

LAMAR COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022



SHAD WHITE

STATE AUDITOR

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

February 14, 2024

Members of the Board of Supervisors
Lamar County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2022 financial and compliance audit report for Lamar 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 Lamar County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Lamar 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", is written over a faint, circular watermark or background.

Shad White

LAMAR COUNTY
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LAMAR COUNTY

FINANCIAL SECTION

LAMAR 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
Lamar County, Mississippi

Report on the Audit of the Financial Statements

Adverse, Qualified, and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamar County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Lamar County, Mississippi, as of September 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Governmental Activities

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Lamar County, Mississippi, as of September 30, 2022, and the 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.

Unmodified Opinions on Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying 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 Lamar County, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of

our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions.

Matter Giving Rise to 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 effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Matter Giving Rise to Qualified Opinion on the Governmental Activities

As discussed in Note 10 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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

Lamar 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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lamar 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 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024 on our consideration of Lamar 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 Lamar 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 Lamar County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 14, 2024

LAMAR COUNTY

FINANCIAL STATEMENTS

LAMAR COUNTY

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LAMAR COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 35,293,403
Property tax receivable	32,374,424
Fines receivable (net of allowance for uncollectibles of \$4,358,271)	769,107
Intergovernmental receivables	1,008,226
Other receivables	40,707
Capital assets:	
Land and construction in progress	2,090,790
Other capital assets, net	<u>90,402,696</u>
Total Assets	<u>161,979,353</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>7,035,367</u>
Total Deferred Outflows of Resources	<u>7,035,367</u>
LIABILITIES	
Claims payable	2,670,626
Intergovernmental payables	2,690,158
Accrued interest payable	91,104
Unearned revenue	280,232
Amounts held in custody for others	329,468
Other payables	12,928
Long-term liabilities	
Due within one year:	
Leases payable	37,731
Capital debt	869,141
Due in more than one year:	
Leases payable	41,492
Capital debt	6,983,413
Non-capital debt	1,109,404
Net pension liability	<u>47,162,675</u>
Total Liabilities	<u>62,278,372</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues - property taxes	<u>32,374,424</u>
Total Deferred Inflows of Resources	<u>32,374,424</u>
NET POSITION	
Net investment in capital assets	84,561,709
Restricted for:	
Expendable:	
General government	517,121
Public safety	8,652,614
Public works	10,110,537
Health and welfare	495,910
Culture and recreation	969,318
Debt service	1,571,682
Unrestricted	<u>(32,516,967)</u>
Total Net Position	<u>\$ 74,361,924</u>

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

LAMAR COUNTY
Statement of Activities
For the Year Ended September 30, 2022

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	\$ 15,811,644	1,581,960	1,134,609		(13,095,075)
Public safety	12,032,482	1,346,054	1,809,350	28,174	(8,848,904)
Public works	21,077,215	382,300	6,652,496	2,544,128	(11,498,291)
Health and welfare	721,366		16,869		(704,497)
Culture and recreation	1,715,605				(1,715,605)
Conservation of natural resources	148,972				(148,972)
Economic development and assistance	717,244				(717,244)
Interest on long-term debt	217,579				(217,579)
Pension expense	5,044,511				(5,044,511)
Total Governmental Activities	<u>57,486,618</u>	<u>3,310,314</u>	<u>9,613,324</u>	<u>2,572,302</u>	<u>(41,990,678)</u>
General revenues:					
Property taxes				\$ 32,348,744	
Road & bridge privilege taxes				790,463	
Grants and contributions not restricted to specific programs				1,677,938	
In lieu taxes - Origis Energy				1,110,545	
Unrestricted interest income				247,769	
Miscellaneous				1,649,599	
Total General Revenues				<u>37,825,058</u>	
Changes in Net Position					<u>(4,165,620)</u>
Net Position - Beginning, as previously reported					78,550,963
Prior period adjustment					(23,419)
Net Position - Beginning, as restated					<u>78,527,544</u>
Net Position - Ending					<u>\$ 74,361,924</u>

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

LAMAR COUNTY
Balance Sheet - Governmental Funds
September 30, 2022

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	2021 Rescue Plan (COVID-19) Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 10,863,325	3,782,312	2,863,692	17,784,074	35,293,403
Property tax receivable	19,703,971	6,460,576		6,209,877	32,374,424
Fines receivable (net of allowance for uncollectibles of \$4,358,271)	769,107				769,107
Intergovernmental receivables	881,208			127,018	1,008,226
Other receivables	40,707				40,707
Due from other funds		176,719		98,417	275,136
Advances to other funds				442	442
Total Assets	\$ 32,258,318	10,419,607	2,863,692	24,219,828	69,761,445
LIABILITIES					
Liabilities:					
Claims payable	\$ 936,557	328,400		1,405,669	2,670,626
Intergovernmental payables	2,645,257				2,645,257
Due to other funds	320,037				320,037
Advances from other funds	442				442
Unearned revenue			280,232		280,232
Amounts held in custody for others	329,468				329,468
Other payables	12,928				12,928
Total Liabilities	4,244,689	328,400	280,232	1,405,669	6,258,990
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	19,703,971	6,460,576		6,209,877	32,374,424
Unavailable revenue - intergovernmental revenues				30,699	30,699
Unavailable revenue - fines	769,107				769,107
Total Deferred Inflows of Resources	20,473,078	6,460,576	0	6,240,576	33,174,230
Fund balances:					
Restricted for:					
General government				517,121	517,121
Public safety				8,621,915	8,621,915
Public works		3,630,631	2,583,460	3,896,446	10,110,537
Health and welfare				495,910	495,910
Culture and recreation				969,318	969,318
Debt service				1,662,786	1,662,786
Committed to:					
Culture and recreation				410,087	410,087
Unassigned	7,540,551				7,540,551
Total Fund Balances	7,540,551	3,630,631	2,583,460	16,573,583	30,328,225
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,258,318	10,419,607	2,863,692	24,219,828	69,761,445

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

LAMAR COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 30,328,225
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 \$125,969,015.	92,493,486
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	769,107
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,041,181)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(47,162,675)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(91,104)
Some accrued receivables are not available to payable for current period expenditures and, therefore, are deferred in the funds.	30,699
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	<u>7,035,367</u>
Total Net Position - Governmental Activities	<u>\$ 74,361,924</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	2021 Rescue Plan (COVID-19) Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 19,353,337	6,661,784		6,333,623	32,348,744
Road and bridge privilege taxes		790,463			790,463
Licenses, commissions and other revenue	1,075,728			19,598	1,095,326
Fines and forfeitures	484,999			306,120	791,119
In lieu taxes - Origis Energy	1,110,545				1,110,545
Intergovernmental revenues	2,074,418	808,592	5,871,585	5,108,969	13,863,564
Charges for services	272,514	343,155		826,751	1,442,420
Interest income	143,995	43,205	22,583	37,986	247,769
Miscellaneous revenues	1,072,317	43,252	45,213	369,565	1,530,347
Total Revenues	25,587,853	8,690,451	5,939,381	13,002,612	53,220,297
EXPENDITURES					
Current:					
General government	11,088,244		2,070,424	3,055,384	16,214,052
Public safety	10,723,734			3,691,116	14,414,850
Public works		7,461,183		10,435,060	17,896,243
Health and welfare	702,617			6,905	709,522
Culture and recreation	930,960			786,252	1,717,212
Conservation of natural resources	148,972				148,972
Economic development and assistance	685,370				685,370
Debt service:					
Principal	394,954			1,062,463	1,457,417
Interest	11,609			296,457	308,066
Total Expenditures	24,686,460	7,461,183	2,070,424	19,333,637	53,551,704
Excess of Revenues over (under) Expenditures	901,393	1,229,268	3,868,957	(6,331,025)	(331,407)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				550,050	550,050
Leases issued	20,158			7,035	27,193
Proceeds from sale of capital assets	3,265	57,037		68,543	128,845
Compensation for loss of capital assets	19,894	9,364			29,258
Transfers in	7,938,063			10,087,952	18,026,015
Transfers out	(8,540,371)		(7,438,046)	(2,047,598)	(18,026,015)
Total Other Financing Sources and Uses	(558,991)	66,401	(7,438,046)	8,665,982	735,346
Net Changes in Fund Balances	342,402	1,295,669	(3,569,089)	2,334,957	403,939
Fund Balances - Beginning	7,198,149	2,334,962	6,152,549	14,238,626	29,924,286
Fund Balances - Ending	\$ 7,540,551	3,630,631	2,583,460	16,573,583	30,328,225

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

LAMAR 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, 2022

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 403,939
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 depreciation of \$7,637,242 exceeded capital outlays of \$4,499,430 in the current period.	(3,137,812)
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 \$119,252 and the proceeds from the sale of \$128,845 and the compensation for loss of \$29,258 in the current period.	(38,851)
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.	(18,551)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,457,417 exceeded debt proceeds of \$577,243.	880,174
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 decrease in compensated absences liability.	20,750
The amount of decrease in accrued interest payable.	9,499
The amount of amortization of bond premium.	80,988
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	(5,044,511)
Recording of contributions made during the year	<u>2,678,755</u>
Change in Net Position of Governmental Activities	\$ <u>(4,165,620)</u>

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

LAMAR COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 96,498
Receivables:	
Due from other funds	<u>44,901</u>
Total Assets	<u>\$ 141,399</u>
LIABILITIES	
Amounts held in custody for others	\$ 40,519
Intergovernmental payables	<u>99,924</u>
Total Liabilities	<u>\$ 140,443</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>\$ 956</u>
Total Net Position	<u>956</u>

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

LAMAR COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ <u>11,063</u>
Total Additions	<u>11,063</u>
DEDUCTIONS	
Payments of tax to other governments	<u>10,638</u>
Total Deductions	<u>10,638</u>
Net increase (decrease) in fiduciary net position	425
Net Position - Beginning	<u>531</u>
Net Position - Ending	\$ <u><u>956</u></u>

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

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Lamar 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 Lamar 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.

- Lamar County Library Association
- Northeast Lamar Fire Protection District
- Southwest Lamar Fire Protection District
- Oak Grove Fire Protection District
- Oloh Fire Protection 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-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 inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

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

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particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary, even though the latter are excluded from the government-wide financial statements. 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 and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

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.

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

2021 Rescue Plan (COVID-19) Fund – This fund is used to account for monies from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

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.

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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.

FIDUCIARY FUND TYPE

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

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

F. Receivables.

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

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." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. 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 (applicable) governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation

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

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

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

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

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

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 11 for additional details.

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

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

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

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

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

J. Leases.

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

The County uses the Federal Prime Borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

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 financed purchases and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position.

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

L. Pensions.

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

M. 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.

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N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

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

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

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

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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

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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.

O. Property Tax Revenues:

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

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

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

P. 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.

Q. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

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(2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To implement GASB 87 for leases:	
Asset	63,462
Liability	<u>(86,881)</u>
Total	<u><u>(23,419)</u></u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$35,389,901, and the bank balance was \$35,435,515. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. 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.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2022:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 176,719
Other Governmental Funds	General Fund	98,417
Custodial Funds	General Fund	<u>44,901</u>
Total		<u><u>\$ 320,037</u></u>

The receivables represent the tax revenue and interest income collected in September, 2022, but not settled until October, 2022. All interfund balances are expected to be repaid within one year from the date of the financial statements.

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Notes to Financial Statements
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B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>442</u>

The receivable represents a refund of workers compensation premiums due to the contributing governmental fund.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	2021 Rescue Plan (COVID-19) Fund	\$ 7,438,046
General Fund	Other Governmental Funds	500,017
Other Governmental Funds	General Fund	8,540,371
Other Governmental Funds	Other Governmental Funds	<u>1,547,581</u>
Total		\$ <u>18,026,015</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2022, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 733,539
Housing prisoners reimbursements	22,143
Emergency management performance grant	49,818
Comprehensive opioid, stimulant and substance abuse program grant	35,338
Staffing for adequate fire and emergency response grant	42,000
Hazard mitigation grant	30,699
Other grant receivables	<u>94,689</u>
Total Governmental Activities	\$ <u>1,008,226</u>

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(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2022:

Governmental activities:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,589,417				1,589,417
Construction in progress	1,900	499,473			501,373
Total non-depreciable capital assets	<u>1,591,317</u>	<u>499,473</u>	<u>0</u>	<u>0</u>	<u>2,090,790</u>
<u>Depreciable capital assets:</u>					
Infrastructure	157,179,167				157,179,167
Buildings	29,025,233	935,412			29,960,645
Improvements other than buildings	803,194				803,194
Mobile equipment	21,831,213	2,428,115	387,369	266,977	24,138,936
Furniture and equipment	3,480,889	609,237	11,385		4,078,741
Leased property under capital leases	266,977			(266,977)	0
Intangible right to use buildings				111,564	111,564
Intangible right to use equipment		27,193		72,271	99,464
Total depreciable capital assets	<u>212,586,673</u>	<u>3,999,957</u>	<u>398,754</u>	<u>183,835</u>	<u>216,371,711</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	90,240,070	5,292,716			95,532,786
Buildings	8,488,361	599,263			9,087,624
Improvements other than buildings	330,105	23,672			353,777
Mobile equipment	16,429,749	1,390,674	348,632	240,279	17,712,070
Furniture and equipment	2,842,739	294,895	11,271		3,126,363
Leased property under capital leases	240,279			(240,279)	0
Intangible right to use buildings		11,156		89,251	100,407
Intangible right to use equipment		24,866		31,122	55,988
Total accumulated depreciation	<u>118,571,303</u>	<u>7,637,242</u>	<u>359,903</u>	<u>120,373</u>	<u>125,969,015</u>
Total depreciable capital assets, net	<u>94,015,370</u>	<u>(3,637,285)</u>	<u>38,851</u>	<u>63,462</u>	<u>90,402,696</u>
Governmental activities capital assets, net	<u>\$ 95,606,687</u>	<u>(3,137,812)</u>	<u>38,851</u>	<u>63,462</u>	<u>92,493,486</u>

Total capital assets, net, excluding intangible right to use assets	\$ 92,438,853
Intangible right to use assets, net	<u>54,633</u>
Total capital assets, net, as reported in the statement of net position	<u>\$ 92,493,486</u>

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*Adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. See note 8 for further details.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 499,935
Public safety	1,013,805
Public works	6,004,762
Health and welfare	11,844
Culture and recreation	39,778
Economic development and assistance	<u>67,118</u>
 Total governmental activities depreciation expense	 \$ <u><u>7,637,242</u></u>

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Gravel Pit Road bridge replacement	\$ 50,527	May 2023

As of September 30, 2022, the County had the following commitments:

On June 24, 2004, the Lamar County Board of Supervisors entered into a tax pledge agreement with the City of Hattiesburg to finance the City's Tax Increment Limited Obligation Bonds in the amount of \$4,500,000. The bonds were issued for the construction of various infrastructure improvements in connection with the Turtle Creek Crossing project located within the city and county. The County pledged an amount sufficient to pay 25% of the principal and interest on the bonds. The amount paid was \$61,945 in the 2022 fiscal year. The County's payments are paid annually from the revenues generated by tax increment financing.

On January 20, 2011, the Lamar County Board of Supervisors entered into a tax pledge agreement with the City of Hattiesburg to finance the City's Tax Increment Limited Obligation Bonds in the amount of \$1,225,000. The bonds were issued for the construction of various infrastructure improvements in connection with the Ridge at Turtle Creek project located within the city and county. The County pledged to pay an amount sufficient to pay 25% of any installment due on the first one million dollars (\$1,000,000) of the bonds. The amount paid was \$29,858 in the 2022 fiscal year. The County's payments are paid annually from the revenues generated by tax increment financing.

(7) Claims and Judgments.

Risk Financing.

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

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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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Leases.

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

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

The County generally uses the historical federal prime borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.

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

As Lessee:

Lease Assets

	Balance 10/1/2021	Additions	Amortization	*Adjustments	Balance 9/30/2022
Intangible right to use building	\$		11,156	22,313	11,157
Intangible right to use equipment		27,193	24,866	41,149	43,476
Total	\$ 0	27,193	36,022	63,462	54,633

*Adjustment made to add intangible right to use assets for implementation of GASB 87.

See Note 6 for further details regarding intangible right-to-use assets, which represents leased assets.

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Lease Liabilities

	Balance 10/1/2021	Additions	Principal Payments	*Adjustments	Balance 9/30/2022
DMV Building	\$		12,149	35,556	23,407
Copier leases		27,193	22,702	51,325	55,816
Total	\$ 0	27,193	34,851	86,881	79,223

*Adjustment made to add lease liabilities for implementation of GASB 87.

On July 17, 2014, Lamar County entered into a lease agreement with Edwards Property Management, LLC, for the lease of the Mississippi driver's license renewal station owned by Edwards Property Management, LLC. The lease stipulated that the lessee would pay approximately \$1,100 per month in lease payments commencing for a term of ten years.

The County has entered into various leases of copiers from Owens Business Machines, Inc. Each lease has its own fixed lease payment and term. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
DMV Building	3.50%	120	08/01/14	07/01/24	\$ 1,100	\$ 23,407
Copier lease	3.25%	48	05/01/20	04/30/24	233	4,312
Copier lease	3.25%	48	09/01/20	08/31/24	133	2,951
Copier lease	3.25%	48	09/01/20	08/31/24	215	4,788
Copier lease	3.25%	48	08/01/21	07/31/25	167	5,421
Copier lease	3.25%	48	10/01/20	09/03/24	114	2,643
Copier lease	3.25%	48	10/01/21	09/30/25	133	4,539
Copier lease	3.25%	48	04/01/21	03/31/25	164	4,719
Copier lease	3.25%	48	02/01/22	01/31/26	112	4,252
Copier lease	3.50%	48	05/01/22	04/30/26	203	8,207
Copier lease	4.75%	48	12/01/19	11/30/23	233	3,169
Copier lease	4.75%	48	01/01/20	12/31/23	128	1,861
Copier lease	4.75%	48	02/01/20	01/31/24	233	3,608
Copier lease	3.25%	48	10/01/21	09/30/25	156	5,346
					3,324	79,223

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2023	\$ 37,731	2,160
2024	29,960	711
2025	9,679	225
2026	1,853	19
Total	79,223	3,115

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

(9) Long-term Debt.

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
2019 Road Project Bonds	\$ <u>5,365,000</u>	3.00-5.00%	11/2029
Total General Obligation Bonds	\$ <u>5,365,000</u>		
B. Financed Purchases:			
2015 International fire truck with tanker	\$ 72,746	2.76%	07/2025
(5) Temperature kiosks	8,139	15.43%	12/2023
(2) Temperature kiosks	4,885	24.57%	02/2025
(1) Temperature kiosks	<u>4,521</u>	10.80%	12/2024
Total Financed Purchases	\$ <u>90,291</u>		
F. Other Loans:			
Capital Improvement loan (Central Lamar fire truck)	\$ 51,804	3.00%	10/2028
Oloh fire station	48,810	2.00%	02/2031
Northeast fire station	60,006	2.00%	03/2031
Southeast CAP loan	20,889	2.00%	11/2030
Southwest fire station	28,373	2.00%	11/2030
Hickory Grove fire station	27,388	2.00%	11/2030
Pine Ridge fire station	22,393	2.00%	12/2030
Central Lamar CAP loan	53,656	2.00%	12/2031
Rock Hill CAP loan	45,492	2.00%	05/2032
Pine Ridge hydrants	127,108	3.23%	12/2037
Oloh fire station	326,090	2.00%	05/2039
Central Lamar tanker	58,056	2.00%	06/2029
SCBA air compressor	6,998	4.57%	08/2023
Southwest fire station CAP loan	128,415	2.00%	01/2030
Southeast fire station CAP loan	131,341	2.00%	05/2030
Fire attack truck	62,491	2.00%	07/2030
Fire tower training facility	<u>550,050</u>	2.00%	10/2042
Total Other Loans	\$ <u>1,749,360</u>		

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

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

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 590,000	209,800	35,359	4,184
2024	605,000	191,875	31,834	2,233
2025	625,000	173,425	23,098	817
2026	645,000	151,150		
2027	675,000	124,750		
2028 - 2032	<u>2,225,000</u>	<u>170,625</u>		
Total	\$ <u>5,365,000</u>	<u>1,021,625</u>	<u>90,291</u>	<u>7,234</u>

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 162,794	51,401
2024	161,057	33,908
2025	164,532	30,433
2026	162,436	26,881
2027	156,241	23,310
2028 - 2032	457,129	74,958
2033 - 2037	313,915	37,427
2038 - 2042	168,475	8,790
2043 - 2047	<u>2,781</u>	<u>5</u>
Total	\$ <u>1,749,360</u>	<u>287,113</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, the amount of outstanding debt was equal to 0.78 percent of the latest property assessments.

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance <u>Oct. 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	Balance Sept. <u>30, 2022</u>	Amount due within one <u>year</u>
Governmental Activities:						
Compensated absences	\$ 1,130,154		20,750		1,109,404	
General obligation bonds	6,435,000		1,070,000		5,365,000	590,000
Add:						
Premiums	728,891		80,988		647,903	80,988
Capital leases	121,942		31,651	(90,291)		
Financed purchases				90,291	90,291	35,359
Leases payable		27,193	34,851	86,881	79,223	37,731
Other loans	<u>1,520,225</u>	<u>550,050</u>	<u>320,915</u>		<u>1,749,360</u>	<u>162,794</u>
 Total	 <u>\$ 9,936,212</u>	 <u>577,243</u>	 <u>1,559,155</u>	 <u>86,881</u>	 <u>9,041,181</u>	 <u>906,872</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Countywide Road Maintenance Fund, the Bridge Maintenance Fund, and the Sanitation and Fire District Coordination Fund.

(10) Other Postemployment Benefits.

Plan Description

The Lamar County Board of Supervisors administers the County's health insurance plan, which is authorized by *Sections 25-15-101 et seq Mississippi Code of 1972 Annotated*. The County's health insurance plan may be amended by the Lamar 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. 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.

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Lamar 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 *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* 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.

LAMAR COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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, 2022, 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, 2022 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$2,678,755, \$2,562,085 and \$2,500,159, 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, 2022, the County reported a liability of \$47,162,675 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.229127 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.009116 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$5,044,511. At September 30, 2022 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 654,346
Net difference between projected and actual earnings on pension plan investments	2,758,145
Changes of assumptions	1,566,275
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,434,850
County contributions subsequent to the measurement date	<u>621,751</u>
Total	<u>\$ 7,035,367</u>

\$621,751 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2023	\$ 2,164,796
2024	1,691,024
2025	(1,380)
2026	2,559,176
Total	<u>\$ 6,413,616</u>

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 61,552,107	47,162,675	35,299,319

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

(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

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

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 (\$32,516,967) 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 \$621,751 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, 2023. The \$6,413,616 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

(14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The Counties generally provide no financial support to the organization.

Pearl River Valley Opportunity, Inc., operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Lamar County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. The County appropriated \$295,000 for its support in fiscal year 2022.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry, and Wayne. The Lamar County Board of Supervisors appoints one of nine members of the board of directors. The County appropriated \$85,000 for its support in fiscal year 2022.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The Lamar County Board of Supervisors appoints one of the 27 members of the college board of trustees. The County appropriated \$60,740 for support of the district in the fiscal year 2022.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion, and Pearl River. The Lamar County Board of Supervisors appoints two of the 16 members of the college board of trustees. The County appropriated \$1,203,926 for maintenance and support of the college in the fiscal year 2022.

Pearl and Leaf River Rails-to-Trails Recreational District operates in a district composed of the Counties of Forrest, Jefferson Davis, and Lamar and the Cities of Bassfield, Hattiesburg, Prentiss, and Sumrall. The Lamar County Board of Supervisors appoints one of the seven members of the board of directors. Each

LAMAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

entity provides the amount of support designated by statute which is the proceeds of one-half mill for each participating entity. The County appropriated \$142,573 for support of the district in fiscal year 2022.

(15) Tax Abatements.

As of September 30, 2022, Lamar County provides tax exempt status to one solar energy plant and one financial services company 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 community college tax levies. These exemptions are authorized under *Sections 27-31-104 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. These amount of taxes abated during fiscal year 2022 totaled \$2,226,450 for the solar energy plant and \$92,271 for the financial services company.

(16) 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 Lamar County evaluated the activity of the County through February 14, 2024, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
02/01/2023	7.75%	\$ 5,737	Lease payable	Ad valorem taxes

LAMAR COUNTY

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LAMAR COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LAMAR COUNTY

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LAMAR COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 20,844,569	20,490,292	20,490,292	
Licenses, commissions and other revenue	1,097,500	1,066,387	1,066,387	
Fines and forfeitures	438,000	475,552	475,552	
Intergovernmental revenues	2,348,000	3,022,202	3,022,202	
Charges for services	150,000	185,096	185,096	
Interest income	152,700	136,628	136,628	
Miscellaneous revenues	1,130,450	1,272,851	1,272,851	
Total Revenues	<u>26,161,219</u>	<u>26,649,008</u>	<u>26,649,008</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	11,546,861	12,037,080	12,037,080	
Public safety	10,069,052	10,630,969	10,630,969	
Health and welfare	806,995	724,569	724,569	
Culture and recreation	1,005,863	1,035,262	1,035,262	
Conservation of natural resources	156,050	147,677	147,677	
Economic development and assistance	805,858	701,459	701,459	
Debt service:				
Principal		355,000	355,000	
Interest		5,800	5,800	
Total Expenditures	<u>24,390,679</u>	<u>25,637,816</u>	<u>25,637,816</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>1,770,540</u>	<u>1,011,192</u>	<u>1,011,192</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		10,236	10,236	
Compensation for loss of capital assets		19,894	19,894	
Transfers in		7,943,293	7,943,293	
Transfers out		(8,540,371)	(8,540,371)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(566,948)</u>	<u>(566,948)</u>	<u>0</u>
Net Change in Fund Balance	1,770,540	444,244	444,244	
Fund Balances - Beginning	<u>7,167,062</u>	<u>7,399,540</u>	<u>7,399,540</u>	
Fund Balances - Ending	<u>\$ 8,937,602</u>	<u>7,843,784</u>	<u>7,843,784</u>	<u>0</u>

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

LAMAR COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,388,480	6,664,722	6,664,722	
Road and bridge privilege taxes	745,000	785,900	785,900	
Intergovernmental revenues	687,000	808,592	808,592	
Interest income	32,000	43,205	43,205	
Miscellaneous revenues	336,500	386,406	386,406	
Total Revenues	<u>8,188,980</u>	<u>8,688,825</u>	<u>8,688,825</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	<u>8,295,241</u>	<u>7,369,751</u>	<u>7,369,751</u>	
Total Expenditures	<u>8,295,241</u>	<u>7,369,751</u>	<u>7,369,751</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(106,261)</u>	<u>1,319,074</u>	<u>1,319,074</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		105,788	105,788	
Other financing sources	<u>50,000</u>	<u>9,364</u>	<u>9,364</u>	
Total Other Financing Sources and Uses	<u>50,000</u>	<u>115,152</u>	<u>115,152</u>	<u>0</u>
Net Change in Fund Balance	(56,261)	1,434,226	1,434,226	
Fund Balances - Beginning	<u>1,900,000</u>	<u>2,348,087</u>	<u>2,348,087</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,843,739</u>	<u>3,782,313</u>	<u>3,782,313</u>	<u>0</u>

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

LAMAR COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 2021 Rescue Plan (COVID-19) Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 6,151,817	6,151,818	6,151,818	
Interest income		22,583	22,583	
Miscellaneous revenues		45,213	45,213	
Total Revenues	<u>6,151,817</u>	<u>6,219,614</u>	<u>6,219,614</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	6,151,817	2,070,424	2,070,424	
Total Expenditures	<u>6,151,817</u>	<u>2,070,424</u>	<u>2,070,424</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>4,149,190</u>	<u>4,149,190</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out		(7,438,046)	(7,438,046)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(7,438,046)</u>	<u>(7,438,046)</u>	<u>0</u>
Net Change in Fund Balance	0	(3,288,856)	(3,288,856)	
Fund Balances - Beginning	<u>6,151,817</u>	<u>6,152,549</u>	<u>6,152,549</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 6,151,817</u>	<u>2,863,693</u>	<u>2,863,693</u>	<u>0</u>

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

LAMAR COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.229127%	0.220011%	0.215679%	0.213060%	0.210301%	0.199243%	0.189217%	0.181041%
County's proportionate share of the net pension liability (asset)	\$ 47,162,675	32,518,587	41,752,948	37,481,458	34,979,304	33,113,801	33,938,744	27,824,450
Covered payroll	\$ 15,773,713	14,628,479	14,362,175	13,876,017	13,427,812	12,781,504	12,104,686	11,310,419
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	299.00%	222.30%	290.71%	270.12%	260.50%	259.08%	280.38%	246.01%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

LAMAR COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,678,755	2,562,085	2,500,159	2,277,576	2,137,169	2,043,783	2,007,885	1,810,441
Contributions in relation to the contractually required contribution	<u>2,678,755</u>	<u>2,562,085</u>	<u>2,500,159</u>	<u>2,277,576</u>	<u>2,137,169</u>	<u>2,043,783</u>	<u>2,007,885</u>	<u>1,810,441</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 15,395,148	14,724,626	14,368,730	14,057,525	13,569,315	12,976,389	12,748,476	11,494,865
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.20%	15.75%	15.75%	15.75%	15.75%

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

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

LAMAR COUNTY

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LAMAR COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>		
	<u>General</u> <u>Fund</u>	<u>Countywide Road</u> <u>Maintenance</u> <u>Fund</u>	<u>2021 Rescue</u> <u>Plan (COVID-19)</u> <u>Fund</u>
Budget (Cash Basis)	\$ 444,244	1,434,226	(3,288,856)
Increase (Decrease)			
Net adjustments for revenue accruals	(1,053,198)	(47,126)	(280,233)
Net adjustments for expenditure accruals	<u>951,356</u>	<u>(91,431)</u>	
GAAP Basis	<u>\$ 342,402</u>	<u>1,295,669</u>	<u>(3,569,089)</u>

LAMAR COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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%.

LAMAR COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

LAMAR COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

LAMAR COUNTY

SUPPLEMENTARY INFORMATION

LAMAR COUNTY

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LAMAR COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistanc Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice - Office of Justice Programs/ Coronavirus emergency supplemental funding program (Direct Award)	16.034	2020-VD-BX-0490	\$ <u>9,995</u>
U.S. Department of Justice - Office on Violence Against Women Passed-through the Mississippi Department of Health Violence against women formula grants	16.588	SG-1230-3	<u>110,601</u>
U.S. Department of Justice - Office of Community Oriented Policing Services Public safety partnership and community policing grants (Direct Award)	16.710	2020UMMWX0431	<u>16,652</u>
U.S. Department of Justice - Office of Justice Programs/ Comprehensive opioid stimulant and substance abuse program (Direct Award)	16.838	2020-AR-BX-0143	<u>74,821</u>
U.S. Department of Justice - Office of Criminal Division Equitable sharing program (Direct Award)	16.922	N/A	<u>487,631</u>
Total U.S. Department of Justice			<u>699,700</u>
U.S. Department of Transportation Passed-through the Mississippi Department of Public Safety Highway safety cluster:			
State and community highway safety	20.600	OP-2022-OP-13-71	<u>6,320</u>
Total highway safety cluster			<u>6,320</u>
Alcohol open container requirements	20.607	154AL-2022-ST-13-71	<u>46,430</u>
Total U.S. Department of Transportation			<u>52,750</u>
U.S. Department of the Treasury Passed-through the Mississippi Emergency Management Agency Coronavirus relief fund	21.019	N/A	<u>14,915</u>
Coronavirus state and local fiscal recovery funds (Direct Award) *	21.027	N/A	<u>12,023,403</u>
Total U.S. Department of the Treasury			<u>12,038,318</u>
Executive Office of the President Passed-through the Mississippi Department of Public Safety - Bureau of Narcotics High intensity drug trafficking areas program	95.001	G20-GC0003A	43,291
Total Executive Office of the President			<u>43,291</u>

LAMAR COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistanc Listing 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-2022-EP-00007-S01	<u>49,818</u>
Passed-through the Mississippi Department of Public Safety Homeland security grant program	97.067	A19HS037T	54,000
Homeland security grant program	97.067	20LE037R	21,300
Homeland security grant program	97.067	21HS037T	5,641
Subtotal			<u>80,941</u>
U.S. Department of Homeland Security Staffing for adequate fire and emergency response (SAFER) (Direct Award)	97.083	EMW-2017-FF-00130	75,000
Staffing for adequate fire and emergency response (SAFER) (Direct Award)	97.083	EMW-2017-FH-00552	181,651
Staffing for adequate fire and emergency response (SAFER) (Direct Award)	97.083	EMW-2017-FH-00145	39,237
Subtotal			<u>295,888</u>
Total U.S. Department of Homeland Security			<u>426,647</u>
Total Expenditures of Federal Awards			<u>\$ 13,260,706</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 Lamar County under programs of the federal government for the year ended September 30, 2022. 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 Lamar County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lamar 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 credit made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

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

* Denotes major federal award program

LAMAR COUNTY
 Reconciliation of Operating Costs of Solid Waste
 For the Year Ended September 30, 2022

Operating Expenditures, Cash Basis:

Salaries	\$	1,021,600
Expendable Commodities:		
Gasoline and petroleum products		170,435
Repair parts		49,130
Uniforms		5,652
Maintenance		103,220
Solid waste disposal fee		674,844
Telephone and utilities		5,807
Supplies (includes equipment under the capitalization thresholds)		<u>33,567</u>
Solid Waste Cash Basis Operating Expenditures		2,064,255
Full Cost Expenses:		
Indirect administrative costs		10,132
Depreciation on equipment		320,687
Net effect of other accrued expenses		<u>453</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>2,395,527</u></u>

LAMAR COUNTY

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LAMAR COUNTY

OTHER INFORMATION

LAMAR COUNTY

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LAMAR COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2022
UNAUDITED

Name	Position	Company	Bond
Steve Lampton	Supervisor District 1	Ohio Casualty Insurance Company	\$100,000
Warren Byrd	Supervisor District 2	Ohio Casualty Insurance Company	\$100,000
Terry Bass	Supervisor District 3	Ohio Casualty Insurance Company	\$100,000
Mitchell Steven Brent	Supervisor District 4	Ohio Casualty Insurance Company	\$100,000
Dale Lucus	Supervisor District 5	Ohio Casualty Insurance Company	\$100,000
Joseph Waits	County Administrator	Ohio Casualty Insurance Company	\$100,000
James Dennis Aultman	Chancery Clerk	Ohio Casualty Insurance Company	\$100,000
Jordan Dement	Purchase Clerk	Ohio Casualty Insurance Company	\$100,000
Shannon Ladner	Assistant Purchase Clerk	Ohio Casualty Insurance Company	\$50,000
Lena Annette Clark	Receiving Clerk	Ohio Casualty Insurance Company	\$75,000
Mindy Lynn Bennett	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Robert Rawls	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Jeffrey Clinton	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Tara Coggins	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Curtis Jefferson	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Myron Dean Smith	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Pamela Sellers	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Robin Duncan	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Sonya Ann Broome	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Regina Breazeale	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Ryan Pigott	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Laura Love	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
James J. Molsbee	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Chance Warner Reid	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Windy Robinson	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Angela Guy	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Melissa Ann King	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Christina Diane Russell	Assistant Receiving Clerk	Ohio Casualty Insurance Company	\$50,000
Robert Byrd	Inventory Control Clerk	Ohio Casualty Insurance Company	\$75,000
Tommy Wayne Jones	Road Manager	Ohio Casualty Insurance Company	\$50,000
Emmette Coker	Constable	Ohio Casualty Insurance Company	\$50,000
Leighton Chance Curry	Constable	Ohio Casualty Insurance Company	\$50,000
Joseph D. Walker	Constable	Ohio Casualty Insurance Company	\$50,000
Martin Hankins	Circuit Clerk	Ohio Casualty Insurance Company	\$100,000
Terry Davis	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Pamela Sellers	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Melissa Moore	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Rita Hartfield	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Lacey Hill	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Laura Love	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Lauren Bailee Pigott	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Bethany Joy Martin	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000
Stephanie Lawler	Deputy Circuit Clerk	Ohio Casualty Insurance Company	\$50,000

LAMAR COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2022
UNAUDITED

Name	Position	Company	Bond
Daniel H. Rigel	Sheriff	Ohio Casualty Insurance Company	\$100,000
William Everett Anderson	Justice Court Judge	Ohio Casualty Insurance Company	\$100,000
Denton Plumlee	Justice Court Judge	Ohio Casualty Insurance Company	\$100,000
Charles Greer	Justice Court Judge	Ohio Casualty Insurance Company	\$100,000
Sandra Owen Barrett	Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Sabrina Stuart	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Theresa A. Armstrong	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Jane Hemby	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Tracy Nobles Finch	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Sheila Rose Dearman	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Winnerford Melonie Smith	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Mary Ann Hollingsworth	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Roland Arnold	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
James Perry	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Jason Alexander	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Christopher Dean Stephens	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
William Brett McRaney	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Richard Brian Patterson	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Lindsay Caffey	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Janis Williams	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Shauna Harvey	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Melissa Tish Johns	Deputy Justice Court Clerk	Ohio Casualty Insurance Company	\$50,000
Jack Smith	Tax Assessor-Collector	Ohio Casualty Insurance Company	\$100,000
Neta Williamson	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
JoAnna Marie Bryant	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Linda Nicole Gipson	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Melissa Lynn Davis	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Darian V. Robinson	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Debbie Sistrunk	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Cheryl Renee Faggard	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Michelle Cameron	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Lenora Aretta Stover-Breland	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Shelly C. Simmons	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Regina P Breazeale	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Kimberly Madison Keith	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Kayla Nicole Ford	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Brandi Myrick	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Michelle Diane Cameron	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Shelly C. Simmons	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Allison Novak	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000
Lacrecia Travis	Deputy Tax Collector	Ohio Casualty Insurance Company	\$50,000

LAMAR COUNTY

SPECIAL REPORTS

LAMAR 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
Lamar 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamar County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 14, 2024. 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 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lamar County, Mississippi's internal control over financial reporting (internal control) as a basis for designing 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 Lamar 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lamar 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lamar County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lamar County, Mississippi's response to the finding identified in our audit and described in the accompanying Auditee's Corrective Action Plan. Lamar County, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 14, 2024



**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
Lamar County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Lamar County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Lamar County, Mississippi's major federal program for the year ended September 30, 2022. Lamar 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.

In our opinion, Lamar County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lamar County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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JOE E. MCKNIGHT CPA
Director, County Audit Section

February 14, 2024

LAMAR COUNTY

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**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, MISSISSIPPI CODE OF 1972 ANNOTATED)**

Members of the Board of Supervisors
Lamar County, Mississippi

We have examined Lamar County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2022. The Board of Supervisors of Lamar 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 Lamar County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

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

This report is intended for use in evaluating Lamar 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.

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 14, 2024

LAMAR COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2022

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
12/6/2021	Live Scan Fingerprint Scanner	\$ 21,300	IDEMIA	\$ 19,819	Equipment was compatible with existing system used by the jail.

LAMAR COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2022

Schedule 2

Our tests did not identify any emergency purchases.

LAMAR COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2022

Schedule 3

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

LAMAR COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Lamar County, Mississippi

In planning and performing our audit of the financial statements of Lamar County, Mississippi for the year ended September 30, 2022, we considered Lamar 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 Lamar 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 February 14, 2024, on the financial statements of Lamar County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 14, 2024

LAMAR COUNTY

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LAMAR COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAMAR COUNTY

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LAMAR COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

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
Countywide Road Maintenance Fund	Unmodified
2021 Rescue Plan (COVID-19) 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 finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major federal programs:
 - a. ALN 21.027, Coronavirus state and local fiscal recovery funds (Direct Award)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? No

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

LAMAR COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2022-001. Liability for postemployment benefits not recorded and note disclosures for postemployment benefits not reported.

Repeat Finding Yes

Criteria Lamar County purchases health insurance coverage from a commercial insurance company and offers health insurance 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 health care plan. GASB Statement No. 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition The County does not issue a publicly available financial report for its health insurance plan. Also, as reported in the prior thirteen years' audit reports, the County has not recorded a liability for other postemployment 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.

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 disclosure can be made in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Official(s) See Auditee's Corrective Action Plan

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.

LAMAR COUNTY

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

LAMAR COUNTY

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Mailing Address: 407 Paran St. / Puro, MS 39475
Physical Address: 408 Main St. / Puro, MS 39475
Phone: 601-794-8504 Fax: 601-794-1049
Website: www.lamarcountymiss.gov

Steve Lempkin * District 1
Warren Byrd * District 2
Jerry Bass * District 3
Mitch Brent * District 4
Dale Lucas * District 5

CORRECTIVE ACTION PLAN

October 18, 2023

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentlemen:

Lamar County respectfully submits the following corrective action plan for the year ended September 30, 2022.

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Section 2: FINANCIAL STATEMENT FINDINGS

2022-001. Corrective action planned: This Board of Supervisors does not feel that the cost associated with providing financial data associated with its retirement benefits outweigh the efforts of accepting a qualified opinion.

Anticipated completion date: Unknown

Name of contact person responsible for corrective action: Jason Cuevas, County Comptroller

Sincerely yours,



President, Board of Supervisors



Mailing Address : 402 Pecan St./ Purvis, MS 39475
Physical Address: 403 Main St./ Purvis, MS 39475
Phone : 601-794-8504 Fax: 601-794-1049
Website: www.lamarcountymiss.gov

Steve Lampton • District 1
Warren Byrd • District 2
Terry Bass + District 3
Mitch Brent • District 4
Dale Lucus • District 5

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Mr. Shad White
Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Dear Auditor White,

The Lamar County Board of Supervisors respectfully submits the following summary schedule of prior audit findings.

The finding from the Schedule of Findings and Responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

2009-002. Liability for postemployment benefits not recorded and note disclosures for post-employment benefits not reported.

NOT CORRECTED

The Board of Supervisors does not feel that the cost associated with providing financial data associated with its retirement benefits outweigh the efforts of accepting a qualified opinion.

Sincerely,



President, Board of Supervisors