

RANKIN COUNTY, MISSISSIPPI

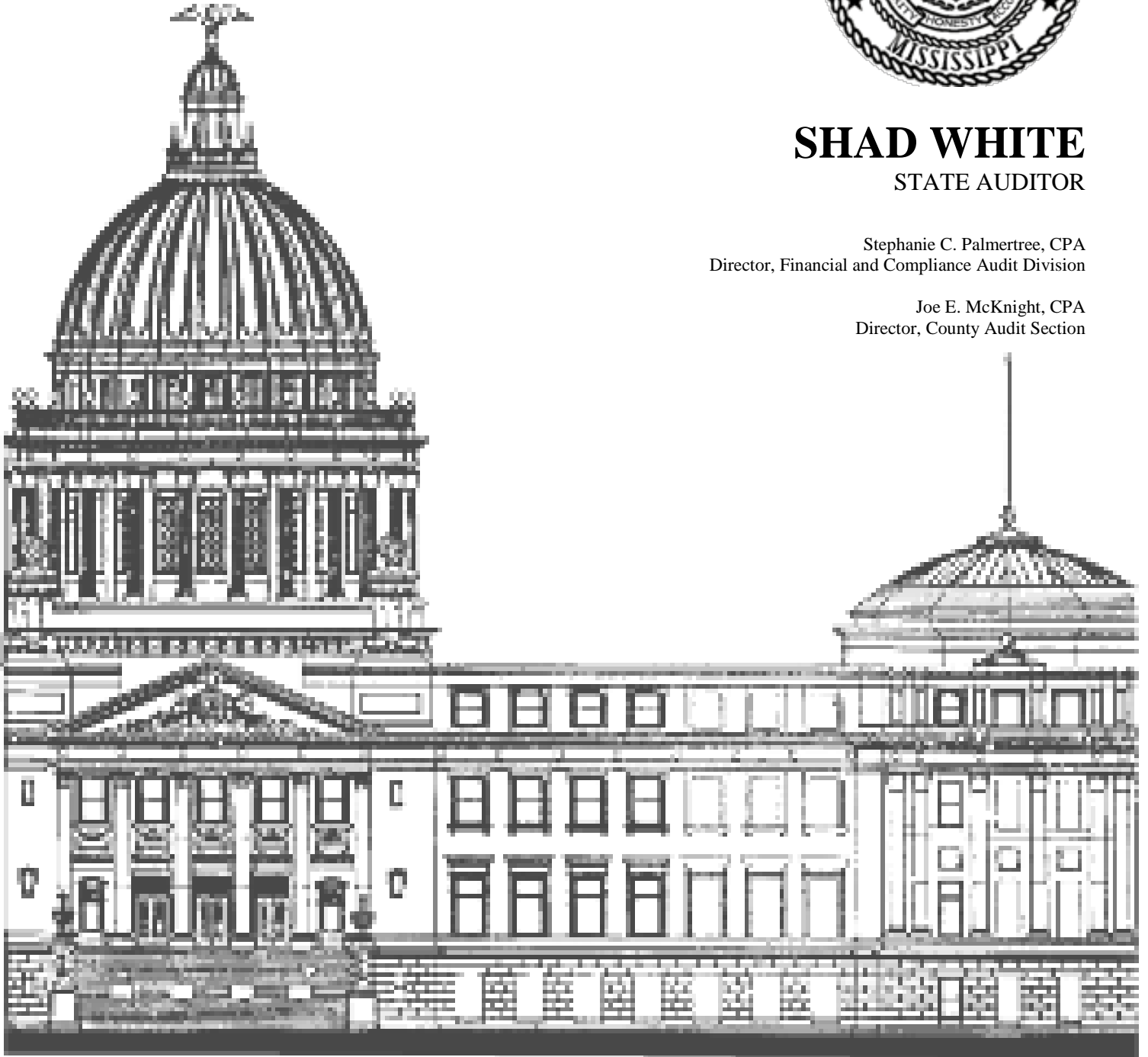
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019



SHAD WHITE
STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

December 11, 2020

Members of the Board of Supervisors
Rankin County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 financial and compliance audit report for Rankin County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", with a large, sweeping flourish at the end.

Shad White

RANKIN COUNTY
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RANKIN COUNTY

FINANCIAL SECTION

RANKIN COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Rankin County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Rankin County, Mississippi, as of September 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 9 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Rankin County, Mississippi, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rankin 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, and the accompanying Reconciliation of the Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the 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, and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of Rankin 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 Rankin 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 Rankin County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 11, 2020

RANKIN COUNTY

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RANKIN COUNTY

FINANCIAL STATEMENTS

RANKIN COUNTY

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RANKIN COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 73,278,656
Investments	35,371,955
Accrued interest receivable	140,797
Property tax receivable	47,095,509
Accounts receivable (net of allowance for uncollectibles of \$1,095,280)	301,781
Fines receivable (net of allowance for uncollectibles of \$8,166,228)	1,691,756
Intergovernmental receivables	2,097,421
Other receivables	368,211
Capital assets:	
Land and construction in progress	30,612,311
Other capital assets, net	190,308,055
Total Assets	<u>381,266,452</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	3,289,245
Total Deferred Outflows of Resources	<u>3,289,245</u>
LIABILITIES	
Claims payable	2,324,969
Intergovernmental payables	4,868,748
Accrued interest payable	500,956
Amounts held in custody for others	981,511
Claims and judgments payable	131,218
Long-term liabilities	
Net pension liability	55,099,467
Due within one year:	
Capital debt	8,064,803
Due in more than one year:	
Capital debt	86,947,741
Non-capital debt	1,517,126
Total Liabilities	<u>160,436,539</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	61,913
Deferred revenues - property taxes	47,095,509
Total Deferred Inflows of Resources	<u>47,157,422</u>
NET POSITION	
Net investment in capital assets	125,907,822
Restricted for:	
Expendable:	
General government	7,648,645
Public safety	5,991,699
Public works	58,310,995
Health and welfare	1,090,700
Culture and recreation	459,704
Debt service	2,994,066
Unemployment compensation	87,072
Unrestricted	(25,528,967)
Total Net Position	<u>\$ 176,961,736</u>

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

RANKIN COUNTY
Statement of Activities
For the Year Ended September 30, 2019

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 Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 18,195,598	4,259,490	327,546		(13,608,562)
Public safety	19,795,930	3,624,118	1,263,224		(14,908,588)
Public works	22,765,317	4,797,705	3,866,120	575,511	(13,525,981)
Health and welfare	1,285,723		505,525		(780,198)
Culture and recreation	63,932				(63,932)
Conservation of natural resources	431,324				(431,324)
Economic development and assistance	803,591				(803,591)
Interest on long-term debt	1,605,787				(1,605,787)
Bond issue cost	1,081,000				(1,081,000)
Pension expense	6,382,881				(6,382,881)
Total Governmental Activities	\$ 72,411,083	12,681,313	5,962,415	575,511	(53,191,844)
General revenues:					
Property taxes				\$	46,668,507
Road & bridge privilege taxes					2,177,266
Grants and contributions not restricted to specific programs					4,350,130
Unrestricted interest income					2,603,437
Miscellaneous					3,924,077
Total General Revenues					59,723,417
Changes in Net Position					6,531,573
Net Position - Beginning					170,430,163
Net Position - Ending				\$	176,961,736

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

RANKIN COUNTY
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds						
	General Fund	County Unit Road Maintenance Fund	Rankin County 2008 Bond and Interest Fund	Courthouse Facility 2017 Bond Fund	2019 G.O. Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 24,708,286	7,140,800	2,043,650	2,148,865	27,854,948	8,349,022	72,245,571
Investments	7,267,832	7,375,607	519,131	5,179,327	2,546,125	12,483,933	35,371,955
Accrued interest receivable	29,148	30,116	2,082	25,298	3,556	50,597	140,797
Property tax receivable	26,959,964	7,089,527	8,740,400			4,305,618	47,095,509
Accounts receivable (net of allowance for uncollectibles of \$1,095,280)						301,781	301,781
Fines receivable (net of allowance for uncollectibles of \$8,166,228)	1,691,756						1,691,756
Intergovernmental receivables	1,734,505	362,916					2,097,421
Other receivables		165,025				14,353	179,378
Due from other funds		942,879	226,827			408,520	1,578,226
Total Assets	62,391,491	23,106,870	11,532,090	7,353,490	30,404,629	25,913,824	160,702,394
LIABILITIES							
Liabilities:							
Claims payable	492,588	163,481		311,766	900,955	456,179	2,324,969
Intergovernmental payables	4,868,748						4,868,748
Due to other funds	1,228,386		19,521	1		330,318	1,578,226
Amounts held in custody for others	981,511						981,511
Total Liabilities	7,571,233	163,481	19,521	311,767	900,955	786,497	9,753,454
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue - property taxes	26,959,964	7,089,527	8,740,400			4,305,618	47,095,509
Unavailable revenue - solid waste fees						301,781	301,781
Unavailable revenue - fines	1,691,756						1,691,756
Total Deferred Inflows of Resources	28,651,720	7,089,527	8,740,400	0	0	4,607,399	49,089,046
Fund balances:							
Restricted for:							
General government				7,041,723		606,922	7,648,645
Public safety						5,991,699	5,991,699
Public works		15,853,862			29,503,674	12,651,678	58,009,214
Culture and recreation						459,704	459,704
Debt service			2,772,169			722,853	3,495,022
Unemployment compensation						87,072	87,072
Unassigned	26,168,538						26,168,538
Total Fund Balances	26,168,538	15,853,862	2,772,169	7,041,723	29,503,674	20,519,928	101,859,894
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 62,391,491	23,106,870	11,532,090	7,353,490	30,404,629	25,913,824	160,702,394

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

RANKIN COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 101,859,894
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 \$215,508,401.	220,920,366
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,993,537
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(96,529,670)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(55,099,467)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(500,956)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,289,245
Deferred inflows of resources related to pensions	(61,913)
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>1,090,700</u>
Total Net Position - Governmental Activities	\$ <u><u>176,961,736</u></u>

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

RANKIN COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

	Major Funds						
	General Fund	County Unit Road Maintenance Fund	Rankin County 2008 Bond and Interest Fund	Courthouse Facility 2017 Bond Fund	2019 G.O. Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 26,559,909	8,301,253	7,080,617			4,726,728	46,668,507
Road and bridge privilege taxes		2,177,266					2,177,266
Licenses, commissions and other revenue	3,848,003	28,201	1,920			100,024	3,978,148
Fines and forfeitures	1,093,180						1,093,180
Intergovernmental revenues	5,454,156	1,644,923				3,788,977	10,888,056
Charges for services	1,101,743					6,710,346	7,812,089
Interest income	1,011,401	489,843	97,609	223,491	3,556	761,447	2,587,347
Miscellaneous revenues	843,440	2,648,608				340,309	3,832,357
Total Revenues	39,911,832	15,290,094	7,180,146	223,491	3,556	16,427,831	79,036,950
EXPENDITURES							
Current:							
General government	15,752,734			9,873,188		49,858	25,675,780
Public safety	20,789,196					3,310,405	24,099,601
Public works		18,015,932			945,087	10,100,130	29,061,149
Health and welfare	1,285,723						1,285,723
Culture and recreation	60,246						60,246
Conservation of natural resources	433,343						433,343
Economic development and assistance	304,616					498,975	803,591
Debt service:							
Principal		1,218,209	5,545,000			976,036	7,739,245
Interest		113,983	1,515,684	659,901		251,852	2,541,420
Bond issue costs					1,081,000		1,081,000
Total Expenditures	38,625,858	19,348,124	7,060,684	10,533,089	2,026,087	15,187,256	92,781,098
Excess of Revenues over (under) Expenditures	1,285,974	(4,058,030)	119,462	(10,309,598)	(2,022,531)	1,240,575	(13,744,148)

RANKIN COUNTY

Exhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

	<u>Major Funds</u>						
	General Fund	County Unit Road Maintenance Fund	Rankin County 2008 Bond and Interest Fund	Courthouse Facility 2017 Bond Fund	2019 G.O. Bond Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Long-term capital debt issued		1,872,086			27,000,000		28,872,086
Proceeds from sale of capital assets	14,115	167,828				30,885	212,828
Premiums on bonds issued					7,385,110		7,385,110
Compensation for loss of capital assets	9,890						9,890
Transfers in	24,372	2,012,160				1,567,373	3,603,905
Transfers out	(800,000)				(2,858,905)	(345,000)	(4,003,905)
Total Other Financing Sources and Uses	<u>(751,623)</u>	<u>4,052,074</u>	<u>0</u>	<u>0</u>	<u>31,526,205</u>	<u>1,253,258</u>	<u>36,079,914</u>
Net Changes in Fund Balances	534,351	(5,956)	119,462	(10,309,598)	29,503,674	2,493,833	22,335,766
Fund Balances - Beginning	<u>25,634,187</u>	<u>15,859,818</u>	<u>2,652,707</u>	<u>17,351,321</u>	<u>0</u>	<u>18,026,095</u>	<u>79,524,128</u>
Fund Balances - Ending	<u>\$ 26,168,538</u>	<u>15,853,862</u>	<u>2,772,169</u>	<u>7,041,723</u>	<u>29,503,674</u>	<u>20,519,928</u>	<u>101,859,894</u>

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

RANKIN 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, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 22,335,766
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 \$23,148,603 exceeded depreciation of \$8,265,039 in the current period.	14,883,564
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$91,720 and the proceeds from the sale of \$212,828 and the compensation for loss of \$9,890 in the current period.	(130,998)
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.	(136,920)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(65,184)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$28,872,086 exceeded debt repayments of \$7,739,245.	(21,132,841)

RANKIN 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, 2019

Amount

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

The amount of increase in compensated absences liability	(62,480)
The amount of decrease in accrued interest payable	294,308
The amortization of bond premium	655,270
The amortization of bond discounts	(13,945)
The issuance of bond premium	(7,385,110)

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	(6,382,881)
Recording of contributions made during the year	3,319,507

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.

353,517

Change in Net Position of Governmental Activities

\$ 6,531,573

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

RANKIN COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2019

Exhibit 5

		Governmental
		<u>Activities</u>
		Self-insurance
		Internal Service
		<u>Fund</u>
ASSETS		
Current assets:		
Cash	\$	1,033,085
Other receivables		<u>188,833</u>
Total Current Assets		<u>1,221,918</u>
Total Assets		<u>1,221,918</u>
LIABILITIES		
Current liabilities:		
Claims and judgments payable		<u>131,218</u>
Total Current Liabilities		<u>131,218</u>
Total Liabilities		<u>131,218</u>
NET POSITION		
Restricted for:		
Health and welfare		<u>1,090,700</u>
Total Net Position	\$	<u><u>1,090,700</u></u>

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

RANKIN COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2019

	Governmental Activities
	Self-insurance Internal Service Fund
Operating Revenues	
Premiums	\$ 4,613,600
Total Operating Revenues	<u>4,613,600</u>
Operating Expenses	
Claims payments	4,019,839
Administrative	656,334
Total Operating Expenses	<u>4,676,173</u>
Operating Income (Loss)	<u>(62,573)</u>
Nonoperating Revenues (Expenses)	
Interest income	16,090
Net Nonoperating Revenue (Expenses)	<u>16,090</u>
Net Income (Loss) Before Transfers	(46,483)
Transfers in	<u>400,000</u>
Changes in Net Position	353,517
Net Position - Beginning	<u>737,183</u>
Net Position - Ending	<u>\$ 1,090,700</u>

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

RANKIN COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2019

Exhibit 7

	Governmental Activities
	Self-insurance Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	\$ 4,613,600
Payments for claims	(4,109,884)
Payments to administrator for services	(656,334)
Net Cash Provided (Used) by Operating Activities	<u>(152,618)</u>
Cash Flows From Noncapital Financing Activities	
Cash received from other funds:	
Operating transfers in	400,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>400,000</u>
Cash Flows From Investing Activities	
Interest on deposits	16,090
Net Cash Provided (Used) by Investing Activities	<u>16,090</u>
Net Increase (Decrease) in Cash and Cash Equivalents	263,472
Cash and Cash Equivalents at Beginning of Year	<u>769,613</u>
Cash and Cash Equivalents at End of Year	\$ <u>1,033,085</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (62,573)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in other receivables	(101,376)
Increase (decrease) in claims and judgments liability	11,331
Total Adjustments	<u>(90,045)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(152,618)</u>

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

RANKIN COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>1,098,572</u>
Total Assets	\$ <u><u>1,098,572</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 443,519
Intergovernmental payables	<u>655,053</u>
Total Liabilities	\$ <u><u>1,098,572</u></u>

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

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Rankin 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 Rankin County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Rankin County Economic Development Authority
- Rankin County Human Resource Agency
- Cleary Water, Sewer, and Fire Protection District
- Evergreen Fire Protection District
- Lake Harbor Fire Protection District
- Reservoir Fire Protection District
- Robinhood Fire Protection District
- Southwest Rankin County Fire Protection District
- Star Fire Protection District
- Richland Creek Watershed Drainage District
- Five Lakes Utility District

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. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. 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 nonexchange revenues.

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

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

The County reports the following major Governmental Funds:

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

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

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Rankin County 2008 Bond and Interest Fund - This fund is used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest and related costs.

Courthouse Facility 2017 Bond Fund - This fund is used for the accumulation of resources for, and the payment of, bond principal, interest and related costs associated with the construction of new courthouse facilities.

2019 G.O. Bond Fund - This fund is used to account for the accumulation of financial resources that are restricted for capital outlays associated with the construction of County roads and bridges.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

Internal Service Fund - This fund is 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 self-insurance programs for employee medical and dental benefits.

FIDUCIARY FUND TYPE

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

D. 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.

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

F. Receivables.

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

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

G. 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." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

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

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

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

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

I. Deferred Outflows/Inflows of Resources:

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

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

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

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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

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

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

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 10 for additional details.

J. Pensions.

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

K. Long-term Liabilities.

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

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

In the fund financial statements, Governmental Fund Types recognize bond premiums 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

M. Property Tax Revenues:

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

N. 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.

O. 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.

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$74,377,228, and the bank balance was \$77,439,166. 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.

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Investments:

Investments balances at September 30, 2019, are as follows:

Investment Type	Maturities	Fair Value		Rating
		Level	Fair Value	
Money market securities	Less than 1 year	1	\$ 2,658,120	AAAm
U.S. Treasury obligations	Less than 1 year	1	2,794,231	Not rated
Agency obligations	More than 1 year	1	900,742	Not rated
Agency mortgage pass-through obligations	More than 1 year	2	6,998,634	Not rated
Collateralized mortgage obligations	More than 1 year	2	10,966,509	Not rated
Corporate bonds	More than 1 year	2	500,239	Not rated
Asset backed securities	More than 1 year	2	857,396	Not rated
Municipal obligations	More than 1 year	2	7,783,238	AA / Not rated
Small business administration loans	More than 1 year	2	1,912,846	Not rated
Total			\$ 35,371,955	

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

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its 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 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. All of the County's investments were uninsured, unregistered, and held by the counterparty trust department in the County's name.

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 U.S. Treasury obligations, agency mortgage pass-through obligations, collateralized mortgage obligations, municipal obligations and small business administration loans. These investments are 93.62% of the County's total investments.

Investment Type	Fund	Fair Value	Percentage of total investments
Money market securities	Various	\$ 2,658,120	7.51%
U.S. Treasury obligations	Various	2,794,231	7.90%
Agency mortgage pass-through obligations	Various	6,998,634	19.79%
Collateralized mortgages obligations	Various	10,966,509	31.00%
Municipal obligations	Various	7,783,238	22.01%
Small business administration loans	Various	1,912,846	5.41%
Total		\$ 33,113,578	93.62%

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Receivable Fund	Payable Fund	Amount
County Unit Road Maintenance Fund	General Fund	\$ 593,039
Rankin County 2008 Bond and Interest Fund	General Fund	226,827
County Unit Road Maintenance Fund	Rankin County 2008 Bond and Interest Fund	19,521
County Unit Road Maintenance Fund	Courthouse Facility 2017 Bond Fund	1
County Unit Road Maintenance Fund	Other Governmental Funds	330,318
Other Governmental Funds	General Fund	408,520
Total		<u>\$ 1,578,226</u>

The receivables represent the tax revenue collected in September, 2019, but not settled until October, 2019. The amount payable to County Unit Road Maintenance Fund in the amount of \$581,482 represents expenditures incurred for County Unit Bridge and Culvert Fund, but erroneously paid out of the County Unit Road Maintenance Fund. All other amounts payable to the County Unit Road Maintenance Fund are to correct investment balances reported in error. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
Internal Service Fund	General Fund	\$ 400,000
Other Governmental Funds	General Fund	400,000
General Fund	2019 G.O. Bond Fund	24,372
County Unit Road Maintenance Fund	2019 G.O. Bond Fund	2,012,160
Other Governmental Funds	2019 G.O. Bond Fund	822,373
Other Governmental Funds	Other Governmental Funds	345,000
Total		<u>\$ 4,003,905</u>

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

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 1,445,311
Reimbursement for housing prisoners	100,492
High intensity drug trafficking areas grant reimbursement	3,268
Drug court discretionary grant program reimbursement	16,694
Edward Byrne memorial justice assistance grant program reimbursement	17,825
U.S. Department of Justice - Equitable sharing program reimbursement	2,464
Maternal and child health federal consolidated programs reimbursement	27,336
Emergency management performance grant reimbursement	108,880
Administrative Office of the Supreme Court	12,235
Highway planning and construction surface transportation block grant reimbursement	362,916
Total Governmental Activities	<u>\$ 2,097,421</u>

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

Governmental activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 5,072,099	6,000			5,078,099
Construction in progress	11,566,024	17,579,610		(3,611,422)	25,534,212
Total non-depreciable capital assets	16,638,123	17,585,610	0	(3,611,422)	30,612,311
<u>Depreciable capital assets:</u>					
Infrastructure	271,684,997	2,568,300		2,143,040	276,396,337
Building	74,930,226			1,468,382	76,398,608
Improvements other than buildings	10,271,505	154,223			10,425,728
Mobile equipment	16,298,775	1,829,268	290,618	214,900	18,052,325
Furniture and equipment	11,670,831	389,116	542,293		11,517,654
Leased property under capital leases	12,833,518	622,086	214,900	(214,900)	13,025,804
Total depreciable capital assets	397,689,852	5,562,993	1,047,811	3,611,422	405,816,456
<u>Less accumulated depreciation for:</u>					
Infrastructure	149,710,323	3,610,021			153,320,344
Building	32,011,447	1,512,912			33,524,359
Improvements other than buildings	3,812,501	360,302			4,172,803
Mobile equipment	10,949,388	1,476,222	234,764	154,728	12,345,574
Furniture and equipment	9,729,923	417,968	488,639		9,659,252
Leased property under capital leases	1,946,593	887,614	193,410	(154,728)	2,486,069
Total accumulated depreciation	208,160,175	8,265,039	916,813	0	215,508,401
Total depreciable capital assets, net	189,529,677	(2,702,046)	130,998	3,611,422	190,308,055
Governmental activities capital assets, net	\$ 206,167,800	14,883,564	130,998	0	220,920,366

*Adjustments are for the reclassification of completed construction in progress to infrastructure and buildings, and for the reclassification of paid-off leases to mobile equipment.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 1,406,223
Public safety	2,216,551
Public works	4,633,058
Culture and recreation	3,686
Conservation of natural resources	5,521
Total governmental activities depreciation expense	\$ 8,265,039

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Rankin County Courthouse	\$ 6,460,948	June, 2020
Rankin County Misdemeanor Facility	214,110	December, 2019
Pierce Road Fire Station	169,036	May, 2022
Andrew Jackson Circle	14,819	December, 2022
Andrew Chapel Road	2,866,455	December, 2022
Gunter Road	4,642,982	December, 2022
Spillway Road	1,060,000	October, 2022
Oak Grove Road	605,789	December, 2019
Florence/Byram Parkway	7,007,375	December, 2022
Monterey/Thomasville Road	415,083	December, 2022
Mill Creek Improvements	227,804	May, 2021
Pine Brooke Improvements	624,100	August, 2022
Hanely Circle	544,429	July, 2020

As of September 30, 2019, the County had the following commitments:

On May 1, 2000, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Dogwood Festival Market Project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. In the event that there shall be surplus revenues on December 31, the surplus revenue shall be reimbursed to the City and County on a pro rata basis. This agreement was amended on January 1, 2015.

On October 1, 2003, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Dogwood Promenade, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. This agreement was amended on January 1, 2015.

On May 31, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Lakeland Commons, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. This agreement was amended on January 1, 2015.

On December 6, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Bass Pro Shops/Bloomfield project, the avails of the added incremental increase in county real and personal property taxes from the Bass Pro portion of the project. The terms of this agreement will not exceed twenty years.

On September 7, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the City, for a partial payment of a loan from Mississippi Development Bank to the City to be used to purchase land for a baseball stadium, site work, and parking lot construction. The amount pledged is \$320,000 a year for twenty years.

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

On November 13, 2009, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the East Wind project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

On December 5, 2009, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Market Street Flowood project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

On August 19, 2014, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City for a portion of the costs to construct a conference center and full service hotel by means of a public/private partnership whereby the City will own the conference center and the hotel will be privately owned. The costs to construct the conference center and hotel will be financed by bonds issued by the City, the debt service of which will be paid by certain tax revenues of the City and the pledge provided by the County. The amount pledged is \$250,000 a year for twenty years.

(6) 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, 2019, to January 1, 2020. 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 is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 2004 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 Rankin County Board of Supervisors has extended coverage to the employees of the following public entities:

- Rankin First
- Rankin County Human Resource Agency
- Cleary Water, Sewer and Fire Protection District
- USDA Soil and Water Conservation, Rankin County District

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each participating entity 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 implemented the following plans to minimize this potential loss:

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

The County has purchased coinsurance which functions on two separate stop loss coverages: 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 \$100,000, and the aggregate policy covers all submitted claims in excess of \$1,000,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2019, the amount of these liabilities was \$131,218. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017 - 2018	\$ 483,904	3,822,796	(4,186,813)	119,887
2018 - 2019	\$ 119,887	4,031,170	(4,019,839)	131,218

(7) Operating Leases.

As Lessor:

On December 18, 1996, Rankin County entered into an operating lease with Health Management Associates, Inc. (Merit Health Rankin) for the lease of certain property formerly known as the Rankin Medical Center in Brandon, Mississippi. The primary operating lease which stipulated that the lessee, Health Management Associates, Inc. (Merit Health Rankin), would pay approximately \$140,000 per year in lease payments commencing on January 1, 1997 for a term of 30 years.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$140,000 for the year ended September 30, 2019. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2020	\$ 140,000
2021	140,000
2022	140,000
2023	140,000
2024	140,000
2025 - 2029	280,000
Total Minimum Payments Required	<u>\$ 980,000</u>

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 3,916,052
Furniture and equipment	<u>9,109,752</u>
Total	13,025,804
Less: Accumulated depreciation	<u>(2,486,069)</u>
Leased Property Under Capital Leases	<u>\$ 10,539,735</u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,539,803	131,539
2021	1,347,895	95,427
2022	650,972	63,042
2023	1,026,024	38,938
2024	427,164	21,100
2025 - 2029	<u>437,586</u>	<u>10,677</u>
Total	<u>\$ 5,429,444</u>	<u>360,723</u>

(9) Other Postemployment Benefits.

Plan Description

The Rankin County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Rankin County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Rankin 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.

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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, 2019, 2018 and 2017 were \$3,319,507, \$3,128,346 and \$3,015,265, 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, 2019, the County reported a liability of \$55,099,467 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 net pension liability was 0.313208 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.004152 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$6,382,881. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,986	50,192
Net difference between projected and actual earnings on pension plan investments	56,593	
Changes of assumptions	684,786	11,721
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,587,412	
County contributions subsequent to the measurement date	829,468	
Total	\$ 3,289,245	61,913

\$829,468 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ 1,235,029
2021	612,656
2022	298,621
2023	251,558
Total	\$ 2,397,864

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

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

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

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

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	<u>100.00 %</u>	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 72,430,158	55,099,467	40,794,537

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

(11) Long-term Debt.

Debt outstanding as of September 30, 2019, consisted of the following:

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Rate
Governmental Activities			
A. General Obligation Bonds:			
2009 GO Bond	\$ 7,450,000	3.50/3.875%	06/2022
2008 Special Obligation Bond	3,595,000	3.78%	12/2023
2005 Series 2005 A	280,000	2.80/4.00%	07/2020
2012 Refunding	2,585,000	2.00%	09/2021
2013 Refunding	8,290,000	2.00/3.00%	12/2023
2017 GO Bond	25,000,000	3.00/5.00%	03/2032
2019 MDB Rankin County - MS Go Bond Project	<u>27,000,000</u>	3.00-5.00%	08/2034
Total General Obligation Bonds	<u>74,200,000</u>		
B. Limited Obligation Bonds:			
Series 2014 A	\$ 775,000	3.30%	12/2029
Series 2014 B	<u>2,525,000</u>	4.50%	12/2029
Total Limited Obligation Bonds	<u>3,300,000</u>		
C. Capital Leases:			
911 equipment	\$ 2,474,055	2.44%	03/2025
(3) 2018 Mack dump trucks	170,155	1.91%	07/2020
(3) 2018 Mack dump trucks	113,437	1.91%	07/2020
Leeboy 8500 asphalt paver	80,914	2.11%	08/2020
Leeboy Rosco RA400	123,689	2.05%	04/2021
John Deere 6105E tractors	94,665	1.88%	04/2021
(3) Caterpillar backhoe loaders 430F2	262,959	2.83%	07/2020
(3) Caterpillar backhoe loaders 430F2	262,959	2.83%	07/2020
Caterpillar 930M rubber tire loader	154,135	2.84%	11/2022
Caterpillar 325F LCR hydraulic excavator	183,512	2.68%	03/2022

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Rate
Governmental Activities			
C. Capital Leases:			
(3) Mack dump trucks GR64F	383,646	2.83%	07/2021
(3) Mack dump trucks GR64F	383,646	2.83%	07/2021
Caterpillar 930M rubber tire loader	147,352	2.84%	10/2022
Caterpillar 930M asphalt paver - milling machine	367,905	3.17%	04/2023
John Deere 670G motor grader	226,415	3.02%	04/2023
Total Capital Leases	\$ 5,429,444		
D. Other Loans:			
Promissory Note: Road Maintenance Facility	\$ 1,185,000	3.14%	08/2033

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 6,220,000	3,200,256	240,000	134,160
2021	6,225,000	3,082,363	250,000	123,855
2022	4,750,000	2,850,213	265,000	113,018
2023	6,055,000	2,626,825	275,000	101,648
2024	4,850,000	2,420,000	285,000	89,858
2025 - 2029	24,300,000	8,900,000	1,615,000	254,513
2030 - 2034	21,800,000	2,685,000	370,000	7,815
Total	\$ 74,200,000	25,764,657	3,300,000	824,867

Year Ending September 30	Other Loans	
	Principal	Interest
2020	\$ 65,000	37,162
2021	70,000	35,123
2022	70,000	32,928
2023	75,000	30,733
2024	75,000	28,381
2025 - 2029	430,000	103,958
2030 - 2034	400,000	31,830
Total	\$ 1,185,000	300,115

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, 2019, the amount of outstanding debt was equal to 4.44% of the latest property assessments.

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 1,454,646	62,480		1,517,126	
General obligation bonds	53,230,000	27,000,000	6,030,000	74,200,000	6,220,000
Less:					
Discounts	(60,717)		(13,945)	(46,772)	
Add:					
Premiums	4,215,032	7,385,110	655,270	10,944,872	
Limited obligation bonds	3,535,000		235,000	3,300,000	240,000
Capital leases	5,878,607	622,086	1,071,249	5,429,444	1,539,803
Other loans	337,996	1,250,000	402,996	1,185,000	65,000
Total	\$ 68,590,564	36,319,676	8,380,570	96,529,670	8,064,803

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Emergency Management Fund, Volunteer Fire Fund, County Unit Road Maintenance Fund, County Unit Bridge and Culvert Fund, and Solid Waste Fund.

(12) Contingencies.

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

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

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$25,528,967) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$829,468 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, 2020. The \$2,459,777 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$61,913 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years.

(14) Joint Venture.

The County participates in the following joint venture:

Rankin County is a participant with Scott, Simpson, and Smith Counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

County's appropriation to the joint venture was \$1,800,000 in fiscal year 2019. Complete financial statements for the Central Mississippi Regional Library System can be obtained from 3470 Hwy 80 East, Pearl, MS 39208.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Rankin County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support in fiscal year 2019.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Warren and Yazoo. The Rankin County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$42,174 for support of the district in fiscal year 2019.

East Central Community Action Agency, Inc. operates in a district composed of the Counties of Leake, Neshoba, Rankin, Scott and Smith. The Rankin County Board of Supervisors appoints two of the 30 board members. The County provides a modest amount of support when matching funds are required for federal grants. The County provided no support for the district in fiscal year 2019.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Rankin County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$4,067,508 for maintenance and improvement of the college and \$2,847,741 for the Vo-Tech in fiscal year 2019.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Rankin County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$337,000 for support of the commission in fiscal year 2019.

(16) Tax Abatements.

As of September 30, 2019, Rankin County provides tax exempt status to a recycling company, a communications company, a wholesale company, two medical supply companies, two warehouse storage facilities, and several manufacturing companies subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school; the mandatory mill and the community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2019 totaled \$1,109,106.

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Rankin County evaluated the activity of the County through December 11, 2020 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

RANKIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Subsequent to September 30, 2019, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue</u>	<u>Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
04/21/2020	1.80%	\$	139,703	Capital lease	Ad valorem taxes
06/18/2020	3.35%		90,589	Capital lease	Ad valorem taxes
06/22/2020	3.35%		69,543	Capital lease	Ad valorem taxes
06/22/2020	3.35%		69,543	Capital lease	Ad valorem taxes
06/30/2020	3.35%		200,054	Capital lease	Ad valorem taxes
06/30/2020	3.35%		129,825	Capital lease	Ad valorem taxes
07/31/2020	1.14%		152,900	Capital lease	Ad valorem taxes
07/31/2020	1.14%		458,700	Capital lease	Ad valorem taxes

The County was named as a defendant in a lawsuit alleging fault on the County for failing to maintain drainage infrastructure located within a residential subdivision. The parties involved reached a settlement of all matters in dispute and the County has undertaken repair of the residential subdivision's drainage infrastructure. The total costs associated with the repair of the specified drainage infrastructure are estimated to be \$566,370. The county has until July 20, 2020 to complete the repairs. The County will have no continuing obligation to maintain or repair the drainage infrastructure once all repairs are completed.

RANKIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

RANKIN COUNTY

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RANKIN COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 26,531,377	26,433,153	26,433,153	
Licenses, commissions and other revenue	3,253,900	3,359,702	3,359,702	
Fines and forfeitures	790,000	1,091,820	1,091,820	
Intergovernmental revenues	4,828,205	8,130,867	8,130,867	
Charges for services	1,280,000	1,176,658	1,176,658	
Interest income	330,000	827,256	827,256	
Miscellaneous revenues	1,319,500	1,379,497	1,379,497	
Total Revenues	<u>38,332,982</u>	<u>42,398,953</u>	<u>42,398,953</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	15,968,219	15,612,944	15,612,944	
Public safety	21,251,100	20,695,361	20,695,361	
Health and welfare	1,281,567	1,280,681	1,280,681	
Culture and recreation	66,800	59,275	59,275	
Conservation of natural resources	492,660	427,502	427,502	
Economic development and assistance	60,326	304,616	304,616	
Debt service:				
Principal	250,000	0	0	
Total Expenditures	<u>39,370,672</u>	<u>38,380,379</u>	<u>38,380,379</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,037,690)</u>	<u>4,018,574</u>	<u>4,018,574</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		15,520	15,520	
Transfers in		1,540,564	1,540,564	
Transfers out		(5,120,475)	(5,120,475)	
Other financing sources	1,583,500			
Other financing uses	(1,533,537)			
Total Other Financing Sources and Uses	<u>49,963</u>	<u>(3,564,391)</u>	<u>(3,564,391)</u>	<u>0</u>
Net Change in Fund Balance	(987,727)	454,183	454,183	0
Fund Balances - Beginning	<u>24,854,727</u>	<u>24,168,929</u>	<u>24,151,112</u>	<u>(17,817)</u>
Fund Balances - Ending	<u>\$ 23,867,000</u>	<u>24,623,112</u>	<u>24,605,295</u>	<u>(17,817)</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 County Unit Road Maintenance Fund
 For the Year Ended September 30, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 8,066,000	8,259,690	8,259,690	
Road and bridge privilege taxes	2,120,000	2,165,522	2,165,522	
Licenses, commissions and other revenue	3,000	3,201	3,201	
Intergovernmental revenues	1,672,000	1,339,890	1,339,890	
Interest income	145,000	335,716	335,716	
Miscellaneous revenues	21,000	80,309	80,309	
Total Revenues	<u>12,027,000</u>	<u>12,184,328</u>	<u>12,184,328</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	13,483,565	14,310,929	14,310,929	
Debt service:				
Principal	1,273,435	1,094,225	1,094,225	
Interest	0	113,851	113,851	
Total Expenditures	<u>14,757,000</u>	<u>15,519,005</u>	<u>15,519,005</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(2,730,000)</u>	<u>(3,334,677)</u>	<u>(3,334,677)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		233,671	233,671	
Proceeds from sale of capital assets		2,803	2,803	
Transfers in		2,012,159	2,012,159	
Other financing sources	230,000			
Total Other Financing Sources and Uses	<u>230,000</u>	<u>2,248,633</u>	<u>2,248,633</u>	<u>0</u>
Net Change in Fund Balance	(2,500,000)	(1,086,044)	(1,086,044)	0
Fund Balances - Beginning	<u>16,000,000</u>	<u>15,766,651</u>	<u>15,766,651</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 13,500,000</u>	<u>14,680,607</u>	<u>14,680,607</u>	<u>0</u>

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

RANKIN COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.313208%	0.309056%	0.300000%	0.280000%	0.280000%
County's proportionate share of the net pension liability (asset)	\$ 55,099,467	51,405,195	49,870,182	50,014,992	43,282,478
Covered payroll	\$ 20,398,462	19,736,159	19,144,540	18,271,327	17,701,963
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.12%	260.46%	260.49%	273.73%	244.50%
Plan fiduciary net position as a percentage of the total pension liability	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.

RANKIN COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,319,507	3,128,346	3,015,265	2,877,734	2,788,056
Contributions in relation to the contractually required contribution	<u>3,319,507</u>	<u>3,128,346</u>	<u>3,015,265</u>	<u>2,877,734</u>	<u>2,788,056</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 20,541,504	19,862,513	19,144,540	18,271,327	17,701,943
Contributions as a percentage of covered payroll	16.16% **	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 employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%.

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

RANKIN COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	County Unit Road Maintenance Fund
Budget (Cash Basis)	\$ 454,183	(1,086,044)
Increase (Decrease)		
Net adjustments for revenue accruals	(3,994,828)	4,909,207
Net adjustments for expenditure accruals	4,074,996	(3,829,119)
GAAP Basis	\$ 534,351	(5,956)

RANKIN COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

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

RANKIN COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

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

B. Changes in benefit provisions.

2016

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

Methods 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, 2017 valuation for the June 30, 2019 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	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

RANKIN COUNTY

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RANKIN COUNTY

SUPPLEMENTARY INFORMATION

RANKIN COUNTY

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RANKIN COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Drug court discretionary grant program (Direct)	16.585	N/A	\$ 40,955
U.S. Department of Justice - Office of Justice Programs/ Passed-through the Mississippi Department of Public Safety			
Edward Byrne memorial justice assistance grant program	16.738	15DC1611	1,929
Edward Byrne memorial justice assistance grant program	16.738	17DC1611	188,922
Edward Byrne memorial justice assistance grant program	16.738	18DC1611	38,496
Subtotal			229,347
U.S. Department of Justice - Office of Criminal Division			
Equitable sharing program (Direct)	16.922	N/A	25,973
U.S. Department of Justice - United States Marshals Service			
Joint law enforcement operations task force (Direct)	16.UKN	N/A	6,608
Total U.S. Department of Justice			302,883
U.S. Department of Transportation/ Passed-through the Mississippi Department of Transportation			
Highway planning and construction cluster:			
Highway planning and construction*	20.205	STP-0061-00(090) LPA/107601	475,636
Total Highway planning and construction cluster			475,636
Total U.S. Department of Transportation			475,636
U.S. Department of Health and Human Services/ Passed-through the ZERO TO THREE: National Center for Infants, Toddlers and Families (Non-profit Organization)			
Maternal and child health federal consolidated programs	93.110	2018110075	68,403
Total U.S. Department of Health and Human Services			68,403
Executive Office of the President/ Passed-through the Mississippi Department of Public Safety - Bureau of			
High intensity drug trafficking areas program	95.001	G17-GC0003A	5,644
High intensity drug trafficking areas program	95.001	G18-GC0003A	25,724
Subtotal			31,368
Total Executive Office of the President			31,368

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency			
Emergency management performance grants	97.042	EMA-2018-EP-00005	5,000
Emergency management performance grants	97.042	EMA-2019-EP-00006	103,880
Subtotal			<u>108,880</u>
Total U.S. Department of Homeland Security			<u>108,880</u>
Total Expenditures of Federal Awards			\$ <u>987,170</u>

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 Rankin County under programs of the federal government for the year ended September 30, 2019. 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 Rankin County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Rankin County.

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 credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Rankin County has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

*Denotes major federal award program

RANKIN COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2019

Operating Expenditures, Cash Basis:

Salaries	\$	134,684
Office, field and shop supplies		266
Solid waste disposal fee		5,072,870
Professional fees, legal advertising and other fees		14,523
Postage and box rent		16,035
Telephone and utilities		<u>191</u>

Solid Waste Cash Basis Operating Expenditures	5,238,569
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Full Cost Expenses:

Indirect administrative costs	<u>343,166</u>
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Solid Waste Full Cost Operating Expenses	<u><u>\$ 5,581,735</u></u>
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RANKIN COUNTY

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RANKIN COUNTY

OTHER INFORMATION

RANKIN COUNTY

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RANKIN COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
Jared Morrison	Supervisor District 1	Western Surety	\$200,000
Daniel Cross	Supervisor District 2	Western Surety	\$200,000
Robert Morrow	Supervisor District 3	Western Surety	\$200,000
Steve Gaines	Supervisor District 4	Western Surety	\$200,000
Jay Bishop	Supervisor District 5	Western Surety	\$200,000
Laura Oster	County Administrator	Western Surety	\$100,000
Larry Swales	Chancery Clerk	RLI	\$100,000
Bridgette Herring	Purchase Clerk	Western Surety	\$75,000
Katie Burkett	Assistant Purchase Clerk	Western Surety	\$50,000
Carmon Miley	Assistant Purchase Clerk	Western Surety	\$50,000
Ann Bowman	Receiving Clerk	Western Surety	\$75,000
Blanket Bond	Assistant Receiving Clerks (29)	Western Surety	\$50,000
Kim Griffith	Inventory Control Clerk	Western Surety	\$75,000
Mike Harrison	Road Manager	Western Surety	\$50,000
Robert Hancock	Constable	Western Surety	\$50,000
Brad Patridge	Constable	Western Surety	\$50,000
Barry Bean	Constable	Western Surety	\$50,000
Gary Windham	Constable	Western Surety	\$50,000
Rebecca Boyd	Circuit Clerk	Western Surety	\$100,000
Blanket Bond	Deputy Circuit Clerks (10)	Western Surety	\$50,000
Bryan Bailey	Sheriff	Western Surety	\$100,000
Richard Redfern	Justice Court Judge	Western Surety	\$50,000
Ken Fairly	Justice Court Judge	Western Surety	\$50,000
Joshua Mccrory	Justice Court Judge	Western Surety	\$50,000
John Shirley	Justice Court Judge	Western Surety	\$50,000
John Elliot	Justice Court Judge	Western Surety	\$50,000
Blanket Bond	Justice Court Clerk and Deputy Justice Court Clerks (7)	Western Surety	\$50,000
Judy Fortenberry	Tax Collector	Western Surety	\$100,000
Blanket Bond	Deputy Tax Collectors (23)	Western Surety	\$50,000
John Sullivan	Tax Assessor	Western Surety	\$50,000
Blanket Bond	Deputy Tax Assessors (16)	Western Surety	\$10,000

RANKIN COUNTY

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RANKIN COUNTY

SPECIAL REPORTS

RANKIN COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Rankin County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County, Mississippi (the County), as of and for the year ended September 30, 2019, 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 11, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is also qualified on the governmental activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rankin County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Rankin County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and in the Limited Internal Control and Compliance Review Management Report dated December 11, 2020, included within this document.

Rankin County's Response to Finding

Rankin County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Rankin County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 11, 2020



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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
Rankin County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Rankin County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Rankin County, Mississippi's major federal program for the year ended September 30, 2019. Rankin County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Rankin County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



JOE E. MCKNIGHT CPA
Director, County Audit Section

December 11, 2020



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Rankin County, Mississippi

We have examined Rankin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Rankin 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 Rankin County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Receiving Clerk and Assistant Receiving Clerks.

1. Assistant Receiving Clerks should be bonded as required by state statute.

Repeat Finding Yes

Criteria Section 31-7-124, Miss. Code Ann. (1972), requires Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law. In addition, Section 25-1-15(2), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition	As reported in the prior year audit report, the County has twenty-nine (29) Assistant Receiving Clerks that are bonded for an indefinite time period under a blanket bond for \$50,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for the Assistant Receiving Clerks in the amount of \$50,000 for a period of time concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.
Views of Responsible Official(s)	Rankin County is currently working with our insurance consultants, underwriters, and legal counsel to secure bonds for all affected positions that will include specific terms and coverage periods to meet statutory requirements.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Rankin County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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

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

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



JOE E. MCKNIGHT CPA
Director, County Audit Section

December 11, 2020

RANKIN COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2019

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

RANKIN COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2019

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
10/19/2018	Replacement of sewage lift station	\$ 5,230	Ricky D. Bridges	Sewage system failure
04/22/2019	Repairs to generators	16,850	Energy System Southeast	Repairs due to storm damage
04/22/2019	Rental of scissor lift	3,485	Pucket Rentals	Needed for work in storm damaged areas
04/22/2019	Rental of excavator	3,400	Williams Equipment	Needed for work in storm damaged areas
04/24/2019	Replacement of fence	11,985	A-1 Kendrick	Fence destroyed in storm had to be replaced to secure tower site,
04/24/2019	Off-road diesel	6,810	Capital Oil	Diesel needed for road equipment being used in storm areas
04/30/2019	Rental of brush blower	2,920	JWH Equipment	Needed for work in storm damaged areas
05/03/2019	Rental of message board signs	2,750	Traffic Control Products	Needed for traffic control in storm damaged areas
07/12/2019	Barricade lights and batteries	4,978	Custom Products Corp.	Storm preparation for Tropical Storm Barry
07/12/2019	Pump rental	8,888	United Rentals	Storm preparation for Tropical Storm Barry

RANKIN COUNTY

Schedule 3Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2019

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
10/29/2018	Tasers, holsters, magazines, cartridges	\$	19,994	Axon Enterprises
06/03/2019	Powerfoil 24' fan kits		11,366	Big Ass Solutions
07/01/2019	Lifepak 15 V4 monitor/defibrillator system		88,179	Stryker
08/06/2019	Tasers, holsters, magazines, cartridges		12,740	Axon Enterprises

RANKIN COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Rankin County, Mississippi

In planning and performing our audit of the financial statements of Rankin County, Mississippi for the year ended September 30, 2019, we considered Rankin 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 Rankin 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 11, 2020, on the financial statements of Rankin County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. County employees should be paid in accordance with state law.

Repeat Finding Yes

Criteria Section 25-3-29, Miss. Code Ann. (1972), requires the salaries of the Tax Assessor, Tax Collector, the Board of Supervisors, the County Auditor, and the Sheriff to be paid monthly. Furthermore, Section 25-3-36(5), Miss. Code Ann. (1972), requires the salaries of the Justice Court Judges to be paid monthly. However, both statutes include a provision whereby the Board of Supervisors, by resolution duly adopted and entered on its minutes, may provide that such salaries be paid semi-monthly on the first and fifteenth day of each month.

Condition As reported in the prior year's audit report, the County uses a bi-weekly payroll period to pay many of its employees. State law does not allow for a bi-weekly payroll period.

Cause The County is not in compliance with state laws.

Effect	Failure to pay the salaries of elected officials and other employees in accordance with state law could result in the payment of salaries in amounts other than those allowed by law.
Recommendation	The County should comply with state laws and implement either a monthly or, if approved by the Board of Supervisors, a semi-monthly schedule for the payment of elected officials' and other employees' salaries.
Views of Responsible Official(s)	House Bill No. 415 as signed by the Governor on 7/6/2020 authorizes the Board of Supervisors to pay county employees every two weeks.
Auditor's Note	The audit was for the period ending September 30, 2019. House Bill No. 415 was not in effect, therefore the county was not in compliance.
2.	<u>The Board of Supervisors should renew interlocal agreements for the collection of municipal ad valorem taxes.</u>
Repeat Finding	Yes
Criteria	Section 17-13-9(1)(a), Miss. Code Ann. (1972), states that any agreement between the Board of Supervisors and a municipality must specify the duration of the agreement.
Condition	The Board of Supervisors entered into interlocal agreements with several municipalities for the collection of city ad valorem taxes. The interlocal agreements did not specify a complete duration. The duration was incomplete because an indefinite time period was used for the ending dates.
Cause	The County did not comply with state law.
Effect	Failure to specify beginning and ending dates to the duration of interlocal agreements could result in outdated agreements that are no longer in compliance with current state laws.
Recommendation	The Board of Supervisors should enter into new contracts for collection of municipal ad valorem taxes that contain beginning and ending dates, as required by law.
Views of Responsible Official(s)	The Rankin County Board of Supervisors approved a revised interlocal agreement with all municipalities in Rankin County on 12/16/19 providing for the county's collection of municipal ad valorem taxes. The revised version of the interlocal provides for a date of termination in year 4, along with a one year extension trigger. This revision satisfies the finding as set forth in the FY18 audit report. This revised interlocal accurately reflects that Rankin County began addressing the FY18 finding that the existing interlocal was deficient before the FY19 audit was initiated. The revised interlocal must be approved and executed by and on behalf of the governing bodies of 7 municipalities around Rankin County and, thereafter, each interlocal must be tendered to the Attorney General's Office for approval. The execution and approval process is ongoing but will not be completed before your audit report is finalized.
Chancery Clerk.	
3.	<u>The audit synopsis should be published.</u>
Repeat Finding	No
Criteria	Section 7-7-221, Miss. Code Ann. (1972), requires the Clerk of the Board to publish a synopsis of the annual audit report as soon as possible after receipt of the audit report. The Clerk of the Board shall forward a copy of the published synopsis to the State Auditor.
Condition	The Chancery Clerk has not published a synopsis of the 2018 annual audit report.

Cause	The Chancery Clerk did not adhere to state statute.
Effect	If the synopsis is not published accordingly, the State Auditor is authorized to prepare the synopsis and have it published in accordance with Section 7-7-221 at cost to the County.
Recommendation	The Chancery Clerk should publish a synopsis of the annual audit report when the report is received and forward the synopsis to the State Auditor.
Views of Responsible Official(s)	According to the County Administrator, the guidelines for the publications sent by the auditor's office was never received, therefore an oversight in the publication occurred.
Auditor's Note	Publishing the synopsis of the annual audit report is the responsibility of the Chancery Clerk, there is no provision that any guidelines be sent by the auditor's office.

Circuit Clerk and Deputy Circuit Clerks.

4.	<u>Deputy Circuit Clerks should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	Section 9-7-123(2), Miss. Code Ann. (1972), requires that all Deputy Circuit Clerks be bonded for three percent (3%) of the prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000. Furthermore, Section 25-1-15(2), Miss. Code Ann. (1972), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
Condition	As reported in the prior year audit report, the Deputy Circuit Clerks are bonded for an indefinite time period under a blanket bond for \$50,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for each Deputy Circuit Clerk. Additionally, the County should ensure that all Deputy Circuit Clerks are bonded in accordance with state law.
Views of Responsible Official(s)	Rankin County is currently working with our insurance consultants, underwriters, and legal counsel to secure bonds for all affected positions that will include specific terms and coverage periods to meet statutory requirements.

Justice Court Clerk and Deputy Justice Court Clerks.

5.	<u>The Justice Court Clerk and all Deputy Justice Court Clerks should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	Section 9-11-29(2), Miss. Code Ann. (1972), requires that the Justice Court Clerk and each Deputy Justice Court Clerk be bonded for a minimum of \$50,000. Furthermore, Section 25-1-15(2), Miss. Code Ann. (1972), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
Condition	As reported in the prior year audit report, the Justice Court Clerk and all the Deputy Justice Court Clerks are bonded for an indefinite time period under a blanket bond for \$50,000.

Cause Effect	The County did not comply with state laws. Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for the Justice Court Clerk and each Deputy Justice Court Clerk. Additionally, the County should ensure that the Justice Court Clerk and all Deputy Justice Court Clerks are bonded in accordance with state law.
Views of Responsible Official(s)	Rankin County is currently working with our insurance consultants, underwriters, and legal counsel to secure bonds for all affected positions that will include specific terms and coverage periods to meet statutory requirements.

Tax Assessor and Deputy Tax Assessors.

6. Deputy Tax Assessors should be bonded as required by state statute.

Repeat Finding	Yes
Criteria	Section 27-1-3, Miss. Code Ann. (1972), requires that each Deputy Tax Assessor shall give bond in an amount not less than \$10,000 for the faithful discharge of his duties. Also, Section 25-1-15(2), Miss. Code Ann. (1972), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
Condition	As reported in the prior year audit report, the Deputy Tax Assessors are bonded for an indefinite time period under a blanket bond for \$10,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for each Deputy Tax Assessor. Additionally, the County should ensure that all the Deputy Tax Assessors are bonded in accordance with state law.
Views of Responsible Official(s)	Rankin County is currently working with our insurance consultants, underwriters, and legal counsel to secure bonds for all affected positions that will include specific terms and coverage periods to meet statutory requirements.

Tax Collector and Deputy Tax Collectors.

7. Deputy Tax Collectors should be bonded as required by state statute.

Repeat Finding	Yes
Criteria	Section 27-1-9(a), Miss. Code Ann. (1972), requires that each Deputy Tax Collectors shall give bond in an amount not less than \$10,000 for the faithful discharge of his duties. Also, Section 25-1-15(2), Miss. Code Ann. (1972), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
Condition	As reported in the prior year audit report, the Deputy Tax Collectors are bonded for an indefinite time period under a blanket bond for \$50,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should cancel the blanket bond and obtain individual bonds for each Deputy Tax Collector. Additionally, the County should ensure that all the Deputy Tax Collectors are bonded in accordance with state law.

Views of Responsible Official(s) Rankin County is currently working with our insurance consultants, underwriters, and legal counsel to secure bonds for all affected positions that will include specific terms and coverage periods to meet statutory requirements.

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

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

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT CPA
Director, County Audit Section

December 11, 2020

RANKIN COUNTY

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RANKIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RANKIN COUNTY

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RANKIN COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
County Unit Road Maintenance Fund	Unmodified
Rankin County 2008 Bond and Interest Fund	Unmodified
Courthouse Facility 2017 Bond Fund	Unmodified
2019 G.O. Bond Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - 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 weakness 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:

CFDA #20.205, Highway planning and construction
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 findings 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 200.516(b)? No

RANKIN COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2019-001. Liability for postemployment benefits not recorded and note disclosure for postemployment benefits not reported.

Repeat Finding Yes

Criteria Rankin County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage to active employees and retirees through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement No. 75 as a single-employer defined benefit health care plan. GASB Statement No. 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition As reported in the prior year's audit report, the County does not issue a publicly available financial report for its health insurance plan. However, the County has not recorded a liability for other post-employment benefits nor has the County reported the note disclosures that are required by accounting principles generally accepted in the United States of America.

Cause This was caused by a lack of resources.

Effect The failure to follow Generally Accepted Accounting Principles resulted in a qualified opinion on the Governmental Activities' opinion unit.

Recommendation The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Official(s) Rankin County currently has 12 retirees that remain on our health insurance plan. When considering the possibility of acquiring actuarial services to prepare the OPEB liability, the county did not believe it to be fiscally responsible to utilize taxpayer funds for this purpose. The Board of Supervisors currently continues to review policies that pertain to its retirees, the offering of retiree health insurance, and the issues affecting compliance with GASB 75.

Section 3: Federal Award Findings and Questioned Costs

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