

LAUDERDALE COUNTY, MISSISSIPPI

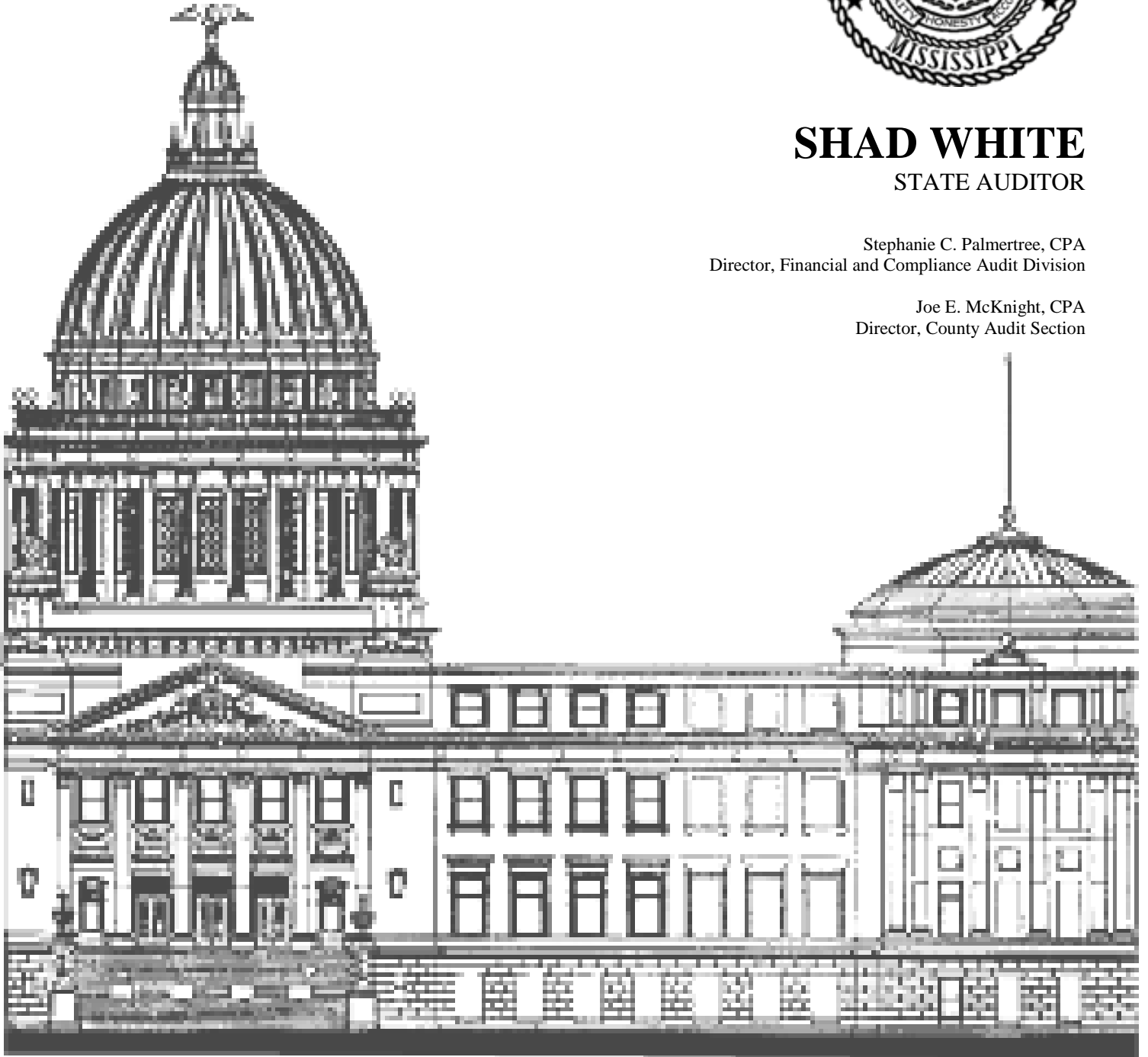
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019



SHAD WHITE
STATE AUDITOR

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

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

April 5, 2021

Members of the Board of Supervisors
Lauderdale County, Mississippi

Dear Board Members:

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

FINANCIAL SECTION

LAUDERDALE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Lauderdale County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Metro Ambulance Enterprise Fund, a blended component unit, which represents 100% of the assets, net position, and revenues of the major enterprise fund and the business-type activities. We also did not audit the financial statements of the Lauderdale County Tourism Commission and the Meridian-Lauderdale County Public Library, discretely presented component units, which represent 100%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aforementioned component units, are based solely on the reports of the other auditors. 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. However, the financial statements of the Lauderdale County Tourism Commission, a component unit audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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

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

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2021 on our consideration of Lauderdale 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 Lauderdale County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lauderdale County, Mississippi's internal control over financial reporting and compliance.

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 5, 2021

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

FINANCIAL STATEMENTS

LAUDERDALE COUNTY

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LAUDERDALE COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lauderdale County Tourism Commission	Meridian- Lauderdale County Public Library
ASSETS					
Cash	\$ 27,087,970	804,356	27,892,326	876,556	3,059,947
Investments					782,357
Receivables				129,177	
Property tax receivable	28,492,818		28,492,818		
Accounts receivable (net of allowance for uncollectibles of \$880,224)	414,576	1,091,236	1,505,812		
Fines receivable (net of allowance for uncollectibles of \$7,901,095)	259,391		259,391		
Intergovernmental receivables	1,318,534		1,318,534		
Other receivables	87,769		87,769		2,967
Internal balances	(473)	473			
Inventories and prepaid items		74,158	74,158		6,413
Capital assets:					
Land and construction in progress	23,644,487		23,644,487		
Other capital assets, net	86,303,482	508,624	86,812,106	41,100	593,217
Total Assets	167,608,554	2,478,847	170,087,401	1,046,833	4,444,901
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	1,863,234	402,010	2,265,244	34,825	53,100
Deferred outflows related to other postemployment benefits					22,522
Deferred amount on refunding	1,428,179		1,428,179		
Total Deferred Outflows of Resources	3,291,413	402,010	3,693,423	34,825	75,622
LIABILITIES					
Claims payable	2,643,522		2,643,522		
Intergovernmental payables	995,347		995,347		
Accounts payable and accrued liabilities				22,942	23,716
Accrued interest payable	216,119		216,119		
Unearned revenue		141,803	141,803		
Amounts held in custody for others	567,669		567,669		
Other payables	549,066	121,438	670,504		
Claims and judgments payable	24,000		24,000		
Long-term liabilities					
Net pension liability	33,015,909	6,948,759	39,964,668	418,691	1,355,637

LAUDERDALE COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1 Cont'd

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lauderdale County Tourism Commission	Meridian- Lauderdale County Public Library
LIABILITIES					
Due within one year:					
Capital debt	4,149,621		4,149,621		
Non-capital debt	34,717	6,000	40,717		
Net OPEB liability					4,551
Due in more than one year:					
Capital debt	32,429,427		32,429,427		
Non-capital debt	751,778	139,170	890,948	25,491	42,163
Net OPEB liability					108,987
Total Liabilities	<u>75,377,175</u>	<u>7,357,170</u>	<u>82,734,345</u>	<u>467,124</u>	<u>1,535,054</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	989,422	422,868	1,412,290		112,567
Deferred inflows related to other postemployment benefits					17,679
Deferred revenues - property taxes	<u>28,492,818</u>		<u>28,492,818</u>		
Total Deferred Inflows of Resources	<u>29,482,240</u>	<u>422,868</u>	<u>29,905,108</u>	<u>0</u>	<u>130,246</u>
NET POSITION					
Net investment in capital assets	74,797,100	508,624	75,305,724	41,100	593,217
Restricted for:					
Expendable:					
General government	1,940,782		1,940,782		
Public safety	705,692		705,692		
Public works	9,207,225		9,207,225		
Culture and recreation	239,444		239,444		
Economic development and assistance	159,820		159,820		
Unemployment compensation					10,290
Debt service	5,990,806		5,990,806		
Other purposes					274,611
Unrestricted	<u>(27,000,317)</u>	<u>(5,407,805)</u>	<u>(32,408,122)</u>	<u>573,434</u>	<u>1,977,105</u>
Total Net Position	<u>\$ 66,040,552</u>	<u>(4,899,181)</u>	<u>61,141,371</u>	<u>614,534</u>	<u>2,855,223</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Lauderdale County Tourism Commission	Meridian- Lauderdale County Public Library
Primary government:									
Governmental activities:									
General government	\$ 11,634,891	4,063,365	307,101		(7,264,425)		(7,264,425)		
Public safety	11,873,507	1,384,560	989,663		(9,499,284)		(9,499,284)		
Public works	12,847,832	1,334,432	2,017,303	1,242,886	(8,253,211)		(8,253,211)		
Health and welfare	920,926		140,973		(779,953)		(779,953)		
Culture and recreation	791,591	282,453	234,992		(274,146)		(274,146)		
Conservation of natural resources	122,644				(122,644)		(122,644)		
Economic development and assistance	1,426,960		80,750		(1,346,210)		(1,346,210)		
Interest on long-term debt	1,252,776				(1,252,776)		(1,252,776)		
Fiscal agents' fees	20,350				(20,350)		(20,350)		
Pension expense	3,741,959				(3,741,959)		(3,741,959)		
Total Governmental Activities	<u>44,633,436</u>	<u>7,064,810</u>	<u>3,770,782</u>	<u>1,242,886</u>	<u>(32,554,958)</u>		<u>(32,554,958)</u>		
Business-type activities:									
Metro Ambulance	8,526,331	8,387,431				(138,900)	(138,900)		
Total Business-type Activities	<u>8,526,331</u>	<u>8,387,431</u>	<u>0</u>	<u>0</u>		<u>(138,900)</u>	<u>(138,900)</u>		
Total Primary Government	<u>\$ 53,159,767</u>	<u>15,452,241</u>	<u>3,770,782</u>	<u>1,242,886</u>	<u>(32,554,958)</u>	<u>(138,900)</u>	<u>(32,693,858)</u>		
Component units:									
Lauderdale County Tourism Commission	\$ 770,559	819,161						48,602	
Meridian-Lauderdale County Public Library	1,216,278	30,921	154,360						(1,030,997)
Total Component Units	<u>\$ 1,986,837</u>	<u>850,082</u>	<u>154,360</u>	<u>0</u>				<u>48,602</u>	<u>(1,030,997)</u>

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

Exhibit 2 - Cont'd

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Lauderdale County Tourism Commission	Meridian- Lauderdale County Public Library
General revenues:									
Property taxes					\$ 28,641,771	36,627	28,678,398		
Road & bridge privilege taxes					845,459		845,459		
Grants and contributions not restricted to specific programs					1,644,722		1,644,722		917,103
Unrestricted interest income					597,579	2,501	600,080		58,842
Miscellaneous					1,259,721	55,187	1,314,908		56,617
Transfers								(98,800)	
Total General Revenues and Transfers					32,989,252	94,315	33,083,567	(98,800)	1,032,562
Changes in Net Position					434,294	(44,585)	389,709	(50,198)	1,565
Net Position - Beginning, as previously reported					65,348,405	(4,854,596)	60,493,809	664,732	2,898,015
Prior period adjustment					257,853		257,853		(44,357)
Net Position - Beginning, as restated					65,606,258	(4,854,596)	60,751,662	664,732	2,853,658
Net Position - Ending					\$ 66,040,552	(4,899,181)	61,141,371	614,534	2,855,223

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

LAUDERDALE COUNTY
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds					
	General Fund	County Road Maintenance Fund	Combined GO Debt Fund	Economic Industry and Recreation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 7,288,699	2,772,882	5,996,589	1,263,618	9,766,182	27,087,970
Property tax receivable	15,571,558	1,950,158	5,042,424	481,540	5,447,138	28,492,818
Accounts receivable (net of allowance for uncollectibles of \$880,224)					414,576	414,576
Fines receivable (net of allowance for uncollectibles of \$7,901,095)	259,391					259,391
Intergovernmental receivables	512,012				806,522	1,318,534
Other receivables	4,646				83,123	87,769
Due from other funds	3,845,252	92,785	70,153	6,234	106,536	4,120,960
Advances to other funds	211,500			6,800		218,300
Total Assets	<u>\$ 27,693,058</u>	<u>4,815,825</u>	<u>11,109,166</u>	<u>1,758,192</u>	<u>16,624,077</u>	<u>62,000,318</u>
LIABILITIES						
Liabilities:						
Claims payable	\$ 581,844	200,438		898,358	962,882	2,643,522
Intergovernmental payables	962,587					962,587
Due to other funds	308,941			3,620,152	225,100	4,154,193
Advances from other funds					218,300	218,300
Amounts held in custody for others	567,669					567,669
Other payables	549,066					549,066
Claims and judgments payable	24,000					24,000
Total Liabilities	<u>2,994,107</u>	<u>200,438</u>	<u>0</u>	<u>4,518,510</u>	<u>1,406,282</u>	<u>9,119,337</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	15,571,558	1,950,158	5,042,424	481,540	5,447,138	28,492,818
Unavailable revenue - account receivable					414,576	414,576
Unavailable revenue - fines	259,391					259,391
Total Deferred Inflows of Resources	<u>15,830,949</u>	<u>1,950,158</u>	<u>5,042,424</u>	<u>481,540</u>	<u>5,861,714</u>	<u>29,166,785</u>
Fund balances:						
Nonspendable:						
Advances	211,500					211,500
Restricted for:						
General government					1,940,782	1,940,782
Public safety					705,692	705,692
Public works		2,665,229			6,127,420	8,792,649
Culture and recreation					239,444	239,444
Economic development and assistance					159,820	159,820
Debt service			6,066,742		140,183	6,206,925
Committed to:						
Public safety					27,665	27,665
Assigned to:						
Public safety					95,382	95,382
Unassigned	8,656,502			(3,241,858)	(80,307)	5,334,337
Total Fund Balances	<u>8,868,002</u>	<u>2,665,229</u>	<u>6,066,742</u>	<u>(3,241,858)</u>	<u>9,356,081</u>	<u>23,714,196</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,693,058</u>	<u>4,815,825</u>	<u>11,109,166</u>	<u>1,758,192</u>	<u>16,624,077</u>	<u>62,000,318</u>

LAUDERDALE COUNTY

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 23,714,196
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$99,958,981.	109,947,969
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	673,967
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(37,365,543)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(33,015,909)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(216,119)
Deferred amount on refunding	1,428,179
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,863,234
Deferred inflows of resources related to pensions	<u>(989,422)</u>
Total Net Position - Governmental Activities	\$ <u><u>66,040,552</u></u>

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

LAUDERDALE COUNTY

Exhibit 4

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

	Major Funds					
	General Fund	County Road Maintenance Fund	Combined GO Debt Fund	Economic Industry and Recreation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 15,193,025	1,961,843	5,435,822	493,163	5,557,918	28,641,771
Road and bridge privilege taxes		845,459				845,459
Licenses, commissions and other revenue	923,532	319	619	82	82,796	1,007,348
Fines and forfeitures	1,015,286					1,015,286
Intergovernmental revenues	1,722,623	2,011,808	72,447	6,807	2,844,705	6,658,390
Charges for services	2,540,280				2,592,709	5,132,989
Interest income	283,122	34,860	72,981	31,038	175,578	597,579
Miscellaneous revenues	627,295	64,788		34,665	532,973	1,259,721
Total Revenues	22,305,163	4,919,077	5,581,869	565,755	11,786,679	45,158,543
EXPENDITURES						
Current:						
General government	10,436,807				3,105,719	13,542,526
Public safety	9,427,219				3,687,824	13,115,043
Public works		4,614,605			7,623,786	12,238,391
Health and welfare	919,993				9,421	929,414
Culture and recreation					977,548	977,548
Conservation of natural resources	122,644					122,644
Economic development and assistance	247,750			4,319,528	456,457	5,023,735
Debt service:						
Principal	553,913	128,696			3,941,966	4,624,575
Interest	14,116	16,636			1,058,161	1,088,913
Fiscal agents' fees	4,800				15,550	20,350
Total Expenditures	21,727,242	4,759,937	0	4,319,528	20,876,432	51,683,139
Excess of Revenues over (under) Expenditures	577,921	159,140	5,581,869	(3,753,773)	(9,089,753)	(6,524,596)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	70,606				860,774	931,380
Proceeds from sale of capital assets	17,257	20,222			12,255	49,734
Compensation for loss of capital assets					23,977	23,977
Transfers in	388,269	16,869	5	260,917	5,294,400	5,960,460
Transfers out	(979,853)		(4,451,957)	(80,555)	(448,095)	(5,960,460)
Total Other Financing Sources and Uses	(503,721)	37,091	(4,451,952)	180,362	5,743,311	1,005,091
Net Changes in Fund Balances	74,200	196,231	1,129,917	(3,573,411)	(3,346,442)	(5,519,505)
Fund Balances - Beginning	8,793,802	2,468,998	4,936,825	331,553	12,702,523	29,233,701
Fund Balances - Ending	\$ 8,868,002	2,665,229	6,066,742	(3,241,858)	9,356,081	23,714,196

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

LAUDERDALE COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (5,519,505)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$8,283,710 exceeded depreciation of \$3,907,416 in the current period.	4,376,294
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$1,735 and the proceeds from the sale of \$49,734 and the compensation for loss of \$23,977 in the current period.	(75,446)
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.	(100,085)
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.	9,272
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$4,624,575 exceeded debt proceeds of \$931,380.	3,693,195
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	(20,368)
The amount of decrease in accrued interest payable	14,788
The amortization of general obligation bond premium	13,371
The amortization of refunding bond premium	53,394
The amortization of deferred refunding charges	(245,416)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,741,959)
Recording of contributions made during the year	<u>1,976,759</u>
Change in Net Position of Governmental Activities	\$ <u><u>434,294</u></u>

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

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

Exhibit 5

	Business-type Activities - Enterprise Fund
	Metro Ambulance
ASSETS	
Current assets:	
Cash	\$ 804,356
Accounts receivable	1,091,236
Due from other funds	473
Inventories and prepaid items	74,158
Total Current Assets	1,970,223
Noncurrent assets:	
Other capital assets, net	508,624
Total Noncurrent Assets	508,624
Total Assets	2,478,847
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	402,010
Total Deferred Outflows of Resources	402,010
LIABILITIES	
Current liabilities:	
Unearned revenue	141,803
Other payables	121,438
Other long-term liabilities	6,000
Total Current Liabilities	269,241
Noncurrent liabilities:	
Net pension liability	6,948,759
Compensated absences payable	133,170
Other long-term liabilities	6,000
Total Noncurrent Liabilities	7,087,929
Total Liabilities	7,357,170
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	422,868
Total Deferred Inflows of Resources	422,868
NET POSITION	
Net investment in capital assets	508,624
Unrestricted	(5,407,805)
Total Net Position	\$ (4,899,181)

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

LAUDERDALE COUNTY

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

	Business-type Activities - Enterprise Fund
	Metro Ambulance
Operating Revenues	
Charges for services	\$ 8,387,431
Total Operating Revenues	8,387,431
Operating Expenses	
Personal services	3,779,241
Contractual services	293,855
Materials and supplies	3,079,836
Depreciation expense	201,351
Indirect administrative cost	544,142
Miscellaneous	71,689
Pension expense	556,217
Total Operating Expenses	8,526,331
Operating Income (Loss)	(138,900)
Nonoperating Revenues (Expenses)	
Property tax	36,627
Interest income	2,501
Other income (expenses)	55,187
Net Nonoperating Revenue (Expenses)	94,315
Changes in Net Position	(44,585)
Net Position - Beginning	(4,854,596)
Net Position - Ending	\$ (4,899,181)

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

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

Exhibit 7

	Business-type Activities - Enterprise Fund
	Metro Ambulance
Cash Flows From Operating Activities	
Receipts from customers	\$ 8,469,893
Payments to employees for services	(4,725,472)
Payments to other suppliers for goods and services	(3,422,839)
Net Cash Provided (Used) by Operating Activities	321,582
Cash Flows From Noncapital Financing Activities	
Other grants received	49,177
Property taxes	36,627
Loans from other funds	(473)
Interfund loan repayments	378
Licenses, commissions & other	5
Net proceeds from long-term debt	12,000
Other non-capital financing activities	6,005
Net Cash Provided (Used) by Noncapital Financing Activities	103,719
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(50,081)
Net Cash Provided (Used) by Capital and Related Financing Activities	(50,081)
Cash Flows From Investing Activities	
Interest and dividends on investments	2,501
Net Cash Provided (Used) by Investing Activities	2,501
Net Increase (Decrease) in Cash and Cash Equivalents	377,721
Cash and Cash Equivalents at Beginning of Year	426,635
Cash and Cash Equivalents at End of Year	\$ 804,356
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (138,900)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	201,351
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	9,221
(Increase) decrease in inventories and prepaid items	5,621
Increase (decrease) in other payables	43,611
Increase (decrease) in unearned revenue	67,620
Increase (decrease) in compensated absences payable	8,797
Increase (decrease) in pension liability, deferred inflows/outflows, net	124,261
Total Adjustments	460,482
Net Cash Provided (Used) by Operating Activities	\$ 321,582

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 193,124
Due from other funds	<u>32,760</u>
Total Assets	<u>\$ 225,884</u>
LIABILITIES	
Amounts held in custody for others	\$ 193,124
Intergovernmental payables	<u>32,760</u>
Total Liabilities	<u>\$ 225,884</u>

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

LAUDERDALE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

Section 41-59-61 of the Mississippi Code of 1972 created the Lauderdale County Emergency Medical Service District (Metro Ambulance) which provides emergency medical and patient transporting service in the Lauderdale County area. The Board of Supervisors serves as the board of Metro Ambulance. Metro Ambulance is reported as an enterprise fund in the County's financial statements.

Discretely Presented Component Units

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

The Meridian-Lauderdale County Public Library was formed under Section 39-3-1 of the Mississippi Code of 1972 and is a legally separate entity. The library was originally organized by the City of Meridian. Effective October 1, 1994, the library became a County library rather than a municipal library. At that time the County Board of Supervisors began appointing members as the city members' terms expired. Complete financial statements for the Meridian-Lauderdale County Public Library can be obtained from 2517 7th Street, Meridian, MS 39301.

The Lauderdale County Tourism Commission was authorized under House Bill 1751. The Board of Supervisors appoints three of the seven board members. A majority of the Commission's funding is supplied by the County and the Commission's budget must be approved by the Board of

LAUDERDALE COUNTY

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

Supervisors. Complete financial statements for the Lauderdale County Tourism Commission can be obtained from P.O. Box 5313, Meridian, MS 39302.

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, 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 as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

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

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.

LAUDERDALE COUNTY

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

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

The County reports the following major Governmental Funds:

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

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

Combined GO Debt Fund - This fund is used to account for specific debt service revenue resources and debt service payments that are restricted by individual instrument purpose.

Economic Industry and Recreation Fund - This fund is used to account for resources accumulated and used for the development of industrial parks and recreation areas or parks.

The County reports the following major Enterprise Fund:

Metro Ambulance Fund - This fund is used to account for monies from specific revenues of emergency medical and patient transporting services in the Lauderdale County area.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

LAUDERDALE COUNTY

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

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Inventories and Prepaid Items.

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

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

J. Restricted Assets.

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

K. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost

LAUDERDALE COUNTY

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

where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

	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.

L. Deferred Outflows/Inflows of Resources:

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

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plans in which the County, the Metro Ambulance Enterprise Fund, a blended component unit of the County, the Lauderdale County Tourism Commission and the Meridian-Lauderdale County Public Library, discretely presented component units of the County, participate. See Note 11 for additional details.

Deferred outflows related to other postemployment benefits - This amount represents the proportionate share of the deferred outflows of resources reported by the OPEB plan in which the Meridian-Lauderdale County

LAUDERDALE COUNTY

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

Public Library, a discretely presented component unit of the County, participates. See Note 10 for additional details.

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

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

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

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

Deferred inflows related to pensions - This amount represents the proportionate share of the deferred inflows of resources reported by the pension plans in which the County, the Metro Ambulance Enterprise Fund, a blended component unit of the County, and the Meridian-Lauderdale County Public Library, a discretely presented component unit of the County, participate. See Note 11 for additional details.

Deferred inflows related to other postemployment benefits - This amount represents the proportionate share of the deferred inflows of resources reported by the OPEB plan in which the Meridian-Lauderdale County Public Library, a discretely presented component unit of the County, participates. See Note 10 for additional details.

M. 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.

N. Long-term Liabilities.

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

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

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

LAUDERDALE COUNTY

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

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

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 balance are created by the County Administrator pursuant to authorization established 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

LAUDERDALE COUNTY

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

positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

P. Property Tax Revenues:

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

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

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

Q. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

R. Compensated Absences.

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

(2) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities.

LAUDERDALE COUNTY

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

Explanation	Amount
<u>Governmental Activities:</u>	
To record adjustments to capital assets.	\$ 257,853
<u>Component Unit - Meridian-Lauderdale County Public Library:</u>	
To record the correction of the prior year accrued compensation.	\$ (44,357)

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$28,085,450 and the bank balance was \$29,196,482. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Economic Industry and Recreation Fund	\$ 3,620,152
General Fund	Other Governmental Funds	225,100
County Road Maintenance Fund	General Fund	92,785
Combined GO Debt Fund	General Fund	70,153
Economic Industry and Recreation Fund	General Fund	6,234
Other Governmental Funds	General Fund	106,536
Metro Ambulance Fund	General Fund	473
Agency Funds	General Fund	32,760
		<hr/>
Total		\$ 4,154,193

LAUDERDALE COUNTY

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

The receivables represent the tax revenue collected in September, 2019, but not settled until October, 2019. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 211,500
Economic Industry and Recreation Fund	Other Governmental Funds	6,800
Total		<u>\$ 218,300</u>

The purpose of the advances was to provide operating loans for cash flow. None of the advances are expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Combined GO Debt Fund	\$ 360,500
General Fund	Other Governmental Funds	27,769
County Road Maintenance Fund	Other Governmental Funds	16,869
Combined GO Debt Fund	Other Governmental Funds	5
Economic Industry and Recreation Fund	Other Governmental Funds	260,917
Other Governmental Funds	General Fund	979,853
Other Governmental Funds	Combined GO Debt Fund	4,091,457
Other Governmental Funds	Economic Industry and Recreation Fund	80,555
Other Governmental Funds	Other Governmental Funds	142,535
Total		<u>\$ 5,960,460</u>

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

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 457,630
Reimbursement for housing prisoners	53,157
Emergency road and bridge repairs	491,500
Various reimbursement grants	316,247
Total Governmental Activities	<u>\$ 1,318,534</u>

LAUDERDALE COUNTY

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

(6) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 15,045,837	1,429,237			16,475,074
Construction in progress	2,018,106	5,256,598		(105,291)	7,169,413
Total non-depreciable capital assets	17,063,943	6,685,835	0	(105,291)	23,644,487
<u>Depreciable capital assets:</u>					
Infrastructure	115,450,588			363,144	115,813,732
Buildings	37,897,654				37,897,654
Improvements other than buildings	8,236,929	181,377			8,418,306
Mobile equipment	16,802,441	781,347	502,217	373,496	17,455,067
Furniture and equipment	4,192,381	103,771	121,912	16,553	4,190,793
Leased property under capital leases	2,345,580	531,380		(390,049)	2,486,911
Total depreciable capital assets	184,925,573	1,597,875	624,129	363,144	186,262,463
<u>Less accumulated depreciation for:</u>					
Infrastructure	66,669,779	1,292,725			67,962,504
Buildings	11,828,562	747,072			12,575,634
Improvements other than buildings	2,682,525	327,670			3,010,195
Mobile equipment	11,762,804	1,012,588	443,938	205,792	12,537,246
Furniture and equipment	3,175,143	214,679	104,745	15,968	3,301,045
Leased property under capital leases	481,435	312,682		(221,760)	572,357
Total accumulated depreciation	96,600,248	3,907,416	548,683	0	99,958,981
Total depreciable capital assets, net	88,325,325	(2,309,541)	75,446	363,144	86,303,482
Governmental activities capital assets, net	\$ 105,389,268	4,376,294	75,446	257,853	109,947,969

LAUDERDALE COUNTY

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

Business-type activities:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Depreciable capital assets:</u>				
Furniture, fixtures and equipment	\$ 1,504,156	39,341		1,543,497
Ambulances	2,065,529			2,065,529
Leasehold improvements	318,352	10,740		329,092
Total depreciable capital assets	3,888,037	50,081	0	3,938,118
<u>Less accumulated depreciation for:</u>				
Furniture, fixtures and equipment	1,316,507	60,816		1,377,323
Ambulances	1,735,079	123,284		1,858,363
Leasehold improvements	176,557	17,251		193,808
Total accumulated depreciation	3,228,143	201,351	0	3,429,494
Total depreciable capital assets, net	659,894	(151,270)	0	508,624
Business-type activities capital assets, net	\$ 659,894	(151,270)	0	508,624

*Adjustments to capital assets were for the reclassification of completed construction in progress and paid-off capital leases. Other adjustments were made to correct prior year errors in capital assets.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 631,689
Public safety	627,282
Public works	1,979,907
Health and welfare	30,859
Culture and recreation	78,631
Economic development and assistance	559,048
Total governmental activities depreciation expense	\$ 3,907,416

	Amount
Business-type activities:	
Metro Ambulance	\$ 201,351

LAUDERDALE COUNTY

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

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Fisher Road	\$ 3,567	04/30/2020
Roy Dollar Road	10,050	04/30/2020
Null Road	9,210	03/31/2020
Old Highway 80 West	3,554	05/31/2020
Beaver Pond Road	6,126	03/31/2020
Soil Cement and DBST Project #38-16-03	184,843	12/31/2019
Centerhill-Martin Road	7,787	11/30/2019
Betts-Radcliff Road	30,787	04/30/2020
Purvis Road	204,580	06/30/2020
I-20/59 Industrial Park	183,926	06/30/2020
Improvements to Agri-Center	133,200	12/31/2019
BWI Rail Spur	196,286	10/31/2019

Component Units:

The Meridian-Lauderdale Public Library's capital asset balances at September 30, 2019 are as follows:

	<u>Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2019</u>
<u>Depreciable capital assets:</u>				
Furniture, equipment and improvements	\$ 833,212	80,461	1,046	912,627
Vehicle	17,121			17,121
Reading material	650,050	87,650		737,700
Total depreciable capital assets	<u>1,500,383</u>	<u>168,111</u>	<u>1,046</u>	<u>1,667,448</u>
<u>Less accumulated depreciation for:</u>				
Furniture, equipment and improvements	461,442	86,344		547,786
Vehicle	17,121			17,121
Reading material	439,763	70,607	1,046	509,324
Total accumulated depreciation	<u>918,326</u>	<u>156,951</u>	<u>1,046</u>	<u>1,074,231</u>
Total depreciable capital assets, net	<u>582,057</u>	<u>11,160</u>	<u>0</u>	<u>593,217</u>
Component unit capital assets, net	<u>\$ 582,057</u>	<u>11,160</u>	<u>0</u>	<u>593,217</u>

The Lauderdale County Tourism Commission's capital asset balances at September 30, 2019 are as follows:

LAUDERDALE COUNTY

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

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Depreciable capital assets:</u>				
Computer equipment	\$ 26,174	1,557	2,898	24,833
Furniture and equipment	35,254			35,254
Vehicles	32,899	23,100		55,999
Total depreciable capital assets	94,327	24,657	2,898	116,086
<u>Less accumulated depreciation for:</u>				
Computer equipment	19,501	3,141	2,869	19,773
Furniture and equipment	20,293	2,275		22,568
Vehicles	29,001	3,644		32,645
Total accumulated depreciation	68,795	9,060	2,869	74,986
Total depreciable capital assets, net	25,532	15,597	29	41,100
Component unit capital assets, net	\$ 25,532	15,597	29	41,100

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 2018 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund to account for and finance its self-funded insurance plan.

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

The County has purchased reinsurance 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. Excluding claims for any person who has already met the specific coverage, the aggregate liability for a month is calculated by multiplying the attachment factor of 619.27, which is 125% of expected claims, by the number of employees for that month. Then a rolling year-to-date amount is the aggregate liability.

LAUDERDALE COUNTY

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2019, the amount of these liabilities was \$24,000. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017 - 2018	\$ 0	669,255	(639,186)	30,069
2018 - 2019	\$ 30,069	2,639,210	(2,645,279)	24,000

(8) Operating Leases.

As Lessor:

On February 5, 2007, in Lauderdale County, Tower Automotive Products Company, Inc. entered into a non-cancellable operating lease agreement with Lauderdale County Economic Development District for the lease of 43 acres of land owned by Lauderdale County Economic Development District for the purpose of heavy and light industrial uses as well as warehousing. The operating lease stipulated that the lessee would pay \$32,128 per month in lease payments which is comprised of a \$31,250 monthly rent with the balance of the payment being an additional consideration to the landlord for granting the right for payments to be made monthly as opposed to annually. The payments commenced February 1, 2007 for a term of 15 years.

The County receives income from property it leases under noncancellable operating leases. Total income from such lease was \$385,534 (\$375,000 from rental payments) for the year ended September 30, 2019. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2020	\$ 343,750
2021	375,000
2022	125,000
Total Minimum Payments Required	\$ <u>843,750</u>

(9) Capital Leases.

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,318,991
Furniture and equipment	<u>1,167,920</u>
Total	2,486,911
Less: Accumulated depreciation	<u>(572,357)</u>
Leased Property Under Capital Leases	\$ <u>1,914,554</u>

LAUDERDALE COUNTY

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

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2020	\$ 660,461	46,333
2021	1,166,377	28,561
2022	359,374	7,618
2023	123,275	1,953
2024	16,320	55
Total	\$ 2,325,807	84,520

(10) Other Postemployment Benefits (OPEB).

Component Unit – Meridian-Lauderdale County Public Library

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. A trust was created June 28, 2019 for the OPEB Plan and, while no trust was in place for the June 30, 2017 plan year-end, for purposes of comparability for future periods, terminology used herein is based on the plan being a cost-sharing multiple-employer defined benefit OPEB plan. The Plan does not issue a stand-alone financial report.

Benefits Provided. The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted.

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage.

The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

LAUDERDALE COUNTY

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

Contributions. The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the Library were \$4,614 for the year ended June 30, 2019.

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

At September 30, 2019, the Library reported a liability of \$113,538 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the Library's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the Library's proportion was .0143678 percent. This was a decrease of .0005779 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended September 30, 2019, the Library recognized OPEB expense of \$3,475. At September 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	172	1,625
Net difference between projected and actual earnings on OPEB plan investments		2	
Change in proportion and differences between Library contributions and proportionate share of contributions		13,883	10,166
Changes of assumptions		8,465	5,888
Total	\$	22,522	17,679

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:	Amount
2020	\$ 2,295
2021	2,295
2022	2,295
2023	2,576
2024	2,413
Therafter	(7,031)
Total	\$ 4,843

Actuarial Assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

LAUDERDALE COUNTY

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

Inflation	2.75%
Salary increases, including inflation	3.00-18.25%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	3.50%
Municipal Bond Index Rate	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Health Care Cost Trends	
Medicare Supplement Claims	7.00% for 2019, decreasing to an ultimate rate of 4.75% by 2028
Pre-Medicare	

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected return on plan assets is reviewed as part of the GASB 74 valuation process. Since there were very little assets in a trust fund on the Measurement Date, there is no long-term expected return determination. We have assumed the Municipal Bond Index of 3.50% as of the Measurement Date.

Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate, 3.50%, was used in the determination of the SEIR.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

LAUDERDALE COUNTY

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

Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Library's proportionate share of the net OPEB liability, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 126,121	113,538	102,772

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB Liability	\$ 105,211	113,538	122,972

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of

LAUDERDALE COUNTY

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

Mississippi Legislature.

Contributions. At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the fiscal years ending September 30, 2019, 2018 and 2017 were \$1,976,759, \$1,931,505 and \$1,874,890, respectively, equal to the required contributions for each year. Metro Ambulance's contributions to PERS for the fiscal years ending September 30, 2019, 2018, and 2017 were \$430,038, \$409,180, and \$409,368, respectively, which equaled the required contribution for each year. The Lauderdale County Tourism Commission's contributions to PERS for the fiscal years ending September 30, 2019, 2018, and 2017 were \$25,068, \$23,351 and \$20,209, respectively, which equaled the required contribution for each year. The Library's contributions (employer share only) to PERS for the fiscal years ending September 30, 2019, 2018 and 2017 were \$79,209, \$82,393 and \$88,824, respectively, equal to the required contribution for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the County reported a liability of \$33,015,909 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019 net pension liability was 0.187676 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.004505 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$3,741,959. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,999	34,522
Net difference between projected and actual earnings on pension plan investments		388,152
Changes of assumptions	323,548	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	957,294	566,748
County contributions subsequent to the measurement date	562,393	
Total	\$ 1,863,234	989,422

\$562,393 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LAUDERDALE COUNTY

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

Year ending September 30	Amount
2020	\$ 506,941
2021	(284,943)
2022	(61,315)
2023	150,736
Total	\$ 311,419

Business-type Activities – Metro Ambulance

At September 30, 2019, Metro Ambulance reported a liability of \$6,948,759 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Metro Ambulance's proportion of the net pension liability was based on a projection of Metro Ambulance's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2019, Metro Ambulance's proportion was .04%.

For the year ended September 30, 2019, Metro Ambulance recognized pension expense of \$556,217. At September 30, 2019, Metro Ambulance reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	
Net difference between projected and actual earnings on pension plan investments	126,900	
Changes of assumptions	146,557	422,868
Changes in the proportion and differences between the District's contributions and proportionate share of contributions		
District contributions subsequent to the measurement date	128,553	
Total	\$ 402,010	422,868

\$128,553 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ (14,490)
2021	(149,159)
2022	(17,190)
2023	31,725
2024	(297)
Total	\$ (149,411)

LAUDERDALE COUNTY

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

Component Unit – Lauderdale County Tourism Commission

At September 30, 2019, the Tourism Commission reported a liability of \$418,691 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Tourism Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Tourism Commission's proportionate share used to calculate the September 30, 2019 net pension liability was .0024 percent, which was based on a measurement date of June 30, 2019. This was an increase of .0012 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the Tourism Commission recognized pension expense of \$209,299. At September 30, 2019, the Tourism Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$	
Net difference between projected and actual earnings on pension plan investments	7,646	
Changes of assumptions	18,647	
Changes in the proportion and differences between the Tourism Commission's contributions and proportionate share of contributions	1,265	
Tourism Commission contributions subsequent to the measurement date	<u>7,267</u>	
Total	\$ <u>34,825</u>	<u>0</u>

\$7,267 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
	<u> </u>
2020	\$ 3,834
2021	3,834
2022	3,373
2023	1,912
Thereafter	<u>14,605</u>
Total	\$ <u>27,558</u>

Component Unit – Meridian-Lauderdale County Public Library

At September 30, 2019, the Library reported a liability of \$1,355,637 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Library's proportionate share used to calculate the June 30, 2019 net pension liability was .007706 percent, which was a decrease of .000708 percent from its proportion measured as of June 30, 2018.

LAUDERDALE COUNTY

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

For the year ended September 30, 2019, the Library recognized pension expense of \$73,867. At September 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 875	1,612
Net difference between projected and actual earnings on pension plan investments		24,577
Changes of assumptions	14,079	
Changes in the proportion and differences between the Library's contributions and proportionate share of contributions	19,931	86,378
Library contributions subsequent to the measurement date	18,215	
Total	\$ 53,100	112,567

\$18,215 reported as deferred outflows of resources related to pensions resulting from Library's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ (11,048)
2021	(53,318)
2022	(19,506)
2023	6,190
Total	\$ (77,682)

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

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

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

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

LAUDERDALE COUNTY

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75)%
County's proportionate share of the net pension liability	\$ 43,400,557	\$ 33,015,909	\$ 24,444,315
Metro Ambulance's proportionate share of the net pension liability	9,134,480	6,949,000	5,145,000
Component Units:			
Tourism Commission's proportionate share of the net pension liability	550,383	418,691	309,990
Library's proportionate share of the net pension liability	1,782,032	1,355,637	1,003,687

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

LAUDERDALE COUNTY

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

(12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2012 - Road, Bridge, Equipment & Rec	\$ 735,000	2.00/3.50%	03/2027
Series 2013 A - General Obligation Refunding	3,135,000	1.00/2.25%	04/2023
Series 2013 B - GO Refunding Taxable	10,805,000	0.47/3.31%	02/2026
Series 2015 - Road, Bridge, Equip & Rec Bonds	2,850,000	3.00/4.00%	11/2035
Series 2015 B - Road, Bridge, Equip & Rec Bonds	9,615,000	2.50/3.50%	11/2035
Series 2017- General Obligation Refunding	<u>5,970,000</u>	2.00/4.00%	04/2027
Total General Obligation Bonds	<u>\$ 33,110,000</u>		
B. Capital Leases:			
Dell Computers	\$ 32,703	2.07%	04/2020
(9) Unequipped Vehicles	34,074	1.49%	03/2020
E-911 CAD	617,311	2.09%	04/2022
Voting Machine Hardware & Software	4,803	2.21%	12/2020
Self-Contained Breathing Apparatus (SCBA's)	333,049	2.38%	12/2022
Caterpillar Motor Grader - County Road	199,913	2.14%	03/2021
Caterpillar Motor Grader - County Bridge	199,913	2.14%	03/2021
Trackhoe	91,934	2.19%	03/2021
(3) Mack Dump Trucks w/Ox Bodies	358,949	2.44%	07/2021
Zetron Max Dispatcher Equipment	388,188	2.68%	11/2023
2019 Dodge Ram & (2) 2019 Dodge Chargers	<u>64,970</u>	3.11%	06/2022
Total Capital Leases	<u>\$ 2,325,807</u>		
C. Other Loans			
MDA CAP Loan-Certainteed Upgrades	\$ 416,277	3.00%	05/2025
BWI Rail Loan	<u>400,000</u>	0.00%	11/2034
Total Other Loans	<u>\$ 816,277</u>		
Business-type Activities:			
A. Other Loans:			
Medical equipment	<u>\$ 12,000</u>	0.00%	09/2021

LAUDERDALE COUNTY

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

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		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 3,430,000	920,218	93,877	11,539
2021	3,565,000	838,253	98,355	9,422
2022	3,660,000	753,515	100,535	7,243
2023	3,775,000	656,159	102,782	4,996
2024	3,060,000	556,210	105,097	2,681
2025 - 2029	9,600,000	1,517,386	180,078	628
2030 - 2034	4,150,000	654,634	133,335	
2035 - 2039	1,870,000	63,393	2,218	
Total	\$ 33,110,000	5,959,768	816,277	36,509

Business-type Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2020	\$ 6,000	
2021	6,000	
Total	\$ 12,000	0

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 4.93% of the latest property assessments.

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

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 557,989	20,368		578,357	
General obligation bonds	36,905,000		3,795,000	33,110,000	3,430,000
Add:					
Premiums	601,867		66,765	535,102	
Capital leases	2,556,556	531,380	762,129	2,325,807	660,461
Other loans	483,723	400,000	67,446	816,277	93,877
Total	\$ 41,105,135	951,748	4,691,340	37,365,543	4,184,338

LAUDERDALE COUNTY

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

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Business-type Activities:					
Compensated absences	\$ 124,373	8,797		133,170	
Other loans		12,000		12,000	6,000
Total	\$ 124,373	20,797	0	145,170	6,000

Compensated absences will be paid from the fund from which the employee's salaries were paid, which are generally the General Fund, Road Maintenance Fund, and Metro Ambulance Fund.

Commitments – On December 2009, Lauderdale County entered into an agreement with the City of Meridian to provide additional security and payments of 35% of the total debt of the Crossroads construction project. The debt will be serviced by revenues generated by the tax increment payment of \$94,500 that was paid for the year ended September 30, 2019.

On March 2010, Lauderdale County entered into an agreement with the City of Meridian to provide additional security and payments of 35% of the total debt of the Highway 19 North Hill Project construction project. The debt will be serviced by revenues generated by the tax increment payment of \$10,500 that was paid for the year ended September 30, 2019.

Component Units:

Lauderdale County Tourism Commission:

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

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Compensated absences	\$ 19,643	5,848		25,491	

Meridian-Lauderdale County Public Library:

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

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Compensated absences	\$ 44,357		2,194	42,163	

LAUDERDALE COUNTY

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

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2019:

Fund	Deficit Amount
Lauderdale Co Health Insurance Acct Fund	\$ (7,961)
Economic Industry and Recreation Fund	(3,241,858)
Alcohol/Drug Countermeasures Fund	(2,641)
Sheriff Mental Health Grant Fund	(5,378)
Community Heritage Preserve Grant Fund	(1,062)
EWP Clarkdale Road Fund	(2,847)
EWP Kewanee Road Fund	(4,242)
EWP Sam Gray Road Fund	(3,109)
MS Dev Auth-Cap Loan-BWI Rail Fund	(14,140)

(14) 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.

(15) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(27,000,317) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$562,393 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$1,300,841 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$989,422 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years.

The governmental activities' net investment in capital assets net position of \$74,797,100 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$245,416 of the \$1,428,179 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets net position over the next nine years.

The business-type activities' unrestricted net position amount of \$(5,407,805) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$128,553 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$273,457 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$422,868 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next five years.

LAUDERDALE COUNTY

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

(16) Joint Venture.

The County participates in the following joint venture:

Lauderdale County is a participant with the City of Meridian in a joint venture, authorized by Section 57-31-1, Miss. Code Ann. (1972), to operate the East Mississippi Business Development Corporation. The joint venture was created to encourage, foster and facilitate economic development in the County. The board is made up of citizens and corporate members, who are not appointed by the County or the City. The County's appropriation to the joint venture was \$280,516 in fiscal year 2019. Complete financial statements for the East Mississippi Business Development Corporation can be obtained from P.O. Box 790, Meridian, MS 39302.

(17) 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 Lauderdale County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support in fiscal year 2019.

East Central Mississippi Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the 15 members of the board of directors. The County appropriated \$40,000 for financial support in fiscal year 2019.

East Mississippi Community College operates in a district composed of the counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee and Oktibbeha. The Lauderdale County Board of Supervisors appoints two of the 12 members of the board of directors. The County appropriated \$263,424 for financial support in fiscal year 2019.

The Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The agency was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Lauderdale County Board of Supervisors appoints three of the 24 members of the board of directors. Most of the funding is derived from federal funds. The County appropriated \$45,000 for financial support in fiscal year 2019.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$139,354 for financial support in fiscal year 2019.

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was created to encourage, foster, and facilitate economic development in member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County appropriated the minimal financial support in fiscal year 2019.

(18) Tax Abatements.

As of September 30, 2019, Lauderdale County provides tax exempt status to 17 manufacturing companies, one healthcare facility, one data information processor, two distribution centers, one hotel and one storage facility subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2019 totaled \$546,535.

LAUDERDALE COUNTY

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

(19) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Lauderdale County evaluated the activity of the County through April 5, 2021, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
6/3/2020	2.00% - 2.25%	\$ 10,000,000	GO Bonds	Ad valorem taxes
7/1/2020	1.81%	205,947	Capital lease	Ad valorem taxes

LAUDERDALE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 14,977,004	15,147,313	15,147,313	
Licenses, commissions and other revenue	600,725	587,469	587,469	
Fines and forfeitures	976,500	1,039,767	1,039,767	
Intergovernmental revenues	1,663,454	1,692,958	1,692,958	
Charges for services	224,000	2,525,656	2,525,656	
Interest income	276,800	289,607	289,607	
Miscellaneous revenues	884,700	972,806	972,806	
Total Revenues	<u>19,603,183</u>	<u>22,255,576</u>	<u>22,255,576</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	7,994,419	10,743,040	10,743,040	
Public safety	9,281,372	9,418,055	9,418,055	
Health and welfare	932,796	921,654	921,654	
Conservation of natural resources	117,168	116,658	116,658	
Economic development and assistance	186,200	247,750	247,750	
Debt service:				
Principal	586,003	553,450	553,450	
Interest		14,580	14,580	
Fiscal agents' fees		4,800	4,800	
Total Expenditures	<u>19,097,958</u>	<u>22,019,987</u>	<u>22,019,987</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>505,225</u>	<u>235,589</u>	<u>235,589</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		70,606	70,606	
Proceeds from sale of capital assets		18,521	18,521	
Compensation for loss of capital assets		10,654	10,654	
Transfers in	1,427,701	1,021,484	1,021,484	
Transfers out	(1,558,251)	(1,613,067)	(1,613,067)	
Other financing sources				
Total Other Financing Sources and Uses	<u>(130,550)</u>	<u>(491,802)</u>	<u>(491,802)</u>	<u>0</u>
Net Change in Fund Balance	374,675	(256,213)	(256,213)	0
Fund Balances - Beginning	<u>2,176,527</u>	<u>8,745,148</u>	<u>9,219,078</u>	<u>473,930</u>
Fund Balances - Ending	<u>\$ 2,551,202</u>	<u>8,488,935</u>	<u>8,962,865</u>	<u>473,930</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,880,788	1,956,993	1,956,993	
Road and bridge privilege taxes	837,500	839,497	839,497	
Licenses, commissions and other revenue	400	319	319	
Intergovernmental revenues	936,000	986,591	986,591	
Interest income	31,400	34,131	34,131	
Miscellaneous revenues		62,207	62,207	
Total Revenues	<u>3,686,088</u>	<u>3,879,738</u>	<u>3,879,738</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,540,756	3,538,542	3,538,542	
Principal	145,332	128,696	128,696	
Interest		16,636	16,636	
Total Expenditures	<u>3,686,088</u>	<u>3,683,874</u>	<u>3,683,874</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>195,864</u>	<u>195,864</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		20,222	20,222	
Compensation for loss of capital assets		2,581	2,581	
Transfers in	40,046	16,869	16,869	
Other financing sources				
Total Other Financing Sources and Uses	<u>40,046</u>	<u>39,672</u>	<u>39,672</u>	<u>0</u>
Net Change in Fund Balance	40,046	235,536	235,536	0
Fund Balances - Beginning	<u>656,363</u>	<u>2,594,941</u>	<u>2,533,962</u>	<u>(60,979)</u>
Fund Balances - Ending	<u>\$ 696,409</u>	<u>2,830,477</u>	<u>2,769,498</u>	<u>(60,979)</u>

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

LAUDERDALE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Economic Industry and Recreation Fund
 For the Year Ended September 30, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 472,012	494,043	494,043	
Licenses, commissions and other revenue	65	82	82	
Intergovernmental revenues	6,500	6,807	6,807	
Interest income	13,500	29,854	29,854	
Miscellaneous revenues	18,900	19,500	19,500	
Total Revenues	<u>510,977</u>	<u>550,286</u>	<u>550,286</u>	<u>0</u>
EXPENDITURES				
Current:				
Economic development and assistance	160,822	3,189,144	3,189,144	
Debt service:				
Principal	17,778	0	0	
Total Expenditures	<u>178,600</u>	<u>3,189,144</u>	<u>3,189,144</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>332,377</u>	<u>(2,638,858)</u>	<u>(2,638,858)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		15,166	15,166	
Transfers in		260,917	260,917	
Transfers out	(298,156)	(338,155)	(338,155)	
Total Other Financing Sources and Uses	<u>(298,156)</u>	<u>(62,072)</u>	<u>(62,072)</u>	<u>0</u>
Net Change in Fund Balance	34,221	(2,700,930)	(2,700,930)	0
Fund Balances - Beginning	<u>253,924</u>	<u>342,853</u>	<u>349,653</u>	<u>6,800</u>
Fund Balances - Ending	<u>\$ 288,145</u>	<u>(2,358,077)</u>	<u>(2,351,277)</u>	<u>6,800</u>

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

LAUDERDALE COUNTY

Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

		2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)		0.187676%	0.192181%	0.182297%	0.173116%	0.174217%
County's proportionate share of the net pension liability (asset)	\$	33,015,909	31,965,352	30,303,964	30,922,849	26,930,485
Covered payroll	\$	12,224,798	12,274,821	11,899,557	11,461,550	11,023,486
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		270.07%	260.41%	254.66%	269.80%	244.30%
Plan fiduciary net position as a percentage of the total pension liability		61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,976,759	1,931,505	1,874,890	1,805,194	1,736,801
Contributions in relation to the contractually required contribution	<u>1,976,759</u>	<u>1,931,505</u>	<u>1,874,890</u>	<u>1,805,194</u>	<u>1,736,801</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 12,224,855	12,263,525	11,899,557	11,461,550	11,023,486
Contributions as a percentage of covered payroll	16.17% **	15.75%	15.75%	15.75%	15.75%

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

** The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%

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

LAUDERDALE COUNTY

Schedule of Metro Ambulance's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	2019	2018	2017	2016	2015
Metro Ambulance's proportion of the net pension liability	0.04%	0.04%	0.04%	0.04%	0.04%
Metro Ambulance's proportion of the total net position liability	\$ 18,090,367	17,758,464	17,266,597	16,799,005	16,145,834
Metro Ambulance's proportion of the plan net position	11,141,608	10,992,743	10,617,239	9,654,006	9,962,623
Metro Ambulance's proportionate share of the net pension liability	<u>\$ 6,948,759</u>	<u>6,765,721</u>	<u>6,649,358</u>	<u>7,144,999</u>	<u>6,183,211</u>
Metro Ambulance's covered payroll	2,653,003	2,597,968	2,599,162	2,636,089	2,656,057
Metro Ambulance's proportionate share of the net pension liability as a percentage of its covered payroll	261.92%	260.42%	255.83%	271.05%	232.80%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	61.90%	61.49%	57.47%	61.70%

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

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

LAUDERDALE COUNTY
Schedule of Metro Ambulance's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 430,038	409,180	409,368	415,184	418,329
Contributions in relation to the contractually required contribution	<u>430,038</u>	<u>409,180</u>	<u>409,368</u>	<u>415,184</u>	<u>418,329</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Metro Ambulance's covered payroll	\$ 2,653,003	2,597,968	2,599,162	2,636,089	2,656,057
Contributions as a percentage of covered payroll	16.21%	15.75%	15.75%	15.75%	15.75%

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

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

LAUDERDALE COUNTY

Schedule of Lauderdale County Tourism Commission's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.0024%	0.0012%	0.0020%	0.0022%	0.0022%
Commission's proportion of the total net position liability	\$ 1,090,011	530,312	848,222	936,125	883,177
Commission's proportion of the plan net position	671,320	331,631	521,572	537,971	544,928
Commission's proportionate share of the net pension liability	<u>\$ 418,691</u>	<u>198,681</u>	<u>326,650</u>	<u>398,154</u>	<u>338,249</u>
Commission's covered payroll	147,842	148,260	128,311	147,575	138,362
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	283.20%	134.01%	254.58%	269.80%	244.47%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

LAUDERDALE COUNTY

Schedule of Lauderdale County Tourism Commission's Contributions

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 25,068	23,351	20,209	23,243	21,792
Contributions in relation to the contractually required contribution	<u>25,068</u>	<u>23,351</u>	<u>20,209</u>	<u>23,243</u>	<u>21,792</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Lauderdale County Tourism Commission's covered payroll	\$ 147,842	148,260	128,311	147,575	138,362
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%

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

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

LAUDERDALE COUNTY

Schedule of the Meridian-Lauderdale County Public Library's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

		2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)		0.007706%	0.008414%	0.008510%	0.006858%	0.007445%
Library's proportionate share of the net pension liability (asset)	\$	1,355,637	1,399,498	1,414,651	1,225,009	1,150,850
Library's covered payroll	\$	491,945	518,762	563,962	459,340	459,371
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		275.57%	269.78%	250.84%	266.69%	250.53%
Plan fiduciary net position as a percentage of the total pension liability		61.59%	62.54%	61.49%	57.47%	61.70%

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

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

LAUDERDALE COUNTY
Schedule of Meridian-Lauderdale County Public Library's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 79,209	82,393	88,824	72,346	72,351	71,904
Contributions in relation to the contractually required contribution	<u>79,209</u>	<u>82,393</u>	<u>88,824</u>	<u>72,346</u>	<u>72,351</u>	<u>71,904</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Library's covered payroll	\$ 491,945	518,762	563,962	459,340	459,371	456,533
Contributions as a percentage of covered payroll	16.10%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

LAUDERDALE COUNTY
Schedule of Meridian-Lauderdale County Public Library's
Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability (asset)	0.0133804%	0.0143678%	0.0149457%
County's proportionate share of the net OPEB liability (asset)	\$ 113,538	111,142	117,265
Library's covered payroll	\$ 491,945	518,762	563,962
Library proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	23.08%	21.42%	20.79%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

* The amounts presented for each fiscal year were determined as of the measurement date of 9/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Library has only presented information for the years in which information is available.

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

LAUDERDALE COUNTY

Schedule of Meridian-Lauderdale County Public Library's Contributions - OPEB

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,551	4,950	4,614
Contributions in relation to the contractually required contribution	<u>4,551</u>	<u>4,950</u>	<u>4,614</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>
Library's covered payroll	\$ 491,945	518,762	563,962
Contributions as a percentage of covered payroll	0.93%	0.95%	0.82%

* The amounts presented for each fiscal year were determined as of the measurement date of 9/30 of the year prior to the fiscal year presented.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 9/30/2018, and, until a full 10-year trend is compiled, the Library has only presented information for the years in which information is available.

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

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	County Road Maintenance Fund	Economic Industry and Recreation Fund
Budget (Cash Basis)	\$ (256,213)	235,536	(2,700,930)
Increase (Decrease)			
Net adjustments for revenue accruals	(595,546)	1,036,758	303
Net adjustments for expenditure accruals	925,959	(1,076,063)	(872,784)
GAAP Basis	\$ 74,200	196,231	(3,573,411)

LAUDERDALE COUNTY

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

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

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

LAUDERDALE COUNTY

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

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

B. Changes in benefit provisions.

2016

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

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

Component Unit – Meridian-Lauderdale County Public Library

A. *Changes of assumptions.*

2019

The SEIR was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date. In addition, the following changes were made in the actuarial assumptions due to the PERS experience study for the four-year period ending June 30, 2018:

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

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

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

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

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

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

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

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

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

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

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

LAUDERDALE COUNTY

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

2018

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

2017

The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

B. *Changes in benefit provisions.*

2019

None

2018

None

2017

None

C. *Methods and assumptions used in calculations of Actuarially Determined Contributions.*

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3.00 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	7.25 percent
Ultimate health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	4.75 percent
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2028
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.89%

LAUDERDALE COUNTY

OTHER INFORMATION

LAUDERDALE COUNTY

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

Name	Position	Company	Bond
Jonathan Wells	Supervisor District 1	Travelers	\$100,000
Wayman Newell	Supervisor District 2	Travelers	\$100,000
Josh Todd	Supervisor District 3	Travelers	\$100,000
Joe Norwood	Supervisor District 4	Travelers	\$100,000
Kyle Rutledge	Supervisor District 5	Travelers	\$100,000
Chris Lafferty	County Administrator	Travelers	\$100,000
Carolyn Mooney	Chancery Clerk	EMC Insurance	\$100,000
Tracey Rue	Purchase Clerk	Western Surety	\$75,000
Stephanie Jackson	Purchase Clerk	Travelers	\$75,000
Christy Jackson	Assistant Purchase Clerk	Travelers	\$50,000
Evelyn Cole Ward	Receiving Clerk	EMC Insurance	\$75,000
Blanket Bond	Assistant Receiving Clerks (12)	Travelers	\$50,000
Kim Poe	Inventory Control Clerk	Western Surety	\$75,000
Calvin Rushing Mayatt	Road Manager	Travelers	\$50,000
Ondray Harris	Constable	EMC Insurance	\$50,000
Tommie Coker	Constable	Liberty Mutual	\$50,000
Lee Roberts	Constable	Liberty Mutual	\$50,000
Donna Jill Johnson	Circuit Clerk	EMC Insurance	\$100,000
Blanket Bond	Deputy Circuit Clerk (5)	EMC Insurance	\$50,000
William Sollie	Sheriff	EMC Insurance	\$100,000
Blanket Bond	Sheriff's Deputies (8)	EMC Insurance	\$50,000
Ondray Harris	Justice Court Judge	Old Republic Surety Company	\$50,000
Gerald Thompson	Justice Court Judge	EMC insurance	\$50,000
Richard Roberts	Justice Court Judge	Western Surety	\$50,000
Blanket Bond	Deputy Justice Court Clerk (10)	Travelers	\$50,000
Doris Spidle	Tax Collector	EMC insurance	\$100,000
James Rainey	Tax Assessor	RLI Insurance	\$50,000
Blanket Bond	Deputy Tax Assessor (10)	EMC Insurance	\$10,000
Blanket Bond	Deputy Tax Collector (10)	EMC Insurance	\$100,000

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

SPECIAL REPORTS

LAUDERDALE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Lauderdale County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 5, 2021.

Our report includes a reference to other auditors. Other auditors audited the financial statements of Metro Ambulance Enterprise Fund, the Lauderdale County Tourism Commission, and the Meridian-Lauderdale County Public Library, as described in our report on Lauderdale County, Mississippi's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting on compliance and other matters that are reported on separately by each auditor. The financial statements of Lauderdale County Tourism Commission, which were audited by other auditors, upon whose report we are relying were audited in accordance with auditing standards generally accepted in the United States of America but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Lauderdale County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 5, 2021, included within this document.

Lauderdale County's Response to Finding

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 5, 2021



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Lauderdale County, Mississippi

We have examined Lauderdale County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Lauderdale County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Assistant Purchase Clerk.

1. The Assistant Purchase Clerk should be bonded as required by state statute.

Repeat Finding Yes

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

Condition	As reported in the prior year's audit report, the Assistant Purchase Clerk was bonded for an indefinite time period for the fiscal year.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the indefinite bond and a new bond with an expiration date should be issued for the Assistant Purchase Clerk, as required by law.
Views of Responsible Official(s)	We will contact the insurance company to get this corrected for the next renewal.

Assistant Receiving Clerks.

2.	<u>The Assistant Receiving Clerks should be bonded individually.</u>
Repeat Finding	Yes
Criteria	Section 31-7-124, Miss. Code Ann. (1972), requires each Assistant Receiving Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior five years' audit reports, the Assistant Receiving Clerks were issued under a blanket bond rather than individual bonds.
Cause	The County did not comply with state laws.
Effect	Failure to issue individual bonds for each Assistant Receiving Clerk could result in the loss or misappropriation of public funds.
Recommendation	The Assistant Receiving Clerks' blanket bond should be cancelled, and a new bond should be issued for each clerk.
Views of Responsible Official(s)	Management will review.

Purchase Clerk.

3.	<u>Purchase documents should be prepared in the proper sequence.</u>
Repeat Finding	No
Criteria	Section 31-7-103, Miss. Code Ann. (1972), requires a requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972), and except for purchases of not more than \$1,500.
Condition	During our audit, we noted that some purchasing documents were prepared after the fact, as indicated by dates on the documents or other corroborating evidence.
Cause	The Purchase Clerk did not comply with state laws.
Effect	Failure to properly complete purchasing documents could result in the misappropriation of county funds and excess costs to the County.
Recommendation	The Purchase Clerk should ensure the required purchase documents are issued in their proper time sequence.

**Views of Responsible
Official(s)**

The Purchase Clerk will ensure the required purchase documents are issued in their proper sequence.

Receiving Clerk.

4. The Receiving Clerk should be bonded as required by state statute.

Repeat Finding Yes

Criteria Section 31-7-124, Miss. Code Ann. (1972), requires each Receiving Clerk to execute a bond for \$75,000 to be payable, conditioned and approved as provided by law. In addition, Section 25-1-15(2), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition As reported in the prior year's audit report, the Receiving Clerk was bonded for an indefinite time period for the fiscal year.

Cause The County did not comply with state laws.

Effect Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should cancel the indefinite bond and a new bond with an expiration date should be issued for the Receiving Clerk, as required by law.

**Views of Responsible
Official(s)**

We will contact the insurance company to get this corrected for the next renewal.

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

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 5, 2021

LAUDERDALE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2019

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
10/10/2018	2019 Dodge Ram 1500	26,589	Johnson Dodge	26,336	The extra costs associated with driving to Grenada, MS to purchase from the lowest bidder exceeds the cost of the bid from Johnson Dodge in Meridian, MS.
11/15/2018	Run-off election ballots	\$ 0.27 each	Absolute Print Solut	\$ 0.25 each	Ballots come stubbed and numbered which helps tremendously to account for each ballot.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
5/16/2019	Removal of old water boiler & labor to install new water boiler	\$ 33,500	The Service Company of Meridian, Inc.	Boiler quit working with no hot water for 3 days for inmates to take showers.
7/22/2019	HVAC condensing unit for E911	39,408	Trane US, Inc.	HVAC unit stopped working.

LAUDERDALE COUNTY

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/10/2018	Repair 13 cell doors	\$ 84,157	Cornerstone Detention Products, Inc.
4/3/2019	Replace fire/smoke alarm system-upgrade to 4100ES 2x40	11,003	Johnson Controls Fire Protection, LP
5/6/2019	Update door operating system-Lauderdale County Detention Center	181,377	Johnson Controls Fire Protection, LP



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Lauderdale County, Mississippi

In planning and performing our audit of the financial statements of Lauderdale County, Mississippi for the year ended September 30, 2019, we considered Lauderdale County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Lauderdale 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 April 5, 2021, on the financial statements of Lauderdale County, Mississippi.

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

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

Board of Supervisors.

1. County Administrator should be bonded as required by state statute.

Repeat Finding Yes

Criteria Section 19-4-9, Miss. Code Ann. (1972), requires the County Administrator to execute a bond in which the amount should be 3% of the sum of all the state and county taxes (not including motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the County for the year immediately preceding the commencement of the term of office, not to exceed \$100,000. In addition, Section 25-1-15(2), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition As reported in the prior year's audit report, the County Administrator was bonded for an indefinite time period for the fiscal year 2019.

Cause The County did not comply with state laws.

Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the indefinite bond and a new bond with an expiration date should be issued for the County Administrator, as required by law.
Views of Responsible Official(s)	A definite bond was executed in August 2020.

Board of Supervisors and Deputy Circuit Clerks.

2.	<u>Deputy Circuit Clerks should be bonded individually.</u>
Repeat Finding	Yes
Criteria	Section 9-7-123(2), Miss. Code Ann. (1972), requires each deputy clerk of the Circuit Court to execute a bond for not less than \$50,000 nor more than \$100,000 to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior five years' audit reports, the Deputy Circuit Clerks were issued under a blanket bond rather than individual bonds.
Cause	The County did not comply with state laws.
Effect	Failure to issue individual bonds for each Deputy Circuit Clerk could result in the loss or misappropriation of public funds.
Recommendation	The Deputy Circuit Clerks' blanket bond should be cancelled, and a new bond should be issued for each clerk, as required by law.
Views of Responsible Official(s)	Management will review.

Board of Supervisors and Justice Court Clerk.

3.	<u>Justice Court Clerk should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	Section 9-11-29(2), Miss. Code Ann. (1972), requires the Justice Court Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior year's audit report, the Justice Court Clerk was not issued a bond.
Cause	The County did not comply with state laws.
Effect	Failure to issue a bond for the Justice Court Clerk could result in the loss or misappropriation of public funds.
Recommendation	The Justice Court Clerk should be bonded.
Views of Responsible Official(s)	The former Justice Court Clerk served in FY2019 and retired in FY2020. The new clerk has been bonded for FY2020.
4.	<u>Deputy Justice Court Clerks should be bonded individually.</u>
Repeat Finding	Yes

Criteria	Section 9-11-29(2), Miss. Code Ann. (1972), requires every person appointed as clerk and deputy clerk of the Justice Court to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior five years' audit reports, the Deputy Justice Court Clerks were issued under a blanket bond rather than individual bonds.
Cause	The County did not comply with state laws.
Effect	Failure to issue individual bonds for each Deputy Justice Court Clerk could result in the loss or misappropriation of public funds.
Recommendation	The Deputy Justice Court Clerks' blanket bond should be cancelled, and a new bond should be issued for each clerk, as required by law.

Views of Responsible Official(s)

Management will review.

5. Deputy Justice Court Clerks should be bonded as required by state statute.

Repeat Finding No

Criteria	Section 9-11-29(2), Miss. Code Ann. (1972), requires every person appointed as clerk and deputy clerk of the Justice Court to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. In addition, Section 25-1-15(2), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
Condition	A Deputy Justice Court Clerk was bonded for an indefinite time period for the fiscal year 2019.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the indefinite bond and a new bond with an expiration date be issued for this Deputy Justice Court Clerk, as required by law.
Views of Responsible Official(s)	We will contact the insurance company to get this corrected for the next renewal.

Board of Supervisors and Tax Assessor.

6. Deputy Tax Assessors should be bonded individually.

Repeat Finding Yes

Criteria	Section 27-1-3, Miss. Code Ann. (1972), requires each Deputy Tax Assessor to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior five years' audit reports, the Deputy Tax Assessors were issued under a blanket bond rather than individual bonds.
Cause	The County did not comply with state laws.
Effect	Failure to issue individual bonds for each Deputy Tax Assessor could result in the loss or misappropriation of public funds.

Recommendation	The Deputy Tax Assessors' blanket bond should be cancelled, and a new bond should be issued for each clerk, as required by law.
Views of Responsible Official(s)	Management will review.
Board of Supervisors and Tax Collector.	
7.	<u>Deputy Tax Collectors should be bonded individually.</u>
Repeat Finding	Yes
Criteria	Section 27-1-9(a), Miss. Code Ann. (1972), requires each Deputy Tax Collector to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior five years' audit reports, the Deputy Tax Collectors were issued under a blanket bond rather than individual bonds.
Cause	The County did not comply with state laws.
Effect	Failure to issue individual bonds for each Deputy Tax Collector could result in the loss or misappropriation of public funds.
Recommendation	The Deputy Tax Collectors' blanket bond should be cancelled, and a new bond should be issued for each clerk, as required by law.
Views of Responsible Official(s)	Management will review.
Circuit Clerk.	
8.	<u>The Circuit Clerk's office should make timely deposits and settlements, and reconcile the bank statements to the cash journal.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include strong financial accountability and safeguarding of assets and revenue.
Condition	As reported in the prior year's audit report, we noted the following weaknesses: <ul style="list-style-type: none"> a. Civil and criminal receipts were not being deposited and settled timely. b. The cash journal for the garnishment account was not being adequately maintained and reconciled monthly.
Cause	This weakness is due to inadequate internal controls surrounding the collection, depositing, and recording of revenue in the Circuit Clerk's office.
Effect	The failure to develop adequate internal controls in the Circuit Clerk's office regarding the collection, disbursing, and recording of funds could result in the misappropriation of public funds.
Recommendation	The Circuit Clerk should implement internal controls to ensure that daily deposits are being made and the cash journals are adequately maintained and reconciled.
Views of Responsible Official(s)	Will discuss again with all of our department to do better.

Sheriff.

9. Sheriff's Office should make timely deposits and settlements.

Repeat Finding Yes

Criteria An effective system of internal control over cash should include the depositing of all receipts and the settlement of funds to the proper authority in a timely manner.

Condition As reported in the prior year's audit report, we noted process receipts were not deposited timely and some monthly settlements were not settled to the proper authority in a timely manner.

Cause This weakness is due to inadequate internal controls surrounding the collection, depositing, recording and settling of revenue.

Effect The failure to develop adequate internal controls in the Sheriff's Office regarding the collection, disbursing, and recording of funds could result in the misappropriation of public funds.

Recommendation The Sheriff should implement internal controls to ensure that timely deposits are being made.

Views of Responsible Official(s) This has been corrected and deposits are made once a week now.

Tax Collector.

10. A separate bank account should be maintained for garbage fee collection.

Repeat Finding Yes

Criteria An effective system of internal control should include the separate accounting of garbage fee collections. A separate bank account should be used to account for all garbage fee collections and a separate reconciliation should be prepared for the garbage account.

Condition As reported in the prior year's audit report, we noted that solid waste user fees were being combined into the Tax Collector bank account with all of the tax collections.

Cause This was caused by an oversight in the Tax Collector's office.

Effect Failure to separate the account of the garbage user fees could result in the loss or misappropriation of public funds.

Recommendation The Tax Collector should establish and maintain a separate bank account and reconciliation monthly for the garbage user fees.

Views of Responsible Official(s) A separate bank account has been opened for Garbage funds in 2019. We do reconcile the garbage user fees monthly now.

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

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

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 5, 2021

LAUDERDALE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness identified? | Yes |
| b. | Significant deficiency identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2019-001. Written agreements should be maintained with self-insurance plan administrator and brokerage firm.

Repeat Finding Yes

Criteria An effective system of internal control over self-insurance should include a written agreement with the self-funded insurance plan administrator and insurance brokerage firm.

Condition As reported in the prior year's audit report, it was noted that the County is using a different self-funded insurance administrator than what was approved in the minutes of the Board of Supervisors. Also, the County only holds a verbal agreement with the brokerage firm for the self-funded insurance administrator.

Cause The County failed to provide a written agreement with the approved plan administrator and brokerage firm.

Effect Without proper internal controls over self-insurance, the County could be held liable for unauthorized claim amounts, which could cause a loss or misappropriation of public funds.

Recommendation The County should have written agreements with their self-funded insurance plan administrator and insurance brokerage firm that discloses all responsibilities of the County, the plan administrator and the brokerage firm.

Views of Responsible Official(s) Contracts for 6/1/18 through 5/31/20 approved by board on 10/7/19 and executed.