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RANKIN COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

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INDEPENDENT AUDITORS' REPORT

June 29, 2018

Members of the Board of Supervisors
Rankin County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Rankin County, Mississippi, as of September 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on 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 be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net assets and charge the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

Unmodified Opinions

In our opinion, except for the effects of the matters discussed in the preceding sections, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants

Omission of Required Supplementary Information

Rankin County, Mississippi, has omitted the Schedule of Funding Progress – Other Postemployment Benefits that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of Rankin County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rankin County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rankin County, Mississippi's internal control over financial reporting and compliance.

Herzog CPA Company, PLLC
Herzog CPA Company, PLLC

**RANKIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

INTRODUCTION

The discussion and analysis of Rankin County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2017. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

Rankin County is located in Central Mississippi along Interstate I-20. The population, according to the 2010 census, is 141,617. The local economic base is driven by retail, industrial, and service.

FINANCIAL HIGHLIGHTS

Rankin County remains financially stable. The County, through the Board of Supervisors and County Administrator's Office continues to excel in fiscal management by employing sound financial planning, disciplined budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

There was an increase in expenses of \$2,930,753 from the prior year.

Total net position decreased \$947,591 of which \$4,662,306 was a prior period adjustment. This represents a 1% decrease from the prior fiscal year.

The County had \$68,808,971 in total governmental activities revenue, which represents an increase of \$2,405,793 or 4% increase from the prior year. Property tax revenues account for \$44,462,903 or 65% of total revenues. Revenues in the form of revenues for operating and capital grants and contributions accounted for \$2,736,991 or 4% of total revenues. Revenues in the form of charges for services accounted for \$12,709,833 or 18% of total revenues.

The County had \$74,399,825 in total expenditures, which represents an increase of \$11,097,486 or 17% increase from the prior fiscal year.

Among major funds, the General Fund had \$36,930,783 in revenues and \$36,291,011 in expenditures. The General Fund's fund balance increased \$1,558,985 over the prior year.

Capital assets, net of accumulated depreciation, decreased by \$885,616 over the prior year.

Long-term debt payments were \$6,508,085, for the fiscal year ended September 30, 2017. This was a total reduction in long-term debt of \$7,641,173.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

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

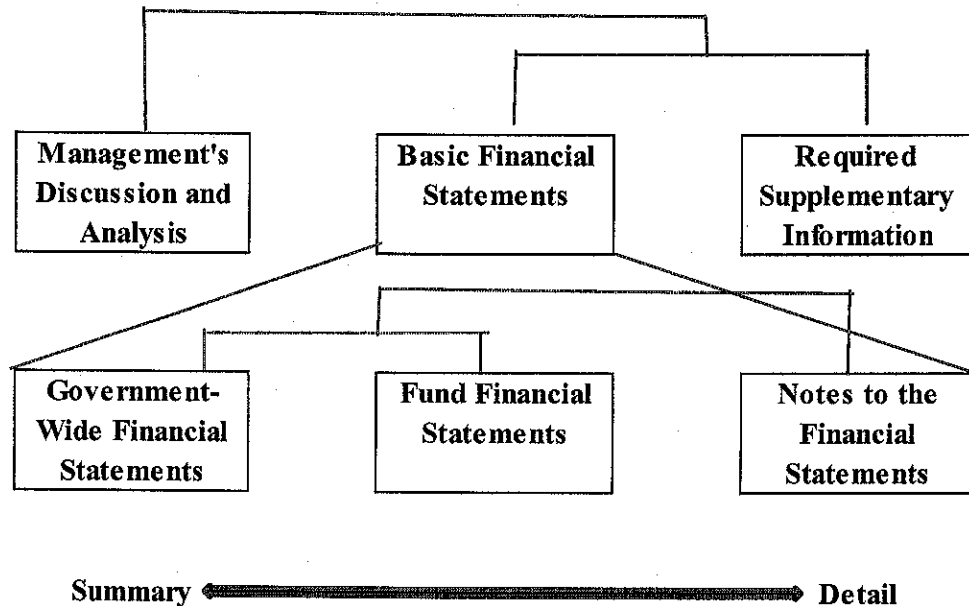


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

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

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All Activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital and short and long term	All assets, deferred outflows, liabilities, and deferred inflows both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; interest on long-term debt; and other debt service costs.

These component units are not included in our basic financial statements:

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

The Government-wide Financial Statements can be found on pages 18 and 19 of this report.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenues, debt service, and capital project funds.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on page 22 and 24, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 20-21 and 23 of this report.

Proprietary Funds are used to account for the activities of the self-insurance internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 28 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are not included in this report; however, we expect them to be included in the Audit Report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 53 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net position may serve over time as a useful indicator of government's financial position. In the case of Rankin County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$150,555,338 as of September 30, 2017, of which \$150,555,338 was governmental activities and none was business-type activities.

The largest portion of the County's assets, 55% reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease, and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position at September 30, 2017, as compared to September 30, 2016.

	Governmental Activities	
	2017	2016
Current Assets	\$ 143,932,549	\$ 117,143,211
Non-Current Assets	179,869,481	180,755,097
Total Assets	<u>323,802,030</u>	<u>297,898,308</u>
Deferred Outflows of Resources	4,523,848	6,154,986
Total Assets and Deferred Outflows of Resources	<u>\$ 328,325,878</u>	<u>\$ 304,053,294</u>
Current Liabilities	\$ 7,614,717	\$ 7,339,941
Long-term Debt outstanding	73,830,142	51,196,908
Net Pension Liability	49,870,182	50,014,992
Total Liabilities	<u>131,315,041</u>	<u>108,551,841</u>
Deferred Inflows of Resources	<u>46,455,499</u>	<u>43,998,524</u>
Net Position:		
Net Investment in Capital Assets	107,148,462	131,538,316
Restricted	67,770,538	35,022,169
Unrestricted	<u>(24,363,662)</u>	<u>(15,057,556)</u>
Total Net Position	<u>150,555,338</u>	<u>151,502,929</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 328,325,878</u>	<u>\$ 304,053,294</u>

Changes in Net Position - Rankin County's total revenues for the fiscal year ended September 30, 2017 were \$68,808,971. The total cost for all services provided was \$65,094,256. The increase in net position was \$3,714,715. The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2017, as compared to fiscal year September 30, 2016.

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 12,709,833	\$ 12,200,046
Operating Grants and Revenues	2,736,991	1,135,692
Capital Grants and Contributions	-	49,327
General Revenues:		
Property Taxes	44,462,903	42,866,960
Road and Bridge Privilege Taxes	2,127,073	2,107,258
Unrestricted Grants	4,264,801	6,492,374
Other Revenue	2,507,370	1,551,521
Total Revenues	68,808,971	66,403,178
Expenses:		
General Government	14,248,395	17,955,504
Public Safety	20,601,595	20,913,216
Public Works	19,031,300	18,542,861
Health and Welfare	1,268,896	1,267,142
Culture and Recreation	40,700	42,688
Conservation of Natural Resources	425,019	379,727
Economic Development	346,244	1,380,358
Interest on Long-Term Debt	1,911,532	1,665,807
Other Debt Service Costs	840,196	-
Pension Expense	6,380,379	16,200
Total Expenses	65,094,256	62,163,503
Prior period adjustment	(4,662,306)	64,253
Increase (Decrease) in Net Position	\$ (947,591)	\$ 4,303,928

Governmental Activities - The following table presents the cost of nine major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development, Interest on Long-term Debt, and Other Debt Service Costs.

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

	2017		2016	
	Total Costs	Net Costs	Total Costs	Net Costs
General Government	\$ 14,248,395	\$ (11,346,527)	\$ 17,955,504	\$ (15,407,190)
Public Safety	20,601,595	(14,622,267)	20,913,216	(15,213,840)
Public Works	19,031,300	(12,764,046)	18,542,861	(13,782,139)
Health and Welfare	1,268,896	(970,522)	1,267,142	(890,489)
Culture and Recreation	40,700	(40,700)	42,688	(42,688)
Conservation of Natural Resources	425,019	(425,019)	379,727	(379,727)
Economic Development and Assistance	346,244	(346,244)	1,380,358	(1,380,358)
Interest on Long-term Debt	1,911,532	(1,911,532)	1,665,807	(1,665,807)
Other Debt Service Costs	840,196	(840,196)	16,200	(16,200)
Pension Expense	6,380,379	(6,380,379)	-	-
Total	\$ 65,094,256	\$ (49,647,432)	\$ 62,163,503	\$ (48,778,438)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds - At the close of the fiscal year, Rankin County's governmental funds reported a combined fund balance of \$89,251,920, an increase of \$23,833,667. The primary reasons for this increase are highlighted in the analysis of governmental activities.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$1,558,985.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Rankin County revised its annual operating budget on several occasions. At the end of the fiscal year, Rankin County amended its budget to reflect actual revenues received and expenditures made.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2017, Rankin County's net capital assets were \$179,869,481. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, and leased property under capital leases.

Total accumulated depreciation as of September 30, 2017 was \$201,533,749, including \$6,266,583 of depreciation expense for the year. The balance of net investment in capital assets was \$107,148,462 at year-end.

Additional information on Rankin County's capital assets can be found in Note 6 on Page 39 of this report.

Debt Administration - At September 30, 2017, Rankin County had \$73,830,142 in long-term debt outstanding. This includes general obligation bonds, other loans, compensated absences and obligations under capital leases. Of this debt, \$7,043,105 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of 190 million dollars.

LONG-TERM DEBT ANALYSIS

Additional information on Rankin County's long-term debt can be found in Note 11 on pages 43-44 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional information, please contact the Rankin County Administrator's office at 211 East Government St., Ste. A, Brandon, MS 39042.

FINANCIAL STATEMENTS

RANKIN COUNTY
Statement of Net Position
September 30, 2017

	<u>Exhibit 1</u>
	<u>Primary Government</u>
ASSETS	<u>Governmental Activities</u>
Cash	\$ 51,148,024
Investments	43,770,295
Accrued interest receivable	169,953
Property tax receivable	45,623,381
Accounts receivable, (net of allowance for uncollectibles of \$1,685,025)	489,297
Fines receivable, (net of allowance for uncollectibles of \$8,405,778)	1,490,681
Intergovernmental receivables	1,221,290
Other receivables	19,628
Capital assets, net	179,869,481
Total Assets	<u><u>323,802,030</u></u>
 Deferred Outflows of Resources	
Deferred outflows related to pension	4,523,848
Total Deferred Outflows of Resources	<u><u>4,523,848</u></u>
 Total Assets and Deferred Outflows of Resources	 <u><u>\$ 328,325,878</u></u>

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

RANKIN COUNTY
Statement of Net Position
September 30, 2017

	<u>Exhibit 1</u>
	<u>Primary Government</u>
LIABILITIES	<u>Governmental Activities</u>
Claims payable	\$ 1,439,668
Retainage payable	116,289
Claims and judgments payable	483,904
Intergovernmental payables	3,485,872
Accrued interest payable	654,915
Other accrued liabilities	317,622
Other payables-amounts held in custody	1,116,447
Long-term liabilities	
Due within one year:	
Capital related liabilities	7,043,105
Due in more than one year:	
Capital related liabilities	65,677,914
Non-capital liabilities	1,109,123
Net Pension Liability	49,870,182
Total Liabilities	<u>131,315,041</u>
Deferred Inflows of Resources	
Deferred inflows related to pension	832,118
Unearned revenue - property taxes	45,623,381
Total Deferred Inflows of Resources	<u>46,455,499</u>
NET POSITION	
Net investment in capital assets	107,148,462
Restricted:	
Expendable:	
Debt Service	2,377,056
Public Safety	5,327,311
Public Works	36,043,476
Capital projects	24,022,695
Unrestricted	(24,363,662)
Total Net Position	<u>150,555,338</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 328,325,878</u>

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

RANKIN COUNTY
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					<u>Primary Governmental Activities</u>
Primary government:					
Governmental activities					
General government	\$ (14,248,395)	\$ 2,901,868	\$ -	\$ -	\$ (11,346,527)
Public safety	(20,601,595)	4,979,383	999,945	-	(14,622,267)
Public works	(19,031,300)	4,828,582	1,438,672	-	(12,764,046)
Health and welfare	(1,268,896)	-	298,374	-	(970,522)
Culture and recreation	(40,700)	-	-	-	(40,700)
Conservation of natural resources	(425,019)	-	-	-	(425,019)
Economic development and assistance	(346,244)	-	-	-	(346,244)
Interest on long-term debt	(1,911,532)	-	-	-	(1,911,532)
Other debt service costs	(840,196)	-	-	-	(840,196)
Pension Expense	(6,380,379)	-	-	-	(6,380,379)
Total Governmental Activities	<u>\$ (65,094,256)</u>	<u>\$ 12,709,833</u>	<u>\$ 2,736,991</u>	<u>\$ -</u>	<u>\$ (49,647,432)</u>
General Revenues:					
Property taxes					\$ 44,462,903
Road & bridge privilege taxes					2,127,073
Grants and contributions not restricted to specific programs					4,264,801
Unrestricted investment income					669,339
Miscellaneous					1,838,031
Total General Revenues					<u>53,362,147</u>
Change in Net Position					<u>3,714,715</u>
Net Position - Beginning, as previously reported					151,502,929
Prior Period Adjustments					(4,662,306)
Net Position-Beginning, as restated					<u>146,840,623</u>
Net Position - End of the Year					<u>\$ 150,555,338</u>

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

RANKIN COUNTY
Balance Sheet- Governmental Funds
September 30, 2017

Major Funds		Exhibit 3					
General Fund	County Unit		Rankin County		Court House Facility 2017 Bond Fund	Other Governmental Funds	Total Governmental Funds
	Road Maintenance Fund	Bond & Interest Fund	Bond & Interest Fund				
ASSETS							
Cash	\$ 22,959,935	\$ 12,707,499	\$ 1,132,783	\$ 6,724,153	\$ 7,022,282	\$ 50,546,652	
Investments	6,951,488	7,539,419	487,200	16,820,889	11,971,299	43,770,295	
Accrued interest receivable	33,481	36,026	2,348	40,731	57,367	169,953	
Property tax receivable	25,911,000	8,007,750	6,886,210	-	4,818,421	45,623,381	
Accounts receivable, net of allowance for uncollectibles of \$1,685,025	-	-	-	-	489,297	489,297	
Fines receivable, net of allowance for uncollectibles of \$8,405,778	1,490,681	-	-	-	-	1,490,681	
Other receivable	19,628	-	-	-	-	19,628	
Intergovernmental receivables	1,221,290	-	-	-	-	1,221,290	
Due from other funds	-	249,120	203,204	-	113,929	566,253	
Total Assets	\$ 58,587,503	\$ 28,539,814	\$ 8,711,745	\$ 23,585,773	\$ 24,472,595	\$ 143,897,430	

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

RANKIN COUNTY
Balance Sheet- Governmental Funds
September 30, 2017

Exhibit 3

Page 2

Major Funds							Page 2
	General Fund	County Unit Road Maintenance Fund	Rankin County Bond & Interest Fund	Courthouse Facility 2017 Bond Fund	Other Governmental Funds	Total Governmental Funds	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Claims Payable	\$ 662,264	\$ 384,556	\$ -	\$ -	\$ 392,848	\$ 1,439,668	
Retainage Payable	-	-	-	116,289	-	116,289	
Amounts held in custody	1,116,447	-	-	-	-	1,116,447	
Intergovernmental payables	3,485,872	-	-	-	-	3,485,872	
Due to other funds	883,875	-	-	-	-	883,875	
Total Liabilities	6,148,458	384,556	-	116,289	392,848	7,042,151	
Deferred Inflows of Resources:							
Property tax for future reporting period	25,911,000	8,007,750	6,886,210	-	4,818,421	45,623,381	
Unavailable revenue-fines	1,490,681	-	-	-	-	1,490,681	
Unavailable revenue-solid waste	-	-	-	-	489,297	489,297	
Total Deferred Inflows of Resources	27,401,681	8,007,750	6,886,210	-	5,307,718	47,603,359	
Fund Balances:							
Restricted for Debt Service	-	-	1,825,535	-	551,521	2,377,056	
Assigned to:							
General Government	-	-	-	-	2,030,824	2,030,824	
Public Safety	-	-	-	-	4,412,530	4,412,530	
Public Works	-	20,147,508	-	-	11,223,943	31,371,451	
Capital projects funds	-	-	-	23,469,484	553,211	24,022,695	
Unassigned	25,037,364	-	-	-	-	25,037,364	
Total Fund Balances	25,037,364	20,147,508	1,825,535	23,469,484	18,772,029	89,251,920	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 58,587,503	\$ 28,539,814	\$ 8,711,745	\$ 23,585,773	\$ 24,472,595	\$ 143,897,430	

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

RANKIN COUNTY
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2017

Exhibit 3-1

Amount

Total Fund Balances - Governmental Funds	\$ 89,251,920
Amounts reported for governmental activities in the Statement of Net Position are different because:	
1. 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 \$201,533,749.	179,869,481
2. Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,979,978
3. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(73,830,142)
4. Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.	117,468
5. Accrued Interest Payable	(654,915)
6. Deferred Outflows related to pension liability are applicable to future periods, and therefore are not reported in the funds.	4,523,848
7. Deferred Inflows related to pension liability are applicable to future periods, and therefore are not reported in the funds.	(832,118)
8. Net pension obligations are not due and payable in the current period and, therefore are not reported in the funds.	(49,870,182)
Total Net Position - Governmental Activities	<u>\$ 150,555,338</u>

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

RANKIN COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Funds				Exhibit 4	
	General Fund	County Unit Road Maintenance Fund	Bond & Interest Fund	Courthouse Facility Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 25,230,793	\$ 7,938,830	\$ 6,749,367	\$ -	\$ 4,543,913	\$ 44,462,903
Road and bridge privilege taxes	-	2,127,073	-	-	-	2,127,073
Licenses, commissions and other revenue	2,897,459	2,345	1,406	-	607	2,901,817
Fines and forfeitures	1,498,960	-	-	-	1,267	1,500,227
Intergovernmental revenues	4,596,724	1,465,543	-	-	939,525	7,001,792
Charges for services	1,235,362	-	-	-	6,536,164	7,771,526
Interest income	272,827	132,832	8,242	44,383	211,055	669,339
Miscellaneous revenues	1,198,658	158,857	-	-	174,255	1,531,770
Total Revenues	36,930,783	11,825,480	6,759,015	44,383	12,406,786	67,966,447
EXPENDITURES						
Current:						
General government	15,232,618	-	-	-	-	15,232,618
Public safety	18,971,972	-	-	-	2,275,313	21,247,285
Public works	-	13,932,516	-	-	9,503,637	23,436,153
Health and welfare	1,268,896	-	-	-	-	1,268,896
Culture and recreation	40,188	-	-	-	512	40,700
Conservation of natural resources	421,332	-	-	-	-	421,332
Economic development and assistance	347,004	-	-	-	-	347,004
Capital projects	-	-	-	2,943,363	-	2,943,363
Debt service:						
Principal	8,826	755,431	5,010,000	-	733,828	6,508,085
Interest	175	89,631	1,237,020	526,089	261,278	2,114,193
Other debt service costs	-	2,000	17,596	816,600	4,000	840,196
Total Expenditures	36,291,011	14,779,578	6,264,616	4,286,052	12,778,568	74,399,825
Excess of Revenues over (under) Expenditures	639,772	(2,954,098)	494,399	(4,241,669)	(371,782)	(6,433,378)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt	-	993,894	-	25,000,000	288,382	26,282,276
Proceeds from sale of assets	118,235	324,848	-	-	29,555	472,638
Transfers in	1,280,978	-	-	-	-	1,280,978
Transfers out	(480,000)	-	-	(1,280,978)	-	(1,760,978)
Premium from issuance of debt	-	-	-	3,992,131	-	3,992,131
Total Other Financing Sources and Uses	919,213	1,318,742	-	27,711,153	317,937	30,267,045
Net Changes in Fund Balances	1,558,985	(1,635,356)	494,399	23,469,484	(53,845)	23,833,667
Fund Balance - Beginning	23,478,379	21,782,864	1,331,136	-	18,825,874	65,418,253
Fund Balances - Ending	\$ 25,037,364	\$ 20,147,508	\$ 1,825,535	\$ 23,469,484	\$ 18,772,029	\$ 89,251,920

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

RANKIN COUNTY
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

Exhibit 4-1
Amount
\$ 23,833,667

Net changes in fund balances - governmental funds

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of 10,214,134 exceeded depreciation of \$6,266,583 in the current period.	3,947,551
2. 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 \$301,777 and the proceeds from the sale and compensation of assets of \$472,638 in the current period.	(170,861)
3. 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.	269,091
4. Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	267,172
5. In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the principal collections on the capital leases.	(31,000)
6. Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$26,282,276 and bond issuance premiums of \$3,992,131 exceeded debt repayments of \$6,508,085.	(23,766,322)
7. 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 item:	
The amount of decrease in compensated absences	871,004
The amount of increase in accrued interest payable	(59,423)
The amortization of:	
Premiums on refunding bonds	276,029
Discount on refunding bonds	(13,945)
8. Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the government funds. These activities include:	
Recording of pension expense for the current period.	(6,380,379)
Recording of contributions made subject to the measurement date.	704,621
Recording of reduction in pension expense for amounts included in net pension liability.	3,452,026
9. An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue is reported within governmental activities.	515,484
Change in Net Position of Governmental Activities	<u>\$ 3,714,715</u>

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

RANKIN COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2017

Exhibit 5

Governmental Activities

	Internal Service Fund
	<u> </u>
ASSETS	
Cash	\$ 601,372
Total Assets	<u><u>\$ 601,372</u></u>
LIABILITIES	
Claims and judgments payable	<u> 483,904</u>
Total Liabilities	<u><u> 483,904</u></u>
NET POSITION	
Restricted for health insurance	<u> 117,468</u>
Total Net Position	<u><u>\$ 117,468</u></u>

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

RANKIN COUNTY
Statement of Revenues, Expenses, and Changes in Fund Net Position-
Proprietary Fund
For the Year Ended September 30, 2017

	<u>Exhibit 6</u>
	<u>Governmental Activities</u>
	Self-Insurance
	Internal Service
	<u>Fund</u>
Operating Revenues	
Premiums	\$ 6,043,542
Total Operating Revenues	<u>6,043,542</u>
Operating Expenses	
Claims payments	6,008,630
Total Operating Expenses	<u>6,008,630</u>
Operating Income	<u>34,912</u>
Nonoperating Revenue	
Interest income	572
Net Nonoperating Revenue	<u>572</u>
Net Income Before Capital Contributions, Special and Extraordinary Items and Transfers	35,484
Capital Contributions	
Transfers In	480,000
Total Capital Contributions	<u>480,000</u>
Changes in Net Position	515,484
Net Position - Beginning	<u>(398,016)</u>
Net Position Ending	<u>\$ 117,468</u>

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

RANKIN COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2017

Exhibit 7

	<u>Governmental Activities</u>
	Self-Insurance
	Internal Service
	<u>Fund</u>
Cash Flows From Operating Activities	
Receipts for premiums	\$ 6,043,542
Payments for claims	(6,032,154)
Net Cash Provided by Operating Activities	<u>11,388</u>
Cash Flows From Noncapital Financing Activities	
Operating transfers in	480,000
Net Cash Provided by Noncapital Financing Activities	<u>480,000</u>
Cash Flows From Investing Activities	
Interest and dividends on investments	572
Net Cash Provided by Investing Activities	<u>572</u>
Net Increase in Cash and Cash Equivalents	491,960
Cash and Cash Equivalents at Beginning of Year	109,412
Cash and Cash Equivalents at End of Year	<u>\$ 601,372</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 34,912
Changes in assets and liabilities:	
(Decrease) in claims and judgments liability	(23,524)
Total Adjustments	(23,524)
Net Cash Provided by Operating Activities	<u>\$ 11,388</u>

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

RANKIN COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 8

Agency
Funds

ASSETS

Cash	\$ 1,780,079
Due from other funds	<u>317,622</u>
Total Assets	<u><u>\$ 2,097,701</u></u>

LIABILITIES

Amounts held in custody for others	<u>2,097,701</u>
Total Liabilities	<u><u>\$ 2,097,701</u></u>

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

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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 Collector
- Tax Assessor
- 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 and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The Statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies-continued

B. Basis of Presentation-continued

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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting

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

The County's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies-continued

C. Measurement Focus and Basis of Accounting-continued

The County reports the following major Governmental Funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

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

Rankin County Bond and Interest Fund - These funds are used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest and related costs.

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies-continued

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements, and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the 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 costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost 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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies-continued

H. Capital Assets-continued

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

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

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

I. 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 might also include liabilities on lease-purchase agreements and other commitments.

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

J. 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 improvements of those assets.

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

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

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies-continued

J. Equity Classifications-continued

Fund Financial Statements:

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

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

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

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balances are created by the Board of Supervisors pursuant to authorization established by the policy adopted by the County.

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

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.

K. 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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies-continued

K. Property Tax Revenues-continued.

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.

L. 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.

M. Deferred Outflows 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has incurred deferred outflows that are related to pension reporting.

N. 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 in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absences liability payable only if the payable has matured, for example an employee resigns or retires.

O. Deferred Inflows of Resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows are directly related to pension reporting, property tax for a future reporting period, and unavailable revenue for fines.

P. 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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(2) Prior Period Adjustment

Significant adjustments were made to beginning net position as described below:

Statement of Activities:

Capital Assets adjustment	\$ (4,662,306)
	<u>\$ (4,662,306)</u>

(3) Deposits and Investments

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$52,928,103 and the bank balance was \$56,675,878. The collateral for public entities' deposit in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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. Deposits above FDIC coverage are collateralized by pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

Investment balances at September 30, 2017, are as follows:

Investment Type	Maturities	Fair Value	Rating
Mortgage backed security	Less than 1	\$ 2,101,379	Not rated
Collateralized mortgage obligations	Less than 1	12,024,177	Not rated
U.S. treasury bills	1 to 10	11,348,956	AA+ to AAA
U.S. government obligations	1 to 10	7,847,202	AAA
Municipal bonds	1 to 10	10,047,925	AA to AAA
Corporate bonds	1 to 10	400,656	AAA
Total		<u>43,770,295</u>	
Unrealized Gain		<u>(210,436)</u>	
Cost Basis		<u>\$ 43,559,859</u>	

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(3) Deposits and Investments-continued

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the County's \$43,770,295 investment in securities, none of the underlying securities were held by the investment's counterparty on behalf of the County, not in the name of the County.

Concentration of Credit Risk: The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in U. S. Government Obligations, U.S. Treasury Bills, Collateralized Mortgage Obligations and Mississippi Municipal Bonds. These investments are 94.29% of the County's total investments.

Investment Type	Fund	Fair Value	% of Total Investments
Collateralized mortgage obligations		\$ 12,024,177	27.47%
Municipal bonds	Various	10,047,925	22.96%
U.S. government obligations		7,847,202	17.93%
U.S. treasury bills		11,348,956	25.93%
Total		<u>\$ 41,268,260</u>	<u>94.29%</u>

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

County Road Fund	General Fund	\$ 249,120
Other Governmental Funds	General Fund	113,929
County Bond and Interest Fund	General Fund	203,204
Agency Funds	General Fund	317,622
Total		<u>\$ 883,875</u>

The receivables represent the tax revenue collected but not settled until October 2017. All interfund balances are expected to be repaid within one year from the date of the financial statements.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(4) Interfund Transactions and Balances-continued

B. Transfers In/Out

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Internal Service Fund	General Fund	\$ 480,000
General Fund	Courthouse Facility	
	2017 Bond Fund	<u>1,280,978</u>
	Total	<u>\$ 1,760,978</u>

The purpose of the transfers was to transfer funds to (1) the Solid Waste Fund, (2) the Capital Projects 2008 Bond Fund, (3) the Pelahatchie Bond Service Fund, and (4) the self-funded self insurance internal service fund to cover deficit balances in those funds.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2017, consisted of the following:

<u>Description</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
Legislative Tax Credit	\$1,181,880
Accounts Receivable - Federal Grants	<u>39,410</u>
Total Governmental Activities	<u>\$1,221,290</u>

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Prior Period Adjustments	Balance Sept. 30, 2017
Non-depreciable capital assets:						
Land	\$ 2,904,256	\$ 3,560	\$ -	\$ -	\$ -	\$ 2,907,816
Construction in process	-	4,019,731	-	-	-	4,019,731
Total non-depreciable capital assets	2,904,256	4,023,291	-	-	-	6,927,547
Depreciable capital assets:						
Infrastructure	252,150,285	2,955,825	-	-	(4,175,000)	250,931,110
Buildings	74,743,647	-	(36,579)	-	73,158	74,780,226
Improvements other than buildings	1,999,700	39,418	-	-	-	2,039,118
Mobile equipment	15,525,817	2,035,665	(921,324)	-	5,023	16,645,181
Furniture and equipment	10,489,041	598,615	(301,393)	-	26,851	10,813,114
Leased property under capital leases	18,530,613	561,320	-	-	175,001	19,266,934
Total depreciable capital assets	373,439,103	6,190,843	(1,259,296)	-	(3,894,967)	374,475,683
Less accumulated depreciation for:						
Infrastructure	(143,526,955)	(2,738,244)	-	-	-	(146,265,199)
Buildings	(27,436,882)	(1,248,118)	-	-	-	(28,685,000)
Improvements other than buildings	(1,307,271)	(25,993)	-	-	-	(1,333,264)
Mobile equipment	(9,808,206)	(1,224,859)	816,973	-	(12,615)	(10,228,707)
Furniture and equipment	(9,007,254)	(321,763)	271,462	-	(56,333)	(9,113,888)
Leased property under capital leases	(4,501,694)	(707,606)	-	-	(698,391)	(5,907,691)
Total accumulated depreciation	(195,588,262)	(6,266,583)	1,088,435	-	(767,339)	(201,533,749)
Total depreciable capital assets, net	177,850,841	(75,740)	(170,861)	-	(4,662,306)	172,941,934
Governmental activities capital assets, net	\$ 180,755,097	\$ 3,947,551	\$ (170,861)	\$ -	\$ (4,662,306)	\$ 179,869,481

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(6) Capital Assets - continued

Governmental activities:

The prior period adjustment was to correct assets and accumulated depreciation in prior years.

Depreciation expense was charged to the following functions:

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 1,365,959
Public Safety	1,471,182
Public Works	3,418,745
Conservation of Natural Resources	3,687
Economic Development	7,010
Total Governmental Activities Depreciation Expense	<u>\$ 6,266,583</u>

(7) Claims and Judgments

Risk Financing.

The County had no year end liability for workers compensation because the County terminated their participation in the risk pool on December 31, 2007, and a commercial insurance company began providing coverage.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 2004, and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service fund) to account for and finance its uninsured risk of loss. The Rankin County Board of Supervisors has extended coverage to the employees of the following public entities:

- Region 8 Mental Health
- Rankin First
- Rankin County Human Resource Agency
- Cleary Water, Sewer, and Fire Protection District
- USDA Soil and Water Conservation, Rankin County District

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each participating public entity, including Rankin County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction.

Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for all participating entities, including Rankin County, to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$100,000, and the aggregate policy covers all submitted claims in excess of \$1,000,000.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(7) Claims and Judgments - continued

Claims expenditure and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2017, the amount of these liabilities was \$507,428. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Unpaid Claims and Changes in Estimate	Claim Payments	Adjustments	Balance at Fiscal Year End
2016-2017	\$ 507,428	\$ 5,985,106	\$ (6,008,630)	\$ -	\$ 483,904
2015-2016	\$ 637,132	\$ 5,576,893	\$ (5,706,597)	\$ -	\$ 507,428

(8) Operating Leases

As Lessor:

The County receives income from property it leases under a non-cancellable operating lease. Total income from the lease was \$140,000 for the year ended September 30, 2017. The future minimum lease receivable for the lease is as follows:

	Amount
Year Ending September 30:	
2018	\$ 140,000
2019	140,000
2020	140,000
2021	140,000
2022	140,000
2023-2027	700,000
Total	<u>\$ 1,400,000</u>

(9) Capital Leases

As Lessee:

The County is obligated for the following assets acquired through capital leases as of September 30, 2017:

Classes of Property	Governmental Activities
Leased Property under Capital Leases	\$ 19,266,934
Less: Accumulated depreciation	<u>(5,907,691)</u>
Leased Property under Capital Leases	<u>\$ 13,359,243</u>

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(9) Capital Leases - continued

The following is a schedule by years of the total payments due as of September 30, 2017:

	Government Activities	
	Principal	Interest
Year Ending September 30:		
2018	\$ 1,341,474	\$ 115,460
2019	1,074,022	91,413
2020	1,069,871	71,084
2021	530,754	52,203
2022	407,057	41,207
2023-2025	1,281,740	63,051
Total	<u>\$ 5,704,918</u>	<u>\$ 434,418</u>

(10) Other Postemployment Benefits.

The Rankin County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Miss. Code Ann. (1972). The County's health insurance plan may be amended by the Rankin County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan. 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 health care benefit reportable under GASB Statement 45 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. The County does not issue a publicly available financial report for the Plan.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(11) Long-term Debt

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds			
2009 GO Bond	\$ 11,950,000	3.5/3.875%	6/1/2022
2008 Special Obligation Bond	5,160,000	3.78%	12/1/2023
2005 Series 2005A	1,235,000	2.80/4.00%	7/1/2020
2012 Refunding	6,735,000	2.00%	9/1/2021
2013 Refunding	8,615,000	2.00/3.10%	12/1/2023
2017 GO Bond	25,000,000	3/5%	3/1/2032
Total General Obligation Bonds	<u>\$ 58,695,000</u>		
B. Limited Obligation Bonds			
Series 2014 A	\$ 890,000	3.30%	12/1/2029
Series 2014 B	2,865,000	4.50%	12/1/2029
Total Limited Obligation Bonds	<u>\$ 3,755,000</u>		
C. Capital Leases:			
911 Equipment	\$ 3,222,351	2.44%	3/4/2025
3 Case Backhoes	225,188	1.54%	7/20/2020
3 Case Backhoes	226,504	1.54%	8/1/2020
Copier	2,986	2.22%	1/1/2018
3 Mack Dump Trucks	217,542	1.77%	5/29/2018
3 Mack Dump Trucks	217,542	1.77%	5/29/2018
Case Wheel Loader	76,341	1.87%	4/6/2019
Case Wheel Loader	78,316	1.87%	4/6/2019
2 John Deere Motor Graders	231,318	1.83%	4/6/2019
3 2018 Mack Dump Trucks	412,770	1.91%	7/11/2020
3 2018 Mack Dump Trucks	275,180	1.91%	7/11/2020
Leeboy 85000 Asphalt Paver	125,186	2.11%	8/11/2020
Leeboy Rosco RA400	176,888	2.05%	4/17/2021
John Deere 6105E Tractors	216,806	1.88%	4/6/2021
Total Capital Leases	<u>\$ 5,704,918</u>		
D. Other Loans:			
Interlocal Agreement Pearl	\$ 16,631	4.46/5.32%	5/1/2018
Total Other Loans	<u>\$ 16,631</u>		

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(11) Long-term Debt-continued

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 5,465,000	\$ 2,548,075	\$ 220,000	\$ 153,675	\$ 16,631	\$ 885
2019	6,030,000	2,390,575	235,000	144,128	-	-
2020	6,170,000	2,251,575	240,000	134,160	-	-
2021	6,125,000	2,104,275	250,000	123,855	-	-
2022	4,650,000	1,871,437	265,000	113,017	-	-
2023-2027	17,355,000	5,158,244	1,490,000	385,485	-	-
2028-2030	12,900,000	1,622,500	1,055,000	68,347	-	-
	<u>\$ 58,695,000</u>	<u>\$ 17,946,681</u>	<u>\$ 3,755,000</u>	<u>\$ 1,122,667</u>	<u>\$ 16,631</u>	<u>\$ 885</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 county issues bonds are used to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 3.76% of the latest property assessments.

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 1,980,127	\$ -	\$ (871,004)	\$ 1,109,123	\$ -
General Obligation Bonds	39,155,000	25,000,000	(5,460,000)	58,695,000	5,465,000
Less:					
Discount amount on bonds	(58,890)	-	9,060	(49,830)	-
Discount amount on bonds	(29,717)	-	4,885	(24,832)	-
Add:					
Premium on bonds	598,491	-	(92,075)	506,416	-
Premium on bonds	309,539	-	(50,883)	258,656	-
Premium on bonds	-	3,992,131	(133,071)	3,859,060	-
Limited Obligation Bonds	3,970,000	-	(215,000)	3,755,000	220,000
Capital Leases	5,239,130	1,282,276	(816,488)	5,704,918	1,341,474
Other Loans	33,228	-	(16,597)	16,631	16,631
Total	<u>\$ 51,196,908</u>	<u>\$ 30,274,407</u>	<u>\$ (7,641,173)</u>	<u>\$ 73,830,142</u>	<u>\$ 7,043,105</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, the Road Maintenance Fund, the Bridge & Culvert Fund, and the Solid Waste Fund.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(12) Contingencies

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

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

As of September 30, 2017, the County had the following commitments:

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

On September 4, 2001, the Rankin County Board of Supervisors entered into an agreement with the City of Brandon to pledge to the city, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Ergon Properties Project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

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

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

On December 6, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the city for a partial payment of a loan to the County to be used to purchase land for a baseball stadium, site work and parking lot construction. The amount pledged is \$320,000 a year for twenty years.

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

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(13) Joint Venture

The County participates in the following joint venture:

Rankin County is a participant with Scott, Simpson and Smith Counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$1,726,000 in fiscal year 2017. Complete financial statements for the Central Mississippi Regional Library System can be obtained from 3470 Hwy 80 East, Pearl, MS 39208.

(14) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren, and Yazoo. The Rankin County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support in fiscal year 2017.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Warren, and Yazoo. The Rankin County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$25,326 for support of the district in fiscal year 2017.

East Central Community Action Agency, Inc. operates in a district composed of the Counties of Leake, Neshoba, Rankin, Scott, and Smith. The Rankin County Board of Supervisors appoints two of the 30 board members. The County provides a modest amount of support when matching funds are required for federal grants.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin, and Warren. The Rankin County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$2,740,063 for maintenance and \$854,189 for improvement of the college in fiscal year 2017.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin, and Simpson. The Rankin County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$337,000 for support of the commission in fiscal year 2017.

(15) Pension Plan Obligations

General Information about the Pension Plan

Plan Description. Rankin County, Mississippi, is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan as defined in GASB Statement Number 68, Accounting and Financial Reporting for Pensions. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees of the County. Code Section 25-11-15, Mississippi Code Ann. (1972) grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.pers.ms.gov.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(15) Pension Plan Obligations - continued

Benefits Provided. For the cost-sharing plan, 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 annual retirement allowance payable monthly for life in an amount equal to 2.00% 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 2.50% 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefits are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

A Cost of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.00% 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 3.00% compounded for each fiscal year thereafter.

Contributions. Per Chapter 11 of Title 25, Mississippi Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of the rates is assessed annually by actuarial valuation. For the year ended September 30, 2017, member employees were required to contribute 9.00 percent of their annual pay, while the County's required contribution rate was 15.75 percent of annual covered payroll. The County's employer contributions to PERS for the year ended September 30, 2017, 2016, and 2015 were \$3,015,265, \$2,877,734, and \$2,788,056 (employer share). The contributions for the year met the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2017, Rankin County reported a liability of \$49,870,182 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Rankin County's proportion of the net pension liability was based on employer contributions to PERS for the plan's fiscal year ended June 30, 2017, relative to the total employer contributions of participating employers to PERS. At June 30, 2017, the Rankin County's proportion was .30% which was .02% higher than its proportion measured as of June 30, 2016.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(15) Pension Plan Obligations – continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions – continued

For the year ended September 30, 2017, Rankin County, recognized pension expense of \$6,380,379. At September 30, 2017, Rankin County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 510,591	\$ 259,323
Net difference between projected and actual earnings on pension plan investments	-	512,237
Changes of Assumptions	789,908	60,558
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	2,518,728	-
Contributions subsequent to the measurement date	704,621	-
	<u>\$ 4,523,848</u>	<u>\$ 832,118</u>

At September 30, 2017, Rankin County reported \$704,621 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. 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>
2018	\$ 1,330,105
2019	1,330,105
2020	326,899
	<u>\$ 2,987,109</u>

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(15) Pension Plan Obligations – continued

Actuarial Assumptions

The total pension liability used in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	3.00%
Salary increases	3.75%-18.50%, average, including inflation
Investment rate of return	7.75%, net of position of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, set forward one year for males with adjustments.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016. The experience report is dated April 18, 2017.

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 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 Percentage	Long-term Expected Real Rate of Return
U. S. Broad	27.00 %	4.60 %
International equity	18.00	4.50
Emerging markets equity	4.00	4.75
Global	12.00	4.75
Fixed income	18.00	.75
Real estate	10.00	3.50
Private equity	8.00	5.10
Emerging debt	2.00	2.25
Cash	1.00	0.00
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate (9.00%) and that participating employer contributions will be made at the current employer contribution rate (15.75%). 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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(15) Pension Plan Obligations – continued

Sensitivity of the Rankin County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Rankin County's proportionate share of the net pension liability has been calculated using a discount rate of 7.75%. The following presents the Rankin County's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 65,408,073	\$ 49,870,182	\$ 36,970,356

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued comprehensive annual financial report which can be obtained at www.pers.ms.gov.

Payable to the Pension Plan. At September 30, 2017, Rankin County has no amounts payable for outstanding contributions to the pension plan required for the year ended September 30, 2017.

(16) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$(24,363,662) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$704,621 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, 2018. The \$3,819,227 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The \$832,118 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next three years.

(17) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Activities date require disclosure in the accompanying notes. Management of Rankin County evaluated the activity of the County through June 29, 2018, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

January 16, 2018 – approved Sheriff's Department purchase of three 2015 Ford Interceptors from an out of state agency.

February 5, 2018 – approved lease purchase of six 2018 Western star 4900 Tandem Dump Trucks from local bank.

February 28, 2018 – approved lease purchase of one Caterpillar 325FL CR Hydraulic Excavator from local bank.

March 5, 2018 – approved Sheriff's Department to purchase two 2015 Chevy Tahoes from an out of state agency.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(17) Subsequent Events - continued

April 16, 2018 – approved lease purchase of two Caterpillar 930M Wheel Loaders from a local bank.

June 18, 2018 – approved lease purchase of six new Caterpillar 430 F2 rubber tire backhoes with ditch cleanout buckets from local bank.

June 18, 2018 – approved lease purchase of six new 2019 Mack 6u 713 tandem dump trucks from local bank.

June 18, 2018 – approved resolution to enter into a lease purchase financing arrangement with a local corporation not to exceed \$1,250,000.

REQUIRED SUPPLEMENTARY INFORMATION

RANKIN COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis) General Fund-Unaudited
For Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 25,240,235	\$ 25,281,970	\$ 25,281,970	\$ -
Licenses, commissions and other revenue	2,673,300	2,844,147	2,844,147	-
Fines and forfeitures	1,185,000	1,454,262	1,454,262	-
Special assessments	20,000	22,500	22,500	-
Intergovernmental revenues	4,571,400	4,484,552	4,484,552	-
Charges for services	1,546,000	1,235,362	1,235,362	-
Interest income	260,000	336,683	336,683	-
Miscellaneous revenues	1,158,000	1,268,448	1,268,448	-
Total Revenues	36,653,935	36,927,924	36,927,924	-
EXPENDITURES				
General government	15,023,580	15,205,824	15,205,824	-
Public safety	19,098,744	18,938,180	18,938,180	-
Health and welfare	1,280,499	1,268,706	1,268,706	-
Culture and recreation	40,100	40,154	40,154	-
Conservation of natural resources	376,436	421,048	421,048	-
Economic development and assistance	60,326	60,141	60,141	-
Capital projects	750,000	286,863	286,863	-
Debt Service:				
Principal	-	8,826	8,826	-
Interest	-	175	175	-
Total Expenditures	36,629,685	36,229,917	36,229,917	-
Excess of Revenues over (under) Expenditures	24,250	698,007	698,007	-
OTHER FINANCING SOURCES (USES)				
Proceeds from compensation of assets	-	118,235	118,235	-
Transfers in	1,461,500	2,757,706	2,757,706	-
Transfers out	(1,730,000)	(1,956,728)	(1,956,728)	-
Total Other Financing Sources and (Uses)	(268,500)	919,213	919,213	-
Net Change in Fund Balance	(244,250)	1,617,220	1,617,220	-
Fund Balances - Beginning	14,141,564	21,922,380	17,189,676	(4,732,704)
Fund Balances - Ending	\$ 13,897,314	\$ 23,539,600	\$ 18,806,896	\$ (4,732,704)

The accompanying notes to the required supplementary information are an integral part of this schedule.

RANKIN COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis)
County Unit Road Maintenance Fund-Unaudited
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 7,755,000	\$ 7,947,930	\$ 7,947,930	\$ -
Licenses, Commissions, and other Revenue	2,000	2,077	2,077	-
Road and Bridge Privilege Taxes	2,100,000	2,127,073	2,127,073	-
Intergovernmental Revenues	1,360,000	1,465,543	1,465,543	-
Interest Income	196,000	137,930	137,930	-
Miscellaneous Revenues	12,000	120,319	120,319	-
Total Revenues	<u>11,425,000</u>	<u>11,800,872</u>	<u>11,800,872</u>	<u>-</u>
EXPENDITURES				
Public Works	12,992,245	12,671,357	12,671,357	-
Debt Service:				
Principal	1,082,755	756,027	756,027	-
Interest	-	91,035	91,035	-
Total Expenditures	<u>14,075,000</u>	<u>13,518,419</u>	<u>13,518,419</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,650,000)</u>	<u>(1,717,547)</u>	<u>(1,717,547)</u>	<u>-</u>
OTHER FINANCING SOURCES				
Transfers in	150,000	-	-	-
Proceeds from sale of assets	-	324,848	324,848	-
Other	-	113,523	113,523	-
Total Other Financing Sources	<u>150,000</u>	<u>438,371</u>	<u>438,371</u>	<u>-</u>
Net Change in Fund Balance	<u>(2,500,000)</u>	<u>(1,279,176)</u>	<u>(1,279,176)</u>	<u>-</u>
Fund Balances - Beginning	<u>3,246,524</u>	<u>20,920,155</u>	<u>21,081,488</u>	<u>161,333</u>
Fund Balances - Ending	<u>\$ 746,524</u>	<u>\$ 19,640,979</u>	<u>\$ 19,802,312</u>	<u>\$ 161,333</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

RANKIN COUNTY
Schedule of the County's Proportionate Share
of the Net Pension Liability
For the Years Ended September 30, 2017, 2016, 2015, and 2014

	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	.30%	.28%	.28%	0.28%
Employer's proportionate share of the net pension liability (asset)	\$ 49,870,182	\$ 50,014,992	\$ 43,282,478	\$ 33,986,873
Employer's covered payroll	\$ 19,144,540	\$ 18,271,327	\$ 17,701,963	\$ 17,283,758
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.49%	273.73%	244.50%	196.64%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

Information above is presented as of the measurement date of June 30 of the fiscal year presented.

Information is not currently available for prior years; additional years will be displayed as they become available.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

See the Notes to the Required Supplementary Information.

RANKIN COUNTY
Schedule of the County's Contributions
For the Years Ended September 30, 2017, 2016, 2015, and 2014

	2017	2016	2015	2014
Contractually required contribution	\$ 3,015,265	\$ 2,877,734	\$ 2,788,056	\$ 2,722,190
Contributions in relation to the contractually required	<u>(3,015,265)</u>	<u>(2,877,734)</u>	<u>(2,788,056)</u>	<u>(2,722,190)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 19,144,540	\$ 18,271,327	\$ 17,701,943	\$ 17,283,746
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

Information above is presented as of the Employer's fiscal year

Information is not currently available for prior years; additional years will be displayed as they become available.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

See the Notes to the Required Supplementary Information.

RANKIN COUNTY
Notes to the Required Supplementary Information-Unaudited
For the Year Ended September 30, 2017

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:

	Governmental Fund Type	
	County	
	Unit Road	
	General	Maintenance
	Fund	Fund
Budget (Cash Basis)	\$ 1,617,220	\$ (1,279,176)
Increase (Decrease):		
Net Adjustments for Revenue Accruals	573,144	28,376
Net Adjustments for Expenditure Accruals	(631,379)	(384,556)
GAAP Basis	\$ 1,558,985	\$ (1,635,356)

RANKIN COUNTY
Notes to the Required Supplementary Information-Unaudited
For the Year Ended September 30, 2017

d. Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of the County's Contributions.

Changes of Assumptions.

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

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

2015

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

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.

OTHER INFORMATION

RANKIN COUNTY
Schedule of Surety Bonds for County Officials - Unaudited
For the Year Ended September 30, 2017

<u>Name</u>	<u>Position</u>	<u>Bond Amount</u>
Jared Morrison	Supervisor	\$ 200,000
Jay Bishop	Supervisor	200,000
Robert Morrow	Supervisor	200,000
Daniel Cross	Supervisor	200,000
Stephen Gaines	Supervisor	200,000
Rebecca Boyd	Circuit Clerk	100,000
Judy Fortenberry	Tax Collector	100,000
John Sullivan	Tax Assessor	50,000
Larry Swales	Chancery Clerk	100,000
Laura Oster	Comptroller/County Administrator	100,000
Bryan Bailey	Sheriff	100,000
Barry Bean	Constable	50,000
Brad Patridge	Constable	50,000
Robert Hancock	Constable	50,000
Gary Windham	Constable	50,000
David Ruth	Coroner	25,000
Richard Redfern	Judge	50,000
Ken Fairly	Judge	50,000
John Shirley	Judge	50,000
Joshua McCrory	Judge	50,000
Jessica Floyd Massey	Justice Court Clerk	50,000
Mike Harrison	Road Manager	50,000
Bridgett Herring	Purchase Clerk	75,000
Katie Burkett	Asst. Purchase Clerk	50,000
Ann Bowman	Receiving Clerk	75,000
Mitsi Tigrett	Deputy Clerk	50,000
Jessica Flood	Deputy Clerk	100,000
Brittany Miller	Deputy Clerk	50,000
Philoniece Myers	Deputy Clerk	50,000
Amie Cain	Deputy Clerk	100,000
Lynn Means	Deputy Clerk	50,000
David L. Morrow	Deputy Clerk	50,000
Constance Johnson	Deputy Clerk	50,000
Shannon Ivy	Deputy Clerk	50,000
Whittney Myers	Deputy Clerk	50,000
Leslie Denham	Inventory Control Clerk	50,000
Rhonda Lockett	Clerk	50,000
Adam Collier	Clerk	50,000
Amber McCaughn	Clerk	50,000

SPECIAL REPORTS

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INDEPENDENT AUDITORS' 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*

June 29, 2018

Members of the Board of Supervisors
Rankin County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 29, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2017-001, 2017-002, and 2017-003 to be material weaknesses.

Compliance and Other Matters

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

Rankin County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Rankin County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, federal awarding agencies, and passes through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


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

June 29, 2018

Members of the Board of Supervisors
Rankin County, Mississippi

We have examined Rankin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Rankin County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Rankin County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Rankin County, Mississippi, 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.

Herzog CPA Company, PLLC

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RANKIN COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2017

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Purchase Not Made Lowest Bidder</u>
7/17/2017	Asphalt Paver	\$ 126,990	Mid-South Machinery	Did not need minimum specifications

RANKIN COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
1/23/2017	Repair drainage infrastructure	\$ 40,000	Bulldog Construction Company	Threat to public safety
1/23/2017	Repair drainage infrastructure	12,000	Ronny Williamson Construction	Threat to public safety
1/23/2017	Repair drainage infrastructure	200,000	Bodie's Construction Inc.	Threat to public safety
3/30/2017	Repair generator in jail	49,800	Taylor Power Systems	Threat to public safety
4/28/2017	Repair hot water heaters	22,200	J. L. Roberts	Threat to public safety
8/8/2017	Repair tower lights	25,440	Jackson Communications	Threat to public safety
8/16/2017	Repair microwave radio system	156,990	Jackson Communications	Threat to public safety
8/28/2017	Repair main breaker switch Justice Center	30,000	Elcon Electrical	Threat to public safety

RANKIN COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
12/6/2016	User Scanner Package	\$ 29,850	BIS
1/30/2017	Software	6,857	TCS Ware, Inc.
6/30/2017	Lucus Devices	30,965	Physio Control, Inc.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

June 29, 2018

Members of the Board of Supervisors
Rankin County, Mississippi

In planning and performing our audit of the financial statements of Rankin County, Mississippi for the year ended September 30, 2017, we considered Rankin County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Rankin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 29, 2018, on the financial statement of Rankin 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, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Herzog CPA Company, PLLC

Herzog CPA Company, PLLC

**RANKIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

RANKIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued on the primary government financial statements: | |
| | Governmental Activities | Qualified |
| | Aggregate Discretely Presented Component Units | Adverse |
| | General Fund | Unmodified |
| | County Unit Road Maintenance Fund | Unmodified |
| | Rankin County Bond & Interest Fund | Unmodified |
| | Courthouse Facility 2017 Bond Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. A significant deficiency identified that is not considered to be a material weakness? | None reported |
| 3. | Noncompliance material to the primary government financial statements? | No |

RANKIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section 2: Financial Statement Findings

Board of Supervisors.

2017-001. Finding - Board of Supervisors

Significant Deficiency - Material Weakness.

As reported in the prior year's audit report, generally accepted accounting principles require the financial data for the County's 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 financial statements do not include the financial data for all of the County's legally separate component units. Only three of the component units could provide audited financial statements for the period ended September 30, 2017. The other component units of the County do not have audits of their financial statements at year end. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units with financial data not included in this report.

Recommendation:

The Board of Supervisors should require that all of its component units provide the financial data for its discretely presented component units for the inclusion in the County's financial statements.

Board of Supervisor's Response:

It would be cost prohibitive to require these small component units to have an audited financial statement prepared.

2017-002. Finding - Board of Supervisors

Significant Deficiency - Material Weakness.

As reported in the prior years' audit report, the investments account was not properly recorded at September 30, 2017.

Recommendation:

The Board of Supervisors should establish adequate controls and procedures to ensure that the investment transactions are properly recorded in accordance with generally accepted accounting principles. The Board should have the investment firm prepare a monthly reconciliation of all transactions within the investment accounts. The County should then record all transactions included on the monthly reconciliation.

Board of Supervisor's Response:

The County has contacted the investment firm and is in the process of the implementation of the above recommendation.

RANKIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

2017-003. Finding – Solid Waste Department

Significant Deficiency - Material Weakness.

The Solid Waste accounts receivable detail report was not printed or archived at September 30, 2017. Therefore, audit testing could not be performed to substantiate the allowance for doubtful accounts.

Recommendation:

The Solid Waste accounts receivable detail report should be printed and archived at year end as well as reconciled to the accounts receivable ageing report at year end.

Solid Waste Department Response:

The recommendation will be implemented in the future.