u>22,362,832</u> |
| Excess of Revenues over (under) Expenditures | <u>(11,726,751)</u> | <u>(14,831,191)</u> | <u>4,271,383</u> | <u>19,102,574</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 105,000 | 105,000 | 105,000 | - |
| Transfers out | - | (147,500) | (147,500) | - |
| Other financing sources | | 4,418 | | (4,418) |
| Total Other Financing Sources and Uses | <u>105,000</u> | <u>(38,082)</u> | <u>(42,500)</u> | <u>(4,418)</u> |
| Net Change in Fund Balance | (11,621,751) | (14,869,273) | 4,228,883 | 19,098,156 |
| Fund Balances - Beginning | <u>39,000,000</u> | <u>39,000,000</u> | <u>40,256,997</u> | <u>1,256,997</u> |
| Fund Balances - Ending | <u>\$ 27,378,249</u> | <u>24,130,727</u> | <u>44,485,880</u> | <u>20,355,153</u> |

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

DESOTO COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2023
UNAUDITED

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| County's proportion of the net pension liability (asset) | 0.4958% | 0.4799% | 0.4671% | 0.4399% | 0.4357% | 0.4269% | 0.4266% | 0.3887% | 0.3887% |
| County's proportionate share of the net pension liability (asset) \$ | 124,750,547 | 98,801,467 | 69,024,641 | 85,160,756 | 76,645,412 | 71,012,973 | 70,907,420 | 69,179,485 | 60,081,181 |
| County's covered payroll \$ | 37,346,088 | 33,119,153 | 31,057,950 | 28,547,931 | 28,588,547 | 27,267,103 | 27,363,530 | 24,705,549 | 24,213,403 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 334.04% | 298.32% | 222.24% | 298.31% | 268.10% | 260.43% | 259.13% | 280.02% | 248.13% |
| Plan fiduciary net position as a percentage of the total pension liability | 55.70% | 59.93% | 70.44% | 58.97% | 61.59% | 62.54% | 61.49% | 57.47% | 61.70% |

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

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

DESOTO COUNTY
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2023
UNAUDITED

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 6,513,051 | 6,125,998 | 5,461,266 | 5,096,861 | 4,611,088 | 4,336,581 | 4,158,765 | 4,002,356 | 3,824,965 |
| Contributions in relation to the contractually required contribution | <u>6,513,051</u> | <u>6,125,998</u> | <u>5,461,266</u> | <u>5,096,861</u> | <u>4,611,088</u> | <u>4,336,581</u> | <u>4,158,765</u> | <u>4,002,356</u> | <u>3,824,965</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> |
| County's covered payroll | \$ 37,426,088 | 35,206,886 | 31,386,581 | 29,292,305 | 27,267,103 | 27,533,828 | 26,404,842 | 25,411,784 | 24,285,492 |
| Contributions as a percentage of covered payroll | 17.40% | 17.40% | 17.40% | 17.40% | 16.91% | 15.75% | 15.75% | 15.75% | 15.75% |

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

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
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 Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

| | Governmental Fund Types | | |
|--|-------------------------|---------------------|--------------------------|
| | General Fund | Coronavirus Fund | Bridge & Culvert Fund |
| Budget (Cash basis) | \$ 4,654,190 | (3,613,741) | 4,228,883 |
| Increase (Decrease) | | | |
| Net adjustments for revenue accruals | (567,023) | 4,949,919 | (981) |
| Net adjustments for expenditure accruals | 1,281,085 | (1,086,655) | (839,304) |
| GAAP Basis | \$ 5,368,252 | 249,523 | 3,388,598 |

DESOTO COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

DESOTO COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

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%.

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

DESOTO COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in in the line of duty was decreased From 6% to 4%.

2023

The investment rate of return assumption was changed from 7.55% to 7.00%. The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll. Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

B. Changes in benefit provisions.

2016

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2023 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in

DESOTO COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

that schedule:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 26.7 years |
| Asset valuation method | 5-year smoothed market |
| Price inflation | 2.40 percent |
| Salary increase | 2.65 percent to 17.90 percent, including inflation |
| Investment rate of return | 7.55 percent, net of pension plan investment expense, including inflation |

**DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU**

REQUIRED SUPPLEMENTARY INFORMATION

DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2023
UNAUDITED

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Bureau's proportion of the net pension liability (asset) | 0.0301% | 0.0270% | 0.0241% | 0.0253% | 0.0260% | 0.0230% | 0.0220% | 0.0200% | 0.0190% |
| Bureau's proportionate share of the net pension liability (asset) \$ | 7,570,547 | 5,575,284 | 3,560,607 | 4,892,366 | 4,551,219 | 3,837,559 | 3,595,806 | 3,590,541 | 2,970,878 |
| Bureau's covered payroll \$ | 2,234,361 | 1,609,407 | 1,670,817 | 1,682,824 | 1,684,910 | 1,473,347 | 1,387,660 | 1,285,881 | 1,220,717 |
| Bureau's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 338.82% | 346.42% | 213.11% | 290.72% | 270.12% | 260.47% | 259.13% | 279.23% | 243.37% |
| Plan fiduciary net position as a percentage of the total pension liability | 55.70% | 59.93% | 70.44% | 58.97% | 61.59% | 62.54% | 61.49% | 57.47% | 61.70% |

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

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2023
UNAUDITED**

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 392,489 | 324,452 | 278,679 | 290,722 | 277,164 | 236,379 | 225,558 | 212,360 | 192,617 |
| Contributions in relation to the contractually required contribution | <u>392,489</u> | <u>327,137</u> | <u>281,962</u> | <u>290,763</u> | <u>282,452</u> | <u>230,562</u> | <u>225,558</u> | <u>212,228</u> | <u>192,593</u> |
| Contribution deficiency (excess) | \$ <u>-</u> | <u>(2,685)</u> | <u>(3,283)</u> | <u>(41)</u> | <u>(5,288)</u> | <u>5,817</u> | <u>-</u> | <u>132</u> | <u>24</u> |
| Bureau's covered payroll | \$ 2,255,682 | 2,455,638 | 1,609,407 | 1,670,817 | 1,713,021 | 1,500,822 | 1,432,120 | 1,348,300 | 1,222,965 |
| Contributions as a percentage of covered payroll | 17.40% | 13.32% | 17.52% | 17.40% | 16.49% | 15.36% | 15.75% | 15.74% | 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 Bureau 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.

**DESOTO COUNTY, MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
DESOTO COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED**

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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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%.

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
For females, 84% of female rates up to age 72, 100% for ages above 76.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.
For females, 121% of female rates at all ages.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in in the line of duty was decreased From 6% to 4%.

2023

- The investment rate of return assumption was changed from 7.55% to 7.00%.

The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.

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

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

B. Changes in benefit provisions.

2016

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2023 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 26.7 years |
| Asset valuation method | 5-year smoothed market |
| Price Inflation | 2.40 percent |
| Salary increase | 2.65 percent to 17.90 percent, including inflation |
| Investment rate of return | 7.55 percent, net of pension plan investment expense, including inflation |

DESOTO COUNTY

SUPPLEMENTARY INFORMATION

DESOTO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

| Federal Grantor/ Pass-through Grantor/ Program Title or Cluster | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Passed through to Subrecipients | Federal Expenditures |
|---|--|--|------------------------------------|-------------------------|
| U.S. Department of Transportation | | | | |
| passed through MS Department of Transportation | | | | |
| Highway Planning and Construction | * 20.205 | STP-7886-00(003) | | \$ 412,800 |
| Highway Planning and Construction | * 20.205 | STP-0017-00(044) | | 13,266 |
| Highway Planning and Construction | * 20.205 | STP-0906-00(005) | | 894,046 |
| Highway Planning and Construction | * 20.205 | STP-0017-00(045) | | <u>4,647</u> |
| Total Highway Planning and Construction | | | | <u>1,324,759</u> |
| National Infrastructure Investments | 20.933 | FBLD-1920-00(007) | | <u>10,250</u> |
| Total National Infrastructure Investments | | | | <u>10,250</u> |
| Total passed through MS Department of Transportation | | | | <u>1,335,009</u> |
| Highway Safety Cluster | | | | |
| U.S. Department of Transportation | | | | |
| passed through MS Department of Public Safety | | | | |
| State and Community Highway Safety | 20.600 | OP-2022-OP-11-71 | | <u>27,440</u> |
| Total State and Community Highway Safety | | | | <u>27,440</u> |
| National Priority Safety Programs | 20.616 | MSX-2022-MD-11-71 | | <u>191,277</u> |
| Total National Infrastructure Investments | | | | <u>191,277</u> |
| Total Highway Safety Cluster | | | | <u>218,717</u> |
| Total U.S. Department of Transportation | | | | <u>1,553,726</u> |
| Other Programs | | | | |
| U.S. Department of Defense | | | | |
| passed through MS Department of Transportation | | | | |
| Congressionally Directed Assistance | 12.599 | ER 1165-2-208 | | <u>43,957</u> |
| Total U.S. Department of Defense | | | | <u>43,957</u> |
| U.S. Department of Justice | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | N/A | | <u>127,879</u> |
| Total Public Safety Partnership and Community Policing Grants | | | | <u>127,879</u> |
| Equitable Sharing Program | 16.922 | N/A | | <u>95,607</u> |
| Total Equitable Sharing Program | | | | <u>95,607</u> |
| passed through MS Department of Public Safety | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 21DC1171 | | 63,877 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 19DC1171 | | 1,250 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 20LB1171 | | <u>4,575</u> |
| Total Edward Byrne Memorial Justice Assistance Grant Program | | | | <u>69,702</u> |
| Total U.S. Department of Justice | | | | <u>293,188</u> |

DESOTO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

| | | | | | |
|---|---|--------|--------------------|----|------------------|
| U.S. Department of the Treasury | | | | | |
| Coronavirus State and Local Fiscal Recovery Funds | * | 21.027 | N/A | \$ | 3,000,000 |
| Total Coronavirus State and Local Fiscal Recovery Funds | | | | | <u>3,623,264</u> |
| Local Assistance and Tribal Consistency Fund | | 21.032 | N/A | | <u>9,583</u> |
| Total Local Assistance and Tribal Consistency Fund | | | | | <u>9,583</u> |
| <i>Total U.S. Department of the Treasury</i> | | | | | <u>3,632,847</u> |
| | | | | | |
| U.S. Election Assistance Commission | | | | | |
| passed through MS Secretary of State | | | | | |
| Help America Vote Act Requirements Payments | | 90.401 | EAC-ELSEC22MS | | <u>265,961</u> |
| <i>Total U.S. Election Assistance Commission</i> | | | | | <u>265,961</u> |
| | | | | | |
| U.S. Department of Health and Human Services | | | | | |
| passed through MS Department of Health | | | | | |
| Injury Prevention and Control Research and State and | | | CDC-RFA-CE14-1401 | | |
| Community Based Programs | | 93.136 | (OD2A) | | <u>52,508</u> |
| <i>Total U.S. Department of Health and Human Services</i> | | | | | <u>52,508</u> |
| | | | | | |
| U.S. Executive Office of the President | | | | | |
| High Intensity Drug Trafficking Areas Program | | 95.001 | N/A | | <u>21,295</u> |
| <i>Total U.S. Executive Office of the President</i> | | | | | <u>21,295</u> |
| | | | | | |
| U.S. Department of Homeland Security | | | | | |
| passed through MS Department of Public Safety | | | | | |
| Homeland Security Grant Program | | 97.067 | EMW-2021-SS-00033 | | <u>3,529</u> |
| Homeland Security Grant Program | | 97.067 | EMW-A2021-SS-00033 | | <u>64,105</u> |
| Homeland Security Grant Program | | 97.067 | EMW-2022-SS-00033 | | <u>110,825</u> |
| Total Homeland Security Grant Program | | | | | <u>178,459</u> |
| passed through MS Emergency Management Agency | | | | | |
| Hazard Mitigation Grant | | 97.039 | N/A | | <u>224,840</u> |
| Total Hazard Mitigation Grant | | | | | <u>224,840</u> |
| Emergency Management Performance Grants | | 97.042 | N/A | | <u>124,895</u> |
| Total Emergency Management Performance Grants | | | | | <u>124,895</u> |
| <i>Total U.S. Department of Homeland Security</i> | | | | | <u>528,194</u> |
| | | | | | |
| Total Expenditures of Federal Awards | | | | \$ | <u>3,000,000</u> |
| | | | | | <u>6,391,676</u> |

* Denotes major federal award program

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

DESOTO COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A- Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of DeSoto County under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of DeSoto County, it is not intended to and does not present the financial position, changes in net position or cash flows of DeSoto County, Mississippi.

Note B- Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credit made in the normal course of business to amounts reported as expenditures in prior years.

Note C- Indirect Cost Rate

DeSoto County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

DESOTO COUNTY

OTHER INFORMATION

DESOTO COUNTY
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS
For the Year Ended September 30, 2023
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| <u>NAME</u> | <u>POSITION</u> | <u>AMOUNT OF BOND</u> | <u>COMPANY</u> |
|------------------------|-----------------------|---------------------------|--------------------------------------|
| Jessie Medlin | Supervisor District 1 | \$ 100,000 | RLI Insurance Company |
| Mark L. Gardner | Supervisor District 2 | \$ 100,000 | Travelers Casualty & Surety Company |
| Rabion L. Denison | Supervisor District 3 | \$ 100,000 | Travelers Casualty & Surety Company |
| Lee P. Caldwell | Supervisor District 4 | \$ 100,000 | Travelers Casualty & Surety Company |
| Michael Gaines Lee | Supervisor District 5 | \$ 100,000 | Liberty Mutual Surety |
| Misty Heffner | Chancery Clerk | \$ 100,000 | State Farm Fire and Casualty Company |
| Vanessa Lynchard | County Administrator | \$ 100,000 | Travelers Casualty & Surety Company |
| Dale Kelly Thompson | Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Patricia A. Galbraith | Deputy Circuit Clerk | \$ 100,000 | Travelers Casualty & Surety Company |
| Laura Kate Faulkner | Deputy Circuit Clerk | \$ 100,000 | Western Surety Company |
| Rebecca P. Smith | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Diane E. Bunyard | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Christy R. Carter | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Vivian I. Embrey | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Victoria B. Griffith | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Annabelle R. Ibsen | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Brandi Sharpe Johnson | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Teresa D. Johnson | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Rhonda N. Vance | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Evelyn Jeanie Nester | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Wendy Biggerstaff | Deputy Circuit Clerk | \$ 100,000 | Liberty Mutual Surety |
| Tamera Twilley | Deputy Circuit Clerk | \$ 100,000 | Western Surety Company |
| William David Rasco | Sheriff | \$ 100,000 | Travelers |
| Jeff Fitch | Tax Assessor | \$ 50,000 | Western Surety Company |
| Allison Marie Culver | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Anthony A. Caligaris | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Barbara Ann Greer | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Bethany Erin McCallum | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Deanna Turner | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Donald Scott White | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Elizabeth Shea Young | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Hunter Dee Pettigrew | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Jeff R. Pirtle | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| John H. Pickett | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Jon Derek Gunter | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Joshua Andrew Dunlap | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Pieter Jennings Zee | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Stephen W. Gullett | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Linda W. White | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Preston Boatwright | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Dallas Aaron Waldrip | Deputy Tax Assessor | \$ 10,000 | Western Surety Company |
| Joseph W. Treadway | Tax Collector | \$ 100,000 | State Farm Fire and Casualty Company |
| Abigail Reaves Beecham | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Amanda M. Jenkins | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Amber Keyondra French | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Cindy L. Laughter | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Elizabeth Riley | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Erin Nicole Page | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Erin Shook | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Heather R. Hearn | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Janice N. Hill | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Judy Gail Easley | Deputy Tax Collector | \$ 50,000 | Western Surety Company |

DESOTO COUNTY
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS
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| <u>NAME</u> | <u>POSITION</u> | <u>AMOUNT OF BOND</u> | <u>COMPANY</u> |
|------------------------------|----------------------------|---------------------------|-------------------------------------|
| Kayla Edwards | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Meredith M. Mayer | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Sarah A. Trest (Porter) | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Tammie A. Rhoda | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Whitley Sue Crews | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Wontasha M. Milam | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Melissa S. Coats | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Bethany M. Spencer (Lofton) | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Lauren E. Harris | Deputy Tax Collector | \$ 50,000 | Western Surety Company |
| Lawrence W. Vaughn, Jr. | Constable, District 1 | \$ 50,000 | Travelers Casualty & Surety Company |
| Mitzi S. Hodge | Constable, District 2 | \$ 50,000 | State Farm Fire & Casualty Company |
| John Keith Combes | Constable, District 3 | \$ 50,000 | Travelers Casualty & Surety Company |
| Bobby Glen Holloway, Jr. | Constable, District 4 | \$ 50,000 | Travelers Casualty & Surety Company |
| Kenneth Lee Hodge, Jr. | Constable, District 5 | \$ 50,000 | Travelers Casualty & Surety Company |
| Bradley W. Hodge | Constable, District 2 | \$ 50,000 | Travelers Casualty & Surety Company |
| Wayne Douglas Hollowell, III | Justice Court Judge | \$ 50,000 | Travelers Casualty & Surety Company |
| Lawrence W. Vaughn | Justice Court Judge | \$ 50,000 | Travelers Casualty & Surety Company |
| William H. Lantrip | Justice Court Judge | \$ 50,000 | Travelers Casualty & Surety Company |
| William Brad Russell | Justice Court Judge | \$ 50,000 | Travelers Casualty & Surety Company |
| Karen Sanders | Justice Court Judge | \$ 50,000 | Travelers Casualty & Surety Company |
| Lisa Guidry | Justice Court Clerk | \$ 50,000 | Travelers Casualty & Surety Company |
| Candace J McElhanev | Justice Court Clerk | \$ 50,000 | Western Surety |
| Sue Ellen Barclay | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Deborah Rutherford | Deputy Justice Court Clerk | \$ 50,000 | Travelers Casualty & Surety Company |
| Karen Dunlap | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Patricia Yow | Deputy Justice Court Clerk | \$ 50,000 | Travelers Casualty & Surety Company |
| Candie L. Hubbard | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Robin M. Luttrell | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Charlotte Gentry | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Kaily E. Gilmore | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Alisha Cooper | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Stephanie Rozell | Deputy Justice Court Clerk | \$ 50,000 | Travelers Casualty & Surety Company |
| Leslie Weaver | Deputy Justice Court Clerk | \$ 50,000 | Travelers Casualty & Surety Company |
| D'Angela M. Brenza | Deputy Justice Court Clerk | \$ 50,000 | Travelers Casualty & Surety Company |
| Jessica N Smith | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Susanne Joan Smith | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Shelby Short | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Monica Smith | Deputy Justice Court Clerk | \$ 50,000 | Western Surety Company |
| Robert Jarman | Road Manager | \$ 50,000 | Western Surety Company |
| Stephanie Hanks | Inventory Control Clerk | \$ 75,000 | Western Surety Company |
| Angie Irving | Purchase Clerk | \$ 100,000 | Western Surety Company |
| Vickie Tillman | Assistant Purchase Clerk | \$ 50,000 | Western Surety Company |
| Edna Ward | Assistant Purchase Clerk | \$ 50,000 | Western Surety Company |
| Amber Williams | Receiving Clerk | \$ 75,000 | Western Surety Company |
| Amber Williams | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Amy Cooper | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Amy Henley | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Ashley Bell | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Ashley Hendricks | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Brandi Sharpe Johnson | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Brook Laine | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |

DESOTO COUNTY
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS
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| NAME | POSITION | AMOUNT OF BOND | COMPANY |
|---------------------|---------------------------|---------------------------|------------------------|
| Carolyn M. Richards | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Colleen Magee | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Dabney Land | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Deborah Logan | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Diane Bunyard | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Felicia Hopper | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Garrett Gilland | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Heather Hearn | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Jamee Bradshaw | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Jennifer Haywood | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Kacy Dunn | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Kelly Wright | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Kendal Akerson | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Kerrie Adams | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Leigh Ann Johnson | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Lynn Ford | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Margaret L. Ford | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Marie Windham | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Mike Reed | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Mindy Chamberlain | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Patricia Cross | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Rhonda Ramey | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Rikki Ogle | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Robin Luttrell | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Shea Young | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Sherry Marshall | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Stephanie Rozell | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Vicki Patton | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Ora Wayne Hardin | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |
| Edna Ward | Assistant Receiving Clerk | \$ 50,000 | Western Surety Company |

DESOTO 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
DeSoto 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of DeSoto County, Mississippi (the County), as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 9, 2024. Our report includes a reference to other auditors who audited the financial statements of DeSoto County Emergency Communications District, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by that audit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DeSoto County, Mississippi's internal control over financial reporting (internal control) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeSoto 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 financial statements. 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 DeSoto County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 9, 2024 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
December 9, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Members of the Board of Supervisors
DeSoto County, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited DeSoto County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of DeSoto County, Mississippi's major federal programs for the year ended September 30, 2023. DeSoto County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, DeSoto County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on the Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DeSoto County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of DeSoto County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to DeSoto County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DeSoto County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DeSoto County, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding DeSoto County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DeSoto County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of DeSoto County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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Vicksburg, Mississippi
December 9, 2024

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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, MISSISSIPPI CODE OF 1972 ANNOTATED)**

Members of the Board of Supervisors
DeSoto County, Mississippi

We have examined DeSoto County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, *Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2023. The Board of Supervisors of DeSoto County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of DeSoto 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, DeSoto County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2023.

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, *Mississippi Code of 1972 Annotated*. The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC

Certified Public Accountants

Vicksburg, Mississippi

December 9, 2024

DESOTO COUNTY
Schedule of Purchases from Other Than the Lowest Bidder
For the Year Ended September 30, 2023

Schedule 1

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

DESOTO COUNTY
 Schedule of Emergency Purchases
 For the Year Ended September 30, 2023

Schedule 2

| <u>Date</u> | <u>Item Purchased</u> | <u>Amount Paid</u> | <u>Vendor</u> | <u>Reason for Emergency Purchase</u> |
|-------------|--|--------------------|---------------------------------------|---|
| 11/5/2022 | Sewer backed up in the building at Fairhaven Fire Department | 337.50 | Upchurch Plumbing, Inc. | Sewer backed up in the building at Fairhaven Fire Department |
| 4/3/2023 | Tornado Debris Cleanup | 425,952.75 | Michael's Tree and Loader Service LLC | Tornado caused some many trees and limbs to fall, on road ways. |
| 6/1/2023 | Desoto Co Rubbish Pit fire | 13,500.00 | Tim McFarlin Construction, LLC | Rubbish pit fire at Sandidge Rubbish Pit |
| 7/3/2023 | Repair the AC unit at the jail | 946.50 | 5M Services, LLC | Air was not working at the jail |
| 7/3/2023 | Repair the AC unit at the jail | 729.00 | 5M Services, LLC | Air was not working at the jail |
| 7/1/2023 | Repair the AC unit at the jail | 465.00 | Memphis Air Care | Air was not working at the jail |
| 7/31/2023 | Repalce Control Board on RTU C-660 at the Jail | 874.00 | 5M Services, LLC | Air was not working at the jail |

Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2023

| <u>Date</u> | <u>Item Purchased</u> | <u>Amount Paid</u> | <u>Vendor</u> |
|-------------|--|--------------------|-------------------------------------|
| 11/7/2022 | Automated fingerprint identification system | 27,540 | SPEX Forensics |
| 11/7/2022 | Computer replacement - jail doors control | 56,075 | CML Security |
| 12/19/2022 | X26P Tasers | 18,318 | AXON |
| 3/20/2023 | Election System & Software | 274,725 | Election Systems & Software |
| 3/20/2023 | Election System & Software | 106,630 | Election Systems & Software |
| 3/20/2023 | Portable livescan finger printing system | 10,057 | Idemia Identity & Security USA, LLC |
| 5/1/2023 | X26P Tasers | 6,100 | AXON Enterprise, Inc. |
| 5/1/2023 | Warning sirens | 249,882 | Precision Communications |
| 5/15/2023 | Franklin 4-station voting booth | 61,330 | Inclusion Solutions, LLC |
| 8/18/2023 | Luminex II, Quiet Touch Keypads, & Duet Case | 11,488 | Stenograph LLC |

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
DeSoto County, Mississippi

In planning and performing our audit of the financial statements of DeSoto County, Mississippi for the year ended September 30, 2023, we considered DeSoto 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 DeSoto 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 December 9, 2024, on the financial statements of DeSoto 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, *Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Board of Supervisors

1. Public Officials and Employees should ensure compliance with state law over surety bonding requirements.

Repeat Finding Yes; 2021-1; 2022-1.

Criteria *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.”

| | |
|-----------------------|---|
| Condition | During the course of our testing we noted the following instances of non-compliance: <ul style="list-style-type: none">• Fourteen (14) deputy justice court clerks were bonded using a blanket bond• Thirty-seven (37) assistant receiving clerks were bonded using a blanket bond• Eleven (11) deputy tax collectors were not bonded for the entire fiscal year• Bonds were unable to be located for nine (9) deputy tax collectors• One (1) deputy tax assessor was not bonded for the entire fiscal year• A bond was unable to be located for one (1) deputy tax assessor |
| 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 | We acknowledge this and are working hard to rectify this issue and comply. The Chancery Clerk’s office has made substantial changes to the process and procedures of surety bonds and is implementing changes. |

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

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity, 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
December 9, 2024

DESOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DESOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Aggregate discretely presented component units | Unmodified |
| General Fund | Unmodified |
| Coronavirus Fund | Unmodified |
| Bridge & Culvert 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 |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs: | |
| a. ALN #20.205, Highway Planning and Construction | |
| b. ALN #21.027, Coronavirus State and Local Fiscal Recovery Funds | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | No |

DESOTO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

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*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings related to federal awards.