

LAUDERDALE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020

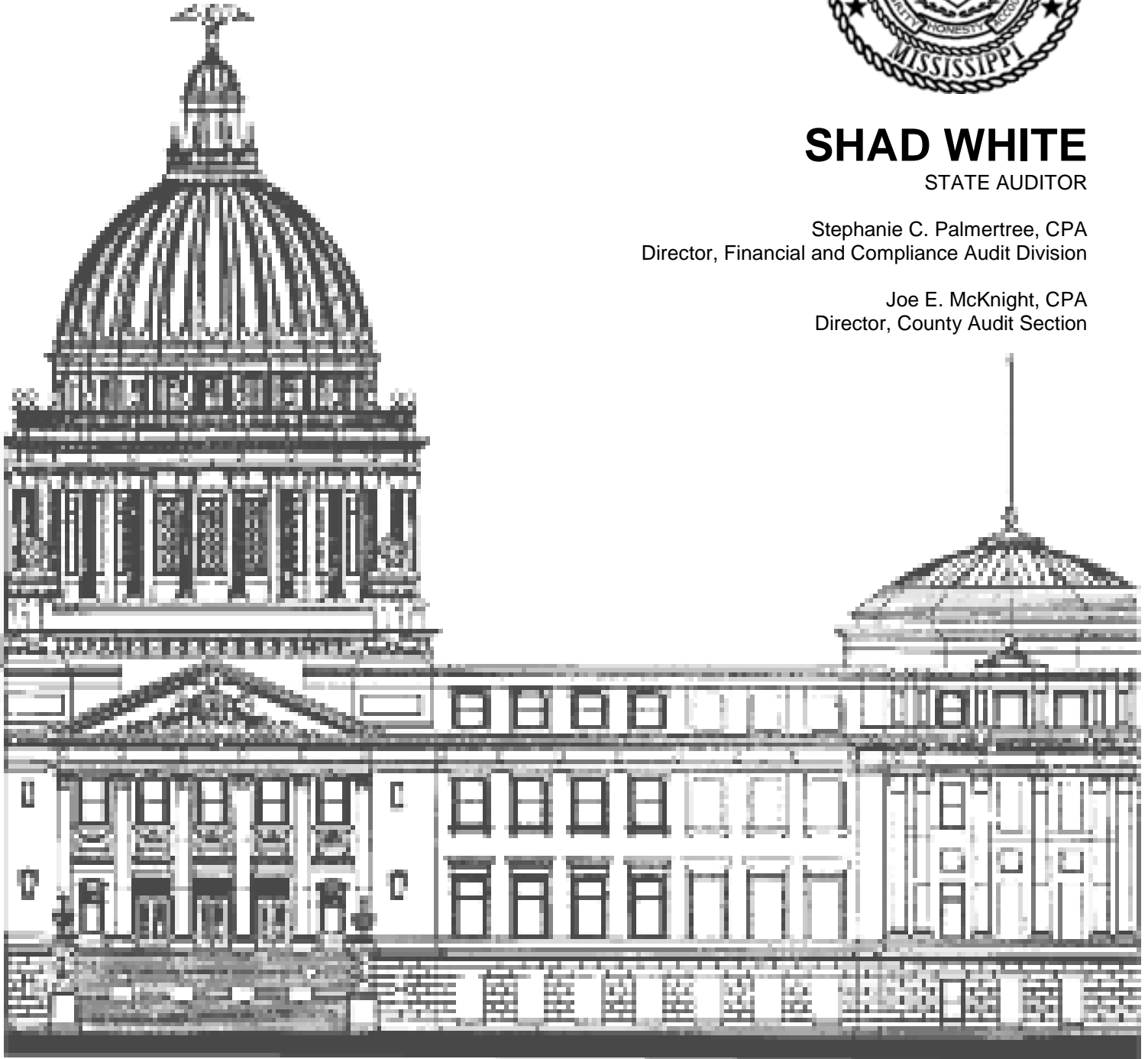


SHAD WHITE

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

May 17, 2022

Members of the Board of Supervisors
Lauderdale County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Metro Ambulance Enterprise Fund, a blended component unit, which represents 100 percent 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 percent, 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.

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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule 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 the Net OPEB Liability, and 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 requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our

opinion, based on our audit, the procedures performed as described above, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 May 17, 2022 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.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 17, 2022

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

FINANCIAL STATEMENTS

LAUDERDALE COUNTY

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LAUDERDALE COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lauderdale County Tourism Commission	Meridian- Lauderdale County Public Library
ASSETS					
Cash	\$ 37,185,919	682,425	37,868,344	1,372,111	2,983,336
Investments					796,406
Property tax receivable	28,468,676		28,468,676		
Accounts receivable (net of allowance for uncollectibles of \$874,372)	402,779	1,332,037	1,734,816	115,694	
Fines receivable (net of allowance for uncollectibles of \$7,838,458)	305,612		305,612		
Intergovernmental receivables	1,558,732		1,558,732		
Other receivables	89,136		89,136		20,684
Internal balances	(506)	506	0		
Inventories and prepaid items		133,957	133,957		9,524
Capital assets:					
Land and construction in progress	26,783,901		26,783,901		
Other capital assets, net	85,688,753	675,553	86,364,306	32,599	689,717
Total Assets	180,483,002	2,824,478	183,307,480	1,520,404	4,499,667
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	2,932,552	708,212	3,640,764	51,170	94,179
Deferred outflows related to other postemployment benefits					25,125
Deferred amount on refunding	1,191,699		1,191,699		
Total Deferred Outflows of Resources	4,124,251	708,212	4,832,463	51,170	119,304
LIABILITIES					
Claims payable	2,175,106		2,175,106	34,093	
Intergovernmental payables	1,016,861		1,016,861		
Accounts payable and accrued liabilities					27,033
Accrued interest payable	204,241		204,241		
Unearned revenue		213,581	213,581		
Amounts held in custody for others	594,942		594,942		
Other payables	488,134	125,740	613,874		
Claims and judgments payable	36,688		36,688		
Long-term liabilities					
Due within one year:					
Capital debt	5,382,177		5,382,177		
Non-capital debt	36,290	92,181	128,471		
Due in more than one year:					
Capital debt	37,213,152		37,213,152		
Non-capital debt	735,556	202,241	937,797	25,471	37,488
Net pension liability	35,753,549	7,820,970	43,574,519	416,796	1,360,152
Net OPEB liability					95,770
Total Liabilities	83,636,696	8,454,713	92,091,409	476,360	1,520,443

LAUDERDALE COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1 -Cont'd

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lauderdale County Tourism Commission	Meridian- Lauderdale County Public Library
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	761,807	232,105	993,912		180,383
Deferred inflows related to other postemployment benefits					36,376
Deferred revenues - property taxes	28,468,676		28,468,676		
Total Deferred Inflows of Resources	29,230,483	232,105	29,462,588	0	216,759
NET POSITION					
Net investment in capital assets	71,069,024	675,553	71,744,577	32,599	689,717
Restricted for:					
Expendable:					
General government	1,845,499		1,845,499		
Public safety	1,334,375		1,334,375		
Public works	14,928,697		14,928,697		
Culture and recreation	280,653		280,653		
Economic development and assistance	229,559		229,559		
Unemployment compensation					10,364
Debt service	7,292,689		7,292,689		
Other purposes					281,365
Unrestricted	(25,240,422)	(5,829,681)	(31,070,103)	1,062,615	1,900,323
Total Net Position	\$ 71,740,074	(5,154,128)	66,585,946	1,095,214	2,881,769

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

LAUDERDALE COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
			Operating	Capital				Lauderdale	Meridian-
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total	County Tourism	Lauderdale County
		Services	Contributions	Contributions	Activities	Activities		Commission	Public Library
Primary government:									
Governmental activities:									
General government	\$ 12,778,219	4,189,561	453,186	181,938	(7,953,534)		(7,953,534)		
Public safety	11,631,088	1,237,165	1,858,542	28,720	(8,506,661)		(8,506,661)		
Public works	11,151,617	1,334,242	1,179,345	850,010	(7,788,020)		(7,788,020)		
Health and welfare	1,097,864		95,157		(1,002,707)		(1,002,707)		
Culture and recreation	491,546	209,777	184,774		(96,995)		(96,995)		
Conservation of natural resources	130,805				(130,805)		(130,805)		
Economic development and assistance	1,215,883		251,665	3,500,000	2,535,782		2,535,782		
Interest on long-term debt	1,140,006				(1,140,006)		(1,140,006)		
Bond issue costs	207,179				(207,179)		(207,179)		
Fiscal agents' fees	13,800				(13,800)		(13,800)		
Pension expense	3,589,612				(3,589,612)		(3,589,612)		
Total Governmental Activities	43,447,619	6,970,745	4,022,669	4,560,668	(27,893,537)		(27,893,537)		
Business-type activities:									
Metro Ambulance	8,842,714	8,547,870				(294,844)	(294,844)		
Total Business-type Activities	8,842,714	8,547,870	0	0		(294,844)	(294,844)		
Total Primary Government	\$ 52,290,333	15,518,615	4,022,669	4,560,668	(27,893,537)	(294,844)	(28,188,381)		
Component units:									
Lauderdale County Tourism Commission	\$ 568,397	634,112	463,765					529,480	
Meridian-Lauderdale County Public Library	1,154,533	19,248	179,945						(955,340)
Total Component Units	\$ 1,722,930	653,360	643,710	0				529,480	(955,340)

LAUDERDALE COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2 - Cont'd

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	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					\$ 28,988,081	37,080	29,025,161		
Road & bridge privilege taxes					840,427		840,427		
Grants and contributions not restricted to specific programs					1,930,260		1,930,260		932,103
Unrestricted interest income					506,082	2,817	508,899		
Unrestricted investment income									45,047
Miscellaneous					1,328,209		1,328,209		4,738
Transfers								(48,800)	
Total General Revenues and Transfers					<u>33,593,059</u>	<u>39,897</u>	<u>33,632,956</u>	<u>(48,800)</u>	<u>981,888</u>
Changes in Net Position					5,699,522	(254,947)	5,444,575	480,680	26,548
Net Position - Beginning					<u>66,040,552</u>	<u>(4,899,181)</u>	<u>61,141,371</u>	<u>614,534</u>	<u>2,855,221</u>
Net Position - Ending					<u>\$ 71,740,074</u>	<u>(5,154,128)</u>	<u>66,585,946</u>	<u>1,095,214</u>	<u>2,881,769</u>

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

LAUDERDALE COUNTY
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds				
	General Fund	Combined GO Debt Fund	Series 2020 GO Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 10,052,684	7,036,102	7,858,102	12,239,031	37,185,919
Property tax receivable	15,521,632	5,069,775		7,877,269	28,468,676
Accounts receivable (net of allowance for uncollectibles of \$874,372)				402,779	402,779
Fines receivable (net of allowance for uncollectibles of \$7,838,458)	305,612				305,612
Intergovernmental receivables	1,284,939			273,793	1,558,732
Other receivables	70,503			18,633	89,136
Due from other funds	400,100	69,967		238,630	708,697
Advances to other funds	316,500				316,500
Total Assets	<u>\$ 27,951,970</u>	<u>12,175,844</u>	<u>7,858,102</u>	<u>21,050,135</u>	<u>69,036,051</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 629,578		576,068	969,460	2,175,106
Intergovernmental payables	981,770				981,770
Due to other funds	344,194			400,100	744,294
Advances from other funds				316,500	316,500
Amounts held in custody for others	594,942				594,942
Other payables	488,134				488,134
Claims and judgments payable	36,688				36,688
Total Liabilities	<u>3,075,306</u>	<u>0</u>	<u>576,068</u>	<u>1,686,060</u>	<u>5,337,434</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	15,521,632	5,069,775		7,877,269	28,468,676
Unavailable revenue - accounts receivable				402,779	402,779
Unavailable revenue - fines	305,612				305,612
Total Deferred Inflows of Resources	<u>15,827,244</u>	<u>5,069,775</u>	<u>0</u>	<u>8,280,048</u>	<u>29,177,067</u>
Fund balances:					
Nonspendable:					
Advances	316,500				316,500
Restricted for:					
General government				1,845,499	1,845,499
Public safety				1,334,375	1,334,375
Public works			7,282,034	7,243,884	14,525,918
Culture and recreation				280,653	280,653
Economic development and assistance				229,559	229,559
Debt service		7,106,069		390,861	7,496,930
Committed to:					
Public safety				131,979	131,979
Assigned to:					
Public safety				95,932	95,932
Unassigned	8,732,920			(468,715)	8,264,205
Total Fund Balances	<u>9,049,420</u>	<u>7,106,069</u>	<u>7,282,034</u>	<u>11,084,027</u>	<u>34,521,550</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,951,970</u>	<u>12,175,844</u>	<u>7,858,102</u>	<u>21,050,135</u>	<u>69,036,051</u>

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

LAUDERDALE COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2020

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 34,521,550
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 \$103,100,095.	112,472,654
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	708,391
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(43,367,175)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(35,753,549)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(204,241)
Deferred amount on refunding	1,191,699
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	2,932,552
Deferred inflows of resources related to pensions	<u>(761,807)</u>
Total Net Position - Governmental Activities	\$ <u>71,740,074</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, 2020

	Major Funds			Other	Total
	General Fund	Combined GO Debt Fund	Series 2020 GO Bond Fund	Governmental Funds	Governmental Funds
REVENUES					
Property taxes	\$ 15,857,451	5,118,674		8,011,956	28,988,081
Road and bridge privilege taxes				840,427	840,427
Licenses, commissions and other revenue	987,005	494		77,068	1,064,567
Fines and forfeitures	814,950			3,975	818,925
Intergovernmental revenues	2,614,295	64,911		7,834,391	10,513,597
Charges for services	2,533,606			2,519,223	5,052,829
Interest income	217,485	80,471	40,803	167,323	506,082
Miscellaneous revenues	694,537			633,672	1,328,209
Total Revenues	<u>23,719,329</u>	<u>5,264,550</u>	<u>40,803</u>	<u>20,088,035</u>	<u>49,112,717</u>
EXPENDITURES					
Current:					
General government	10,932,450		1,839,245	2,754,943	15,526,638
Public safety	9,505,192			2,796,580	12,301,772
Public works			472,658	11,409,678	11,882,336
Health and welfare	899,406			183,383	1,082,789
Culture and recreation				443,432	443,432
Conservation of natural resources	130,805				130,805
Economic development and assistance	171,700			1,639,380	1,811,080
Debt service:					
Principal	105,717			4,110,374	4,216,091
Interest	3,110			975,567	978,677
Bond issue costs			207,179		207,179
Fiscal agents' fees				13,800	13,800
Total Expenditures	<u>21,748,380</u>	<u>0</u>	<u>2,519,082</u>	<u>24,327,137</u>	<u>48,594,599</u>
Excess of Revenues over (under) Expenditures	<u>1,970,949</u>	<u>5,264,550</u>	<u>(2,478,279)</u>	<u>(4,239,102)</u>	<u>518,118</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	205,947		10,000,000		10,205,947
Premiums on bonds issued			54,566		54,566
Compensation for loss of capital assets	28,723				28,723
Transfers in	1,530			10,375,499	10,377,029
Transfers out	(2,025,731)	(4,225,223)	(294,253)	(3,831,822)	(10,377,029)
Total Other Financing Sources and Uses	<u>(1,789,531)</u>	<u>(4,225,223)</u>	<u>9,760,313</u>	<u>6,543,677</u>	<u>10,289,236</u>
Net Changes in Fund Balances	181,418	1,039,327	7,282,034	2,304,575	10,807,354
Fund Balances - Beginning	<u>8,868,002</u>	<u>6,066,742</u>	<u>0</u>	<u>8,779,452</u>	<u>23,714,196</u>
Fund Balances - Ending	<u>\$ 9,049,420</u>	<u>7,106,069</u>	<u>7,282,034</u>	<u>11,084,027</u>	<u>34,521,550</u>

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, 2020

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 10,807,354
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 \$6,639,761 exceeded depreciation of \$3,980,063 in the current period.	2,659,698
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, compensation for loss on 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 \$106,290 and the compensation for loss of \$28,723 in the current period.	(135,013)
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.	46,221
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.	(11,797)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$10,205,947 exceeded debt repayments of \$4,216,091.	(5,989,856)
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	(20,483)
The amount of decrease in accrued interest payable	11,878
Premium on general obligation bonds	(54,566)
The amortization of general obligation bond premium	14,584
The amortization of refunding bond premium	48,689
The amortization of deferred refunding charges	(236,480)
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	(3,589,612)
Recording of contributions made during the year	2,148,905
Change in Net Position of Governmental Activities	\$ <u>5,699,522</u>

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

LAUDERDALE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2020

Exhibit 5

	Business-type Activities - Enterprise Fund
	Metro Ambulance
ASSETS	
Current assets:	
Cash	\$ 682,425
Accounts receivable	1,332,037
Due from other funds	506
Inventories and prepaid items	133,957
Total Current Assets	2,148,925
Noncurrent assets:	
Other capital assets, net	675,553
Total Noncurrent Assets	675,553
Total Assets	2,824,478
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	708,212
Total Deferred Outflows of Resources	708,212
LIABILITIES	
Current liabilities:	
Unearned revenue	213,581
Other payables	125,740
Other long-term liabilities	92,181
Total Current Liabilities	431,502
Noncurrent liabilities:	
Other long-term liabilities	31,702
Compensated absences payable	170,539
Net pension liability	7,820,970
Total Noncurrent Liabilities	8,023,211
Total Liabilities	8,454,713
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	232,105
Total Deferred Inflows of Resources	232,105
NET POSITION	
Net investment in capital assets	675,553
Unrestricted	(5,829,681)
Total Net Position	\$ (5,154,128)

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

LAUDERDALE COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Fund
	Metro Ambulance
Operating Revenues	
Charges for services	\$ 8,547,870
Total Operating Revenues	<u>8,547,870</u>
Operating Expenses	
Personal services	3,883,061
Contractual services	320,211
Materials and supplies	3,007,618
Depreciation expense	195,618
Indirect administrative cost	509,764
Miscellaneous	72,477
Pension expense	849,019
Total Operating Expenses	<u>8,837,768</u>
Operating Income (Loss)	<u>(289,898)</u>
Nonoperating Revenues (Expenses)	
Property tax	37,080
Interest income	2,817
Other income (expenses)	(4,946)
Net Nonoperating Revenue (Expenses)	<u>34,951</u>
Changes in Net Position	(254,947)
Net Position - Beginning	<u>(4,899,181)</u>
Net Position - Ending	<u>\$ (5,154,128)</u>

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, 2020

Exhibit 7

	Business-type Activities - Enterprise Fund
	Metro Ambulance
Cash Flows From Operating Activities	
Receipts from customers	\$ 8,319,048
Payments to other suppliers for goods and services	(3,419,476)
Payments to employees for services	(4,805,757)
Net Cash Provided (Used) by Operating Activities	93,815
Cash Flows From Noncapital Financing Activities	
Proceeds of long-term debt	142,660
Other grants received	465
Property taxes	37,080
Loans from other funds	(506)
Interfund loan repayments	473
Principal paid on long-term debt	(30,777)
Licenses, commissions & other	4
Other non-capital financing activities	(5,415)
Net Cash Provided (Used) by Noncapital Financing Activities	143,984
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(362,547)
Net Cash Provided (Used) by Capital and Related Financing Activities	(362,547)
Cash Flows From Investing Activities	
Interest and dividends on investments	2,817
Net Cash Provided (Used) by Investing Activities	2,817
Net Increase (Decrease) in Cash and Cash Equivalents	(121,931)
Cash and Cash Equivalents at Beginning of Year	804,356
Cash and Cash Equivalents at End of Year	\$ 682,425
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (289,898)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	195,618
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(240,801)
(Increase) decrease in inventories and prepaid items	(59,799)
Increase (decrease) in other payables	4,302
Increase (decrease) in compensated absences liability	37,369
Increase (decrease) in unearned revenue	71,778
Increase (decrease) in net pension liability, deferred outflows/inflows (net)	375,246
Total Adjustments	383,713
Net Cash Provided (Used) by Operating Activities	\$ 93,815

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

LAUDERDALE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 201,370
Due from other funds	<u>35,091</u>
Total Assets	<u>\$ 236,461</u>
LIABILITIES	
Amounts held in custody for others	\$ 201,370
Intergovernmental payables	<u>35,091</u>
Total Liabilities	<u>\$ 236,461</u>

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

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

(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 Unit

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, this component unit is reported as if it is a 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 (the 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 board members as the city board members' terms expired. Complete financial statements for the Meridian-Lauderdale County Public Library can be obtained from 2517 7th Street, Meridian, MS 39301.

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

The Lauderdale County Tourism Commission (the 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 Supervisors. Complete financial statements for the Lauderdale County Tourism Commission can be obtained from 2000 Front Street Suite A, Meridian, MS 39301.

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 inter-fund 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.

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

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.

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.

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.

Series 2020 GO Bond Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing that is used for road and bridge projects, equipment, buildings and recreation.

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.

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

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.

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 inter-fund 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. Inter-fund 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."

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

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. 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 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.

LAUDERDALE COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2020

K. Deferred Outflows/Inflows of Resources.

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

Deferred amount on refunding - For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, 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 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 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.

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

L. 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.

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. Postemployment Benefits Other Than Pensions (OPEB).

Component Unit – Meridian-Lauderdale County Public Library

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, an OPEB expense, information about the fiduciary net position of the State and School Employee's Life and Health Plan (OPEB Plan) and additions to / deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the State.

O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements 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.

P. 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

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

borrowings attributable to the acquisition, construction or improvement of those assets.

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

Restricted fund balance includes amounts that have constraints placed upon the use of the resources 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 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.

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

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.

Q. Property Tax Revenues:

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

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

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

R. 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.

S. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$38,069,714, and the bank balance was \$39,649,626. 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

LAUDERDALE COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2020

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.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2020:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 400,100
Combined GO Debt Fund	General Fund	69,967
Other Governmental Funds	General Fund	238,630
Metro Ambulance Fund	General Fund	506
Agency Funds	General Fund	35,091
Total		<u>\$ 744,294</u>

The receivables represent the tax revenue collected in September, 2020, but not settled until October, 2020, and operating loans. 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	\$ <u>316,500</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	Series 2020 GO Bond Fund	\$ 1,530
Other Governmental Funds	General Fund	2,025,731
Other Governmental Funds	Combined GO Debt Fund	4,225,223
Other Governmental Funds	Series 2020 GO Bond Fund	292,723
Other Governmental Funds	Other Governmental Funds	3,831,822
Total		<u>\$ 10,377,029</u>

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Notes to the Financial Statements
For the Year Ended September 30, 2020

The principal purpose of interfund transfers was to provide funds for debt service, 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.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 383,373
Reimbursement for housing prisoners	16,503
Coronavirus relief fund reimbursement	881,463
Community heritage preservation grant reimbursement	94,056
Lauderdale County/NAS encroachment	43,575
Various reimbursement grants	139,762
	<hr/>
Total Governmental Activities	\$ 1,558,732

(5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 16,475,074		49,350		16,425,724
Construction in progress	7,169,413	5,507,683		(2,318,919)	10,358,177
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total non-depreciable capital assets	23,644,487	5,507,683	49,350	(2,318,919)	26,783,901
<u>Depreciable capital assets:</u>					
Infrastructure	115,813,732			1,011,141	116,824,873
Buildings	37,897,654		85,650	707,446	38,519,450
Improvements other than buildings	8,418,306	93,239		600,332	9,111,877
Mobile equipment	17,455,067	762,257	129,072	200,689	18,288,941
Furniture and equipment	4,190,793	70,635	709,890	110,628	3,662,166
Leased property under capital leases	2,486,911	205,947		(311,317)	2,381,541
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total depreciable capital assets	186,262,463	1,132,078	924,612	2,318,919	188,788,848
<u>Less accumulated depreciation for:</u>					
Infrastructure	67,962,504	1,313,020			69,275,524
Buildings	12,575,634	758,608	37,686		13,296,556
Improvements other than buildings	3,010,195	355,385			3,365,580
Mobile equipment	12,537,246	1,031,558	102,476	108,399	13,574,727
Furniture and equipment	3,301,045	221,346	698,787	28,476	2,852,080
Leased property under capital leases	572,357	300,146		(136,875)	735,628
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	99,958,981	3,980,063	838,949	0	103,100,095
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total depreciable capital assets, net	86,303,482	(2,847,985)	85,663	2,318,919	85,688,753
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities capital assets, net	\$ 109,947,969	2,659,698	135,013	0	112,472,654

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Notes to the Financial Statements
For the Year Ended September 30, 2020

Business-type activities:

	Balance Oct. 1, 2019	Additions	Balance Sept. 30, 2020
<u>Depreciable capital assets:</u>			
Furniture, fixtures and equipment	\$ 1,543,497	191,286	1,734,783
Ambulances	2,065,529	146,529	2,212,058
Leasehold improvements	329,092	24,732	353,824
	<u>3,938,118</u>	<u>362,547</u>	<u>4,300,665</u>
<u>Total depreciable capital assets</u>			
	<u>3,938,118</u>	<u>362,547</u>	<u>4,300,665</u>
<u>Less accumulated depreciation for:</u>			
Furniture, fixtures and equipment	1,377,323	62,258	1,439,581
Ambulances	1,858,363	115,560	1,973,923
Leasehold improvements	193,808	17,800	211,608
	<u>3,429,494</u>	<u>195,618</u>	<u>3,625,112</u>
<u>Total accumulated depreciation</u>			
	<u>3,429,494</u>	<u>195,618</u>	<u>3,625,112</u>
<u>Total depreciable capital assets, net</u>			
	<u>508,624</u>	<u>166,929</u>	<u>675,553</u>
<u>Business-type activities capital assets, net</u>			
	<u>\$ 508,624</u>	<u>166,929</u>	<u>675,553</u>

*Adjustments to capital assets were for the reclassification of completed construction in progress and paid-off capital leases.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 662,090
Public safety	565,404
Public works	2,068,333
Health and welfare	30,859
Culture and recreation	70,315
Economic development and assistance	583,062
	<u>583,062</u>
<u>Total governmental activities depreciation expense</u>	
	<u>\$ 3,980,063</u>
	Amount
Business-type activities:	
Metro Ambulance	\$ 195,618
	<u>195,618</u>

LAUDERDALE COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2020

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Fisher Road	\$ 3,567	04/30/2021
Roy Dollar Road	10,050	04/30/2021
Null Road	9,210	03/31/2021
Old Highway 80 West	3,554	05/31/2021
Beaver Pond Road	6,126	03/31/2021
Betts-Radcliff Road	25,682	04/30/2021
Purvis Road	26,033	06/30/2021
I-20/59 Industrial Park	56,962	06/30/2021
Vimville-Causeyville Road	14,468	03/31/2021
Woods Road	22,419	04/30/2021
Animal Control Building	51,534	06/30/2021
Courthouse ADA Improvements	79,191	12/31/2021
Government Complex	45,000,000	05/31/2023

Component Units:

The Meridian-Lauderdale County Public Library's capital asset balances at September 30, 2020 are as follows:

	Balance Oct. 1, 2019	Additions	Balance Sept. 30, 2020
<u>Depreciable capital assets:</u>			
Furniture, equipment and improvements	\$ 912,627	184,164	1,096,791
Vehicle	17,121		17,121
Reading material	737,700	75,137	812,837
Total depreciable capital assets	1,667,448	259,301	1,926,749
<u>Less accumulated depreciation for:</u>			
Furniture, equipment and improvements	547,786	81,421	629,207
Vehicle	17,121		17,121
Reading material	509,324	81,380	590,704
Total accumulated depreciation	1,074,231	162,801	1,237,032
Total depreciable capital assets, net	593,217	96,500	689,717
Component unit capital assets, net	\$ 593,217	96,500	689,717

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

The Lauderdale County Tourism Commission's capital asset balances at September 30, 2020 are as follows:

	Balance Oct. 1, 2019	Additions	Balance Sept. 30, 2020
<u>Depreciable capital assets:</u>			
Computer equipment	\$ 24,833	2,209	27,042
Furniture and equipment	35,254		35,254
Vehicles	55,999		55,999
Total depreciable capital assets	116,086	2,209	118,295
<u>Less accumulated depreciation for:</u>			
Computer equipment	19,773	3,950	23,723
Furniture and equipment	22,568	2,144	24,712
Vehicles	32,645	4,616	37,261
Total accumulated depreciation	74,986	10,710	85,696
Total depreciable capital assets, net	41,100	(8,501)	32,599
Component unit capital assets, net	\$ 41,100	(8,501)	32,599

(6) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. 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. Lauderdale 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.

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Notes to the Financial Statements
For the Year Ended September 30, 2020

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, 2020, the amount of these liabilities was \$36,688. 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
2018 - 2019	\$ 30,069	2,639,210	(2,645,279)	24,000
2019 - 2020	\$ 24,000	2,566,577	(2,553,889)	36,688

(7) 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 \$31,128 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 leases was \$385,534 (\$375,000 from rental payments) for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending September 30	Amount
2021	\$ 343,750
2022	125,000
Total Minimum Payments Required	\$ 468,750

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,354,865
Furniture and equipment	1,026,676
Total	2,381,541
Less: Accumulated depreciation	(735,628)
Leased Property Under Capital Leases	\$ 1,645,913

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Notes to the Financial Statements
For the Year Ended September 30, 2020

The following is a schedule by years of the total payments due as of September 30, 2020:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2021	\$ 1,214,220	31,528
2022	428,224	9,351
2023	181,607	2,437
2024	16,320	55
Total	<u>\$ 1,840,371</u>	<u>43,371</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2020, consisted of the following:

A. General Obligation Bonds:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2013 A - General Obligation Refunding	\$ 2,390,000	1.00/2.25%	04/2023
Series 2013 B - GO Refunding Taxable	9,405,000	0.47/3.31%	02/2026
Series 2015 - Road, Bridge, Equip & Rec Bonds	2,725,000	3.00/4.00%	11/2035
Series 2015 B - Road, Bridge, Equip & Rec Bonds	9,190,000	2.50/3.50%	11/2035
Series 2017 - General Obligation Refunding	5,970,000	2.00/4.00%	04/2027
Series 2020 - Road, Bridge & Building Bonds	<u>10,000,000</u>	2.00/2.25%	05/2035
Total General Obligation Bonds	<u>\$ 39,680,000</u>		

B. Capital Leases:

E-911 CAD	\$ 382,294	2.09%	04/2022
Self-Contained Breathing Apparatus (SCBA's)	233,300	2.38%	12/2022
Caterpillar Motor Grader - County Road	169,911	2.14%	03/2021
Caterpillar Motor Grader - County Bridge	169,911	2.14%	03/2021
Trackhoe	30,980	2.19%	03/2021
(3) Mack Dump Trucks w/ Ox Bodies	318,275	2.44%	07/2021
Zetron Max Dispatcher Equipment	298,920	2.68%	11/2023
2019 Dodge Ram & (2) 2019 Dodge Chargers	41,984	3.11%	06/2022
(7) Dodge Durangos	<u>194,796</u>	1.81%	07/2023

Total Capital Leases \$ 1,840,371

C. Other Loans:

MDA CAP Loan - Certaineed Upgrades	\$ 346,013	3.00%	05/2025
BWI Rail Loan	<u>375,556</u>	0.00%	11/2034

Total Other Loans \$ 721,569

LAUDERDALE COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2020

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Other Loans:			
Medical Equipment	\$ 5,000	0.00%	09/2021
Medical Equipment	<u>118,883</u>	0.00%	01/2022
Total Other Loans	<u>\$ 123,883</u>		

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
2021	\$ 4,105,000	1,025,874	99,247	8,531
2022	4,215,000	948,640	100,586	7,192
2023	4,345,000	840,184	102,833	4,944
2024	3,645,000	728,835	105,151	2,627
2025	3,785,000	619,557	71,530	435
2026 - 2030	10,495,000	1,856,460	133,333	
2031 - 2035	8,140,000	778,684	108,889	
2036 - 2040	<u>950,000</u>	<u>16,087</u>		
Total	<u>\$ 39,680,000</u>	<u>6,814,321</u>	<u>721,569</u>	<u>23,729</u>

Business-type Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2021	\$ 92,181	
2022	<u>31,702</u>	
Total	<u>\$ 123,883</u>	<u>0</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 5.85 percent of the latest property assessments.

LAUDERDALE COUNTY

Notes to the Financial Statements
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The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 578,357	20,483		598,840	
General obligation bonds	33,110,000	10,000,000	3,430,000	39,680,000	4,105,000
Add:					
Premiums	535,102	54,566	63,273	526,395	
Capital leases	2,325,807	205,947	691,383	1,840,371	1,214,220
Other loans	816,277		94,708	721,569	99,247
Total	<u>\$ 37,365,543</u>	<u>10,280,996</u>	<u>4,279,364</u>	<u>43,367,175</u>	<u>5,418,467</u>

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Business-type Activities:					
Compensated absences	\$ 133,170	37,369		170,539	
Other loans	12,000	142,660	30,777	123,883	92,181
Total	<u>\$ 145,170</u>	<u>180,029</u>	<u>30,777</u>	<u>294,422</u>	<u>92,181</u>

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

Commitments – In December 2009, Lauderdale County entered into an agreement with the City of Meridian to provide additional security and payments of 35 percent of the total debt of the Crossroads construction project. The debt will be serviced by revenues generated by the tax increment payment of \$103,250 that was paid for the year ended September 30, 2020.

In September 2019, the City of Meridian refunded the Tax Increment Financing Bonds, Series 2009 for the Meridian for the Meridian Crossroads Project and issued Series 2019 bonds for \$1,971,000. Per the interlocal agreement between the City and Lauderdale County, the County is responsible for 35 percent of the principal or \$689,850. The interest rates for 2009 and 2019 are 8.75 percent and 2.20 percent, respectively. The debt will be serviced by revenues generated by the tax increment payment of \$35,000 that was paid for the year ended September 30, 2020.

In March 2010, Lauderdale County entered into an agreement with the City of Meridian to provide additional security and payments of 35 percent 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, 2020.

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Notes to the Financial Statements For the Year Ended September 30, 2020

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, 2020:

	Balance Oct. 1, 2019	Reductions	Balance Sept. 30, 2020
Compensated absences	\$ 25,491	20	25,471

Meridian-Lauderdale County Public Library:

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Reductions	Balance Sept. 30, 2020
Compensated absences	\$ 42,163	4,675	37,488

(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

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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.

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 \$3,819 for the year ended June 30, 2020.

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

At September 30, 2020, the Library reported a liability of \$95,770 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020, the Library's proportion was .0123065 percent. This was a decrease of .001074 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended September 30, 2020, the Library recognized OPEB expense of \$1,674. At September 30, 2020, 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	\$	122	16,667
Net difference between projected and actual earnings on OPEB plan investments		3	
Changes in the proportion and differences between Library contributions and proportionate share of contributions		10,131	15,662
Changes of assumptions		14,869	4,047
Total	\$	<u>25,125</u>	<u>36,376</u>

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 ended September 30:		Amount
2021	\$	(1,324)
2022		(1,324)
2023		(2,190)
2024		(3,482)
2025		<u>(2,931)</u>
Total	\$	<u>(11,251)</u>

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

Actuarial Assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases, including wage inflation	3.00-18.25%
Municipal bond index rate	
Measurement date	2.19%
Prior measurement date	3.50%
Year FNP is projected to be depleted	
Measurement date	2020
Prior measurement date	2019
Single equivalent interest rate, net of OPEB plan investment expense, including inflation	
Measurement date	2.19%
Prior measurement date	3.50%
Health care cost trends	
Medicare supplement claims	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2030
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 demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 2.19%. 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, 2020.

Based on these assumptions, the Plan's FNP was projected to be depleted in immediately, therefore, the Municipal Bond Index Rate, 2.19%, was used in the determination of the SEIR.

The FNP projections are based upon the financial status of the Plan on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 74 and 75. 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.

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:

LAUDERDALE COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2020

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 105,833	95,770	104,087

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-percentagepoint 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	\$ 88,429	95,770	104,087

(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 Mississippi Legislature.

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

Contributions. At September 30, 2020, 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, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$2,148,905, \$1,976,759 and \$1,931,505, respectively, equal to the required contributions for each year. Metro Ambulance's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$467,941, \$430,038 and \$409,180, respectively, equal to the required contributions for each year. The Lauderdale County Tourism Commission's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$25,057, \$25,068 and \$23,351, respectively, equal to the required contributions for each year. The Library's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$85,722, \$79,209 and \$82,393, respectively, equal to the required contributions for each year.

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

At September 30, 2020, the County reported a liability of \$35,753,549 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.184689 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.002987 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$3,589,612. At September 30, 2020, 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	\$ 310,715	
Net difference between projected and actual earnings on pension plan investments	1,472,287	
Changes of assumptions	203,240	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	373,829	761,807
County contributions subsequent to the measurement date	572,481	
Total	\$ 2,932,552	761,807

\$572,481 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, 2021. 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 the Financial Statements
For the Year Ended September 30, 2020

Year ending September 30	Amount
2021	\$ 151,017
2022	374,643
2023	599,367
2024	473,237
Total	\$ 1,598,264

Business-type Activities – Metro Ambulance

At September 30, 2020, Metro Ambulance reported a liability of \$7,820,970 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 the its long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. Metro Ambulance's proportionate share used to calculate the September 30, 2020 net pension liability was 0.04 percent, which was based on a measurement date of June 30, 2020. At June 30, 2020, Metro Ambulance's proportion was .04%.

For the year ended September 30, 2020, the Metro Ambulance recognized pension expense of \$849,019. At September 30, 2020, 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	\$ 65,895	
Net difference between projected and actual earnings on pension plan investments	414,076	
Changes of assumptions	97,182	232,105
Metro's contributions subsequent to the measurement date	131,059	
Total	\$ 708,212	232,105

\$131,059 reported as deferred outflows of resources related to pensions resulting from Metro Ambulance's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. 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
2021	\$ (21,167)
2022	111,102
2023	151,594
2024	103,519
Total	\$ 345,048

LAUDERDALE COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2020

Component Unit – Lauderdale County Tourism Commission

At September 30, 2020, the Commission reported a liability of \$416,796 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the its long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Commission's proportionate share used to calculate the September 30, 2020 net pension liability was .0022 percent, which was based on a measurement date of June 30, 2020. This was a decrease of .0002 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the Commission recognized pension expense of \$6,816. At September 30, 2020, the 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
Differences between expected and actual experience	\$ 3,512	
Net difference between projected and actual earnings on pension plan investments	22,067	
Changes of assumptions	19,670	
Changes in the proportion and difference between the Commission's contributions and proportionate share of contributions	(419)	
Commission contributions subsequent to the measurement date	6,340	
Total	\$ 51,170	0

\$6,340 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. 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
2021	\$ 6,679
2022	6,679
2023	6,284
2024	5,517
Thereafter	19,671
Total	\$ 44,830

Component Unit – Meridian-Lauderdale County Public Library

At September 30, 2020, the Library reported a liability of \$1,360,152 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 its long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially

LAUDERDALE COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2020

determined. The Library's proportionate share used to calculate the September 30, 2020 net pension liability was .0077026 percent, which was a decrease of .00068 percent from its proportion measured as of Jun 30, 2019.

For the year ended September 30, 2020, the Library recognized pension expense of \$31,250. At September 30, 2020, 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	\$ 11,873	
Net difference between projected and actual earnings on pension plan investments	50,665	
Changes of assumptions	9,112	
Changes in the proportion and difference between the Library contributions and proportionate share of contributions		180,383
Library system's contributions subsequent to the measurement date	22,529	
Total	\$ 94,179	180,383

\$22,529 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. 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
2021	\$ (78,214)
2022	(44,402)
2023	(4,120)
2024	18,003
Total	\$ (108,733)

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, 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 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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Notes to the Financial Statements
For the Year Ended September 30, 2020

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:

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	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
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	\$ 46,278,576	35,753,549	27,066,173
Metro Ambulance's proportionate share of the net pension liability	10,123,290	7,820,970	5,921,000

Component Units:

Commission's proportionate share of the net pension liability	471,525	416,796	263,843
Library's proportionate share of the net pension liability	1,760,550	1,360,152	1,029,663

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

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

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2020:

Fund	Deficit Amount
Lauderdale County Health Insurance Acct Fund	\$ (75,868)
Alcohol/Drug Countermeasures Fund	(1,396)
DOJ BJA COVID-19 SO Grant Fund	(49,836)
COVID-19 Fund	(67,203)
Community Heritage Preservation Grant Fund	(967)
EWP Kewanee Road Fund	(2,564)
Election Cares Fund	(12,761)
Use Tax Modernization Fund	(233,762)
ERBR Overrun Woods Road Fund	(100,227)

(13) 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.

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(25,240,422) 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 \$572,481 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, 2021. The \$2,360,071 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$761,807 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

The governmental activities' net investment in capital assets net position of \$71,069,024 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$236,480 of the \$1,191,699 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the net investment in capital assets net position over the next eight years.

The business-type activities' unrestricted net position amount of \$(5,829,681) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$131,059 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, 2021. The \$577,153 balance of the deferred outflows of resources related to pensions at September 30, 2020,

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

will be recognized in pension expense over the next four years. The \$232,105 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

(15) 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 contribution to the joint venture was \$257,600 in fiscal year 2020. Complete financial statements for the East Mississippi Business Development Corporation can be obtained from P.O. Box 790, Meridian, MS 39302.

(16) 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 2020.

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 2020.

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 \$266,962 for financial support in fiscal year 2020.

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 2020.

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 2020.

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 provided no financial support in fiscal year 2020.

LAUDERDALE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2020

(17) Tax Abatements.

As of September 30, 2020, Lauderdale County provides tax exempt status to 14 manufacturing companies, one healthcare facility, two distribution centers, one hotel, and one nonprofit 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 2020 totaled \$453,669.

(18) 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 May 17, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2020, 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>
04/08/2021	4.00/5.00%	\$ 22,035,000	Special obligation bonds	Ad valorem taxes
04/09/2021	1.37%	173,865	Capital lease	Ad valorem taxes
10/28/2021	1.31%	896,000	Capital Lease	Ad valorem taxes
11/15/2021	1.50%	14,490	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, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 15,571,558	15,836,027	15,836,027	
Licenses, commissions and other revenue	577,237	558,140	558,140	
Fines and forfeitures	963,000	793,406	793,406	
Intergovernmental revenues	1,654,224	1,682,736	1,682,736	
Charges for services	2,389,478	2,499,757	2,499,757	
Interest income	281,900	213,530	213,530	
Miscellaneous revenues	788,046	1,151,941	1,151,941	
Total Revenues	<u>22,225,443</u>	<u>22,735,537</u>	<u>22,735,537</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	10,419,154	10,776,162	10,776,162	
Public safety	9,628,027	9,372,621	9,372,621	
Health and welfare	940,310	901,827	901,827	
Conservation of natural resources	117,198	135,754	135,754	
Economic development and assistance	176,400	171,700	171,700	
Debt service:				
Principal	32,703	105,681	105,681	
Interest	677	3,145	3,145	
Total Expenditures	<u>21,314,469</u>	<u>21,466,890</u>	<u>21,466,890</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>910,974</u>	<u>1,268,647</u>	<u>1,268,647</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		535	535	
Compensation for loss of capital assets	10,000	35,404	35,404	
Transfers in	666,205	653,755	653,755	
Transfers out	(1,632,376)	(2,660,691)	(2,660,691)	
Total Other Financing Sources and Uses	<u>(956,171)</u>	<u>(1,970,997)</u>	<u>(1,970,997)</u>	<u>0</u>
Net Change in Fund Balance	(45,197)	(702,350)	(702,350)	0
Fund Balances - Beginning	<u>5,987,685</u>	<u>8,962,865</u>	<u>8,962,865</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 5,942,488</u>	<u>8,260,515</u>	<u>8,260,515</u>	<u>0</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, 2020
UNAUDITED

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.184689%	0.187676%	0.192181%	0.182297%	0.173116%	0.174217%
County's proportionate share of the net pension liability (asset)	\$ 35,753,549	33,015,909	31,965,352	30,303,964	30,922,849	26,930,485
Covered payroll	\$ 12,292,036	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	290.87%	270.07%	260.41%	254.66%	269.80%	244.30%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

LAUDERDALE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,148,905	1,976,759	1,931,505	1,874,890	1,805,194	1,736,801
Contributions in relation to the contractually required contribution	<u>2,148,905</u>	<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>	<u>0</u>
Covered payroll	\$ 12,350,027	12,224,855	12,263,525	11,899,557	11,461,550	11,023,486
Contributions as a percentage of covered payroll	17.40%	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 accompanying notes to the Required Supplementary Information are an integral part of this schedule.

LAUDERDALE COUNTY

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Metro Ambulance's proportion of the net pension liability (asset)	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Metro Ambulance's proportion of the total net pension liability	\$ 19,059,898	18,090,367	17,758,464	17,266,597	16,799,005	16,145,834
Metro Ambulance's proportion of the plan net position	<u>11,238,928</u>	<u>11,141,608</u>	<u>10,992,743</u>	<u>10,617,239</u>	<u>9,654,006</u>	<u>9,962,623</u>
Metro Ambulance's proportionate share of the net pension liability (asset)	<u>\$ 7,820,970</u>	<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	\$ 2,689,316	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 (asset) as a percentage of its covered payroll	290.82%	261.92%	260.42%	255.83%	271.05%	232.80%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 467,941	430,038	409,180	409,368	415,184	418,329
Contributions in relation to the contractually required contribution	<u>467,941</u>	<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>	<u>0</u>
Metro Ambulance's covered payroll	\$ 2,689,316	2,653,003	2,597,968	2,599,162	2,636,089	2,656,057
Contributions as a percentage of covered payroll	17.40%	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 the Lauderdale County Tourism Commission's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability (asset)	0.0022%	0.0024%	0.0012%	0.0020%	0.0022%	0.0022%
Commission's proportion of the total net pension liability	\$ 1,015,920	1,090,011	530,312	848,222	936,125	883,177
Commission's proportion of the plan net position	<u>599,124</u>	<u>671,320</u>	<u>331,631</u>	<u>521,572</u>	<u>537,971</u>	<u>544,928</u>
Commission's proportionate share of the net pension liability (asset)	<u>\$ 416,796</u>	<u>418,691</u>	<u>198,681</u>	<u>326,650</u>	<u>398,154</u>	<u>338,249</u>
Commission's covered payroll	\$ 144,002	147,842	148,260	128,311	147,575	138,362
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	289.44%	283.20%	134.01%	254.58%	269.80%	244.47%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the 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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 25,057	25,068	23,351	20,209	23,243	21,792
Contributions in relation to the contractually required contribution	<u>25,057</u>	<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>	<u>0</u>
Commission's covered payroll	\$ 144,002	147,842	148,260	128,311	147,575	138,362
Contributions as a percentage of covered payroll	17.40%	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, 2020

UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	0.007026%	0.007706%	0.008414%	0.008510%	0.006858%	0.007445%
Library's proportionate share of the net pension liability (asset)	\$ 1,360,152	1,355,637	1,399,498	1,414,651	1,225,009	1,150,850
Library's covered payroll	\$ 492,653	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	276.09%	275.57%	269.78%	250.84%	266.69%	250.53%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the 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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 85,722	79,209	82,393	88,824	72,346	72,351	71,904
Contributions in relation to the contractually required contribution	<u>85,722</u>	<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>	<u>0</u>
Library's covered payroll	\$ 492,653	491,945	518,762	563,962	459,340	459,371	456,533
Contributions as a percentage of covered payroll	17.40%	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 the Meridian-Lauderdale County Public Library's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Library's proportion of the net OPEB liability (asset)	0.0123065%	0.0133804%	0.0143678%	0.0149457%
Library's proportionate share of the net OPEB liability (asset)	\$ 95,770	113,538	111,142	117,265
Library's covered employee payroll	\$ 492,653	491,945	518,762	563,962
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	19.44%	23.08%	21.42%	20.79%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0.00%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 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
Schedule of Meridian-Lauderdale County Public Library's Contributions - OPEB
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 3,819	4,551	4,950	4,614
Contributions in relation to the contractually required contribution	<u>3,819</u>	<u>4,551</u>	<u>4,950</u>	<u>4,614</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Library's covered employee payroll	\$ 492,653	491,945	518,762	563,962
Contributions as a percentage of covered employee payroll	0.78%	0.93%	0.95%	0.82%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 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, 2020

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type
	General Fund
Budget (Cash Basis)	\$ (702,350)
Increase (Decrease)	
Net adjustments for revenue accruals	530,298
Net adjustments for expenditure accruals	353,470
GAAP Basis	\$ <u>181,418</u>

LAUDERDALE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

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%.

LAUDERDALE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

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

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

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.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 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	30.9 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.*

2020

The SEIR was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

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:

LAUDERDALE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

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.

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.*

2020

The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

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, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

LAUDERDALE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75 percent
Salary increases, including wage inflation	3.00 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	7.00 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 OPEB plan investment expense, including price inflation	3.50 percent

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY

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LAUDERDALE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Natural Resources Conservation Service			
Emergency watershed protection program (Direct Award)	10.923	N/A	\$ 25,166
Emergency watershed protection program (Direct Award)	10.923	N/A	31,466
Subtotal			<u>56,632</u>
Total U.S. Department of Agriculture			<u>56,632</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
Community development block grants/state's program and non-entitlement grants in Hawaii	14.228	Unknown	<u>87,882</u>
Total U.S. Department of Housing and Urban Development			<u>87,882</u>
U.S. Department of Justice			
Coronavirus emergency supplemental funding program (Direct Award)	16.034	N/A	<u>2,931</u>
U.S. Department of Justice - Office of Justice Programs/ Passed-through the Mississippi Department of Public Safety			
Edward Byrne memorial justice assistance grant program	16.738	Unknown	<u>8,237</u>
Total U.S. Department of Justice			<u>11,168</u>
U.S. Department of Transportation - Office of Highway Safety/ Passed-through the Mississippi Department of Public Safety			
Highway safety cluster:			
State and community highway safety	20.600	OP-2020-OP-13-81	<u>25,126</u>
National priority safety programs	20.616	M5X-2020-MD-13-81	<u>148,621</u>
Total highway safety cluster			<u>173,747</u>
Total U.S. Department of Transportation			<u>173,747</u>
U.S. Department of Treasury/ Passed-through the Mississippi Emergency Management Agency			
Coronavirus relief fund*	21.019	N/A	<u>881,463</u>
Total U.S. Department of Treasury			<u>881,463</u>
U.S. Department of Health and Human Services/ Passed-through the Mississippi Department of Mental Health			
Substance abuse and mental health services-projects of regional and national significance	93.243	68E0-MH4R-LCSO	19,582
Substance abuse and mental health services-projects of regional and national significance	93.243	68F0-MH4R-LCSO	<u>1,944</u>
Subtotal			<u>21,526</u>
Total U.S. Department of Health and Human Services			<u>21,526</u>

LAUDERDALE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	Unknown	58,203
Total U.S. Department of Homeland Security			58,203
Total Expenditures of Federal Awards			\$ 1,290,621

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lauderdale County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lauderdale County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lauderdale County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

* Denotes major federal award program

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, 2020
UNAUDITED

Name	Position	Company	Bond
Jonathan Wells	Supervisor District 1	Travelers Casualty and Surety Company	\$100,000
Wayman Newell	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
Josh Todd	Supervisor District 3	Travelers Casualty and Surety Company	\$100,000
Joe Norwood	Supervisor District 4	Travelers Casualty and Surety Company	\$100,000
Kyle Rutledge	Supervisor District 5	Travelers Casualty and Surety Company	\$100,000
Chris Lafferty	County Administrator	Travelers Casualty and Surety Company	\$100,000
Carolyn Mooney	Chancery Clerk	EMC Insurance	\$100,000
Stephanie Jackson	Purchase Clerk	Travelers Casualty and Surety Company	\$75,000
Christy Jackson	Assistant Purchase Clerk	Travelers Casualty and Surety Company	\$50,000
Evelyn Cole Ward	Receiving Clerk	EMC Insurance	\$75,000
Blanket Bond	Assistant Receiving Clerks (12)	Travelers Casualty and Surety Company	\$50,000
Kim Poe	Inventory Control Clerk	Western Surety Company	\$75,000
Calvin Rushing Mayatt	Road Manager	Travelers Casualty and Surety Company	\$50,000
Ondray Harris	Constable	Western Surety Company	\$50,000
Tommie Coker	Constable	Liberty Mutual Insurance	\$50,000
Lee Roberts	Constable	Liberty Mutual Insurance	\$50,000
Donna Jill Johnson	Circuit Clerk	EMC Insurance	\$100,000
Blanket Bond	Deputy Circuit Clerks (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	Western Surety Company	\$50,000
Paul E. Earley, II	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Richard Roberts	Justice Court Judge	Western Surety Company	\$50,000
Nikita Wilkins	Justice Court Clerk	Western Surety Company	\$50,000
Audra Thomas	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Linda Joyce Jernigan	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Blanket Bond	Deputy Justice Court Clerks (8)	Travelers Casualty and Surety Company	\$50,000
Doris Spidle	Tax Collector	EMC Insurance	\$100,000
James Rainey	Tax Assessor	RLI Insurance	\$50,000
Blanket Bond	Deputy Tax Assessors (10)	EMC Insurance	\$10,000
Blanket Bond	Deputy Tax Collectors (10)	EMC Insurance	\$50,000

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 17, 2022.

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 May 17, 2022, included within this document.

Purpose of this Report

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 17, 2022



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

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

Members of the Board of Supervisors
Lauderdale County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Lauderdale County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Lauderdale County, Mississippi's major federal program for the year ended September 30, 2020. Lauderdale County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Lauderdale County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



JOE E. MCKNIGHT CPA
Director, County Audit Section

May 17, 2022



**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, 2020. 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 two years' audit reports, 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)	Bond cancelled and reissued 12/1/2020-12/1/2021.

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 six 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>Emergency purchases should be authorized and documented in the Board of Supervisors' minutes and included on the Purchase Clerk's schedules.</u>
Repeat Finding	No
Criteria	Section 31-7-13(k), Miss. Code Ann. (1972), requires the Board of Supervisors to authorize and document emergency purchases on its minutes, including the description of the commodity purchased, the purchase price and the nature of the emergency.
Condition	The Board of Supervisors did not detail the terms and payment for an emergency purchase nor was the purchase included on the Purchase Clerk's schedules.
Cause	The Purchase Clerk did not comply with state laws.
Effect	The lack of proper approval and documentation could result in unauthorized purchases.
Recommendation	The Board of Supervisors should approve and document all emergency purchases in its minutes.

**Views of Responsible
Official(s)**

The emergency purchase referenced was not brought to my attention prior to it being placed on the agenda or after the meeting. We were in the midst of unfamiliar conditions with the Covid-19 pandemic, and administration was eager to put safety measures in place and did not confer with me. However, I assume responsibility for this finding as I am the purchase clerk. I have put measures in place to help safeguard against this happening in the future.

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 the 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 two years' audit reports, 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)**

Bond cancelled and reissued for 2/1/2021-2/1/2022.

In our opinion, 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, 2020.

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

May 17, 2022

LAUDERDALE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2020

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

LAUDERDALE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
01/21/2020	E-911 CAD	\$ 6,607	Midrange Tech, LLC	The E-911 CAD computer malfunctioned, and the timing of the competitive bidding process would be detrimental to the interest of Lauderdale County.
03/03/2020	CGAM30 Chiller	87,241	Trane US, Inc.	The air conditioning unit in the courthouse was out, and the prolonged period of a bidding process can be detrimental for the County.
05/11/2020	Glass partitions	9,596	Glass, Inc.	The Covid-19 pandemic required that the County implement safety measures to prevent the spread of the virus.
06/15/2020	CMP arch pipes	22,756	G&O Supply Company	This is for the repair of arch pipes determined to be an emergency on Collinsville-Martin Road.

LAUDERDALE COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
10/07/2019	Metal door lock assembly kit	\$	29,650	Cornerstone Detention Products
12/12/2019	Headrest printer mount kit		1,316	Pinnacle Networx, LLC
03/03/2020	Body & car video cameras		7,990	TCSWare
03/04/2020	Outside doorbell/video camera system		9,529	Badgepass, Inc.
04/01/2020	Twin cartridge adapters & filtration cartridges		6,627	Sunbelt Fire Apparatus, Inc.



**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, 2020, 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 May 17, 2022, 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 two years' audit reports, the County Administrator was bonded for an indefinite time period for the fiscal year 2020.
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 term 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 six years' audit reports, the Deputy Circuit Clerks were issued bond 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 Deputy Justice Court Clerks.

3.	<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 six 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.

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

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. 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, a Deputy Justice Court Clerk was bonded for an indefinite time period for the fiscal year 2020.

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)**

Will be corrected.

Board of Supervisors and Tax Assessor.

5. 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 six years' audit reports, the Deputy Tax Assessors were issued bonds 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.

6. Deputy Tax Collectors should be bonded individually.

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 six years' audit reports, the Deputy Tax Collectors were issued bonds 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.	
7.	<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 two years' audit reports, 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 try harder.
Sheriff.	
8.	<u>Sheriff's Office should make timely settlements.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include the settlement to the proper authority in a timely manner.
Condition	As reported in the prior two years' audit reports, we noted 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 settlements are being made.

Views of Responsible Official(s) During height of COVID work from home period.

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, appearing to read "Joe E. McKnight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 17, 2022

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

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? | No |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal program: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal program: | |
| a. CFDA #21.019, Coronavirus relief fund | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit findings which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

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

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

LAUDERDALE COUNTY

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BOARD OF SUPERVISORS

JONATHAN WELLS, DISTRICT 1
WAYMAN NEWELL, DISTRICT 2
JOSH TODD, DISTRICT 3
JOE NORWOOD, DISTRICT 4
KYLE RUTLEDGE, DISTRICT 5



CAROLYN MOONEY
Chancery Clerk

CHRIS LAFFERTY
County Administrator

LEE THAGGARD
Board Attorney

410 Constitution Avenue, 11th Floor Meridian, MS 39301
Telephone: (601) 482-9746 Fax: (601) 482-9744
www.lauderdalecounty.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

March 29, 2022

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

Gentleman:

The Lauderdale County Board of Supervisors respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2020.

The findings from the prior year's Schedule of Findings and Responses are discussed below. The findings are numbered with the numbers assigned in the first year of issuance. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2018-001. Written agreements should be maintained with self-insurance plan administrator and brokerage firm.

FULLY CORRECTED

SECTION 3: FEDERAL AWARD FINDINGS

There were no prior year findings and questioned costs related to federal awards.

Sincerely yours,

A handwritten signature in blue ink that reads "Jonathan Wells". The signature is written over a horizontal line.

President, Board of Supervisors