

LAUDERDALE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021

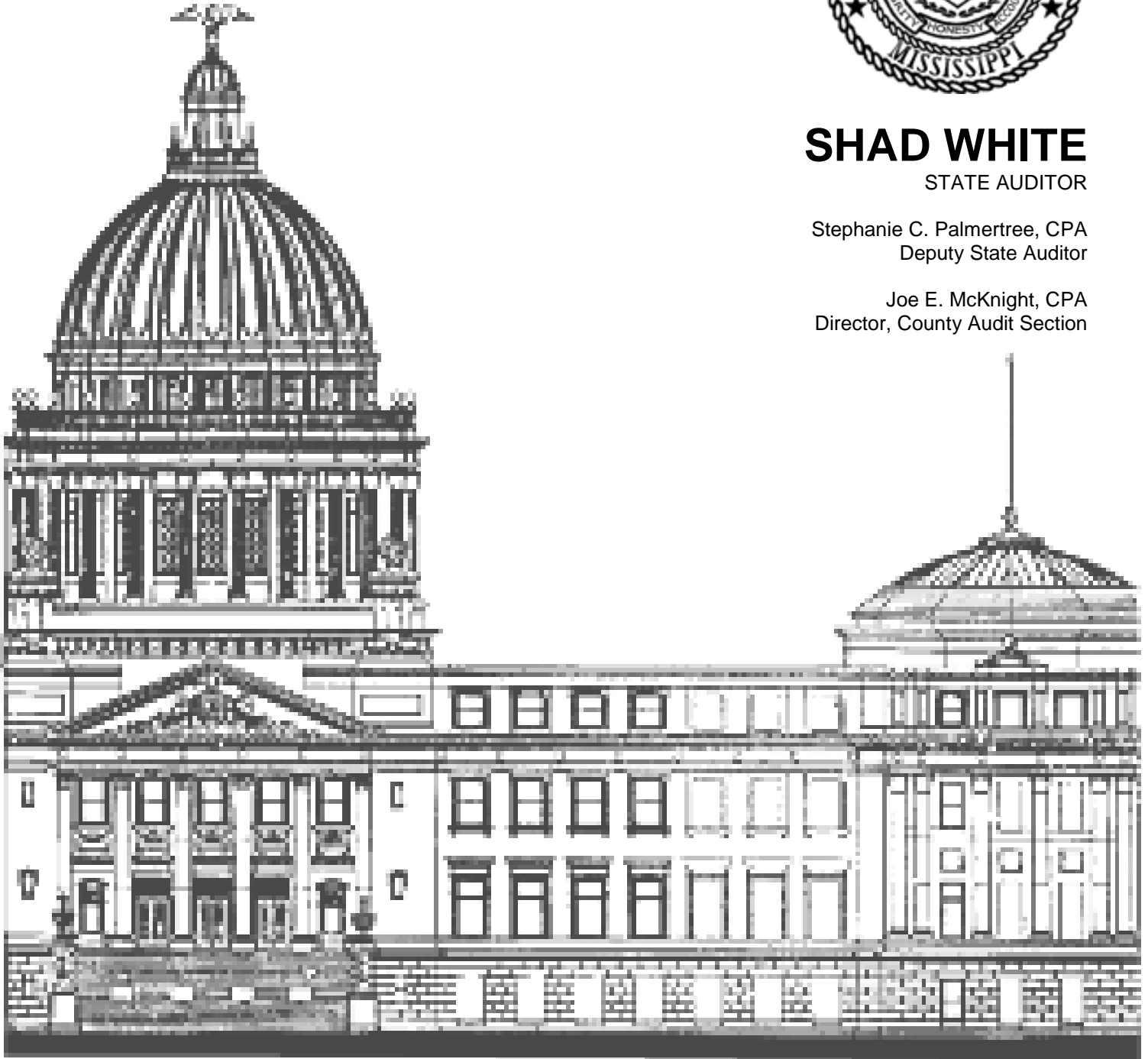


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



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

Shad White
AUDITOR

July 6, 2023

Members of the Board of Supervisors
Lauderdale County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 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

TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITOR'S REPORT.....	3
FINANCIAL STATEMENTS.....	7
Statement of Net Position	9
Statement of Activities.....	11
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Net Position - Proprietary Fund.....	18
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	19
Statement of Cash Flows - Proprietary Fund.....	20
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position.....	22
Notes to Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	47
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund.....	49
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – Coronavirus Local Fiscal Recovery Fund	50
Schedule of the County's Proportionate Share of the Net Pension Liability	51
Schedule of County Contributions	52
Schedule of the Metro Ambulance's Proportionate Share of the Net Pension Liability.....	53
Schedule of Metro Ambulance's Contributions.....	54
Notes to the Required Supplementary Information.....	55
SUPPLEMENTARY INFORMATION	59
Schedule of Expenditures of Federal Awards.....	61
OTHER INFORMATION	63
Schedule of Surety Bonds for County Officials.....	65
SPECIAL REPORTS.....	67
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 <i>Government Auditing Standards</i>	69
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	71
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required By <i>Section 31-7-115,</i> <i>Mississippi Code of 1972 Annotated</i>)	73
Limited Internal Control and Compliance Review Management Report.....	79
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	83
CORRECTIVE ACTION PLAN.....	87

LAUDERDALE COUNTY

FINANCIAL SECTION

LAUDERDALE COUNTY

(This page left blank intentionally.)



**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, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Metro Ambulance Enterprise Fund, a blended component unit, which represents 100 percent of the assets, net position, and revenues of the major enterprise fund and the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Metro Ambulance Enterprise Fund, a blended component unit, is based solely on the report 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Lauderdale County, Mississippi, as of September 30, 2021, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the report 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, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

Lauderdale County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it 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 Regulation 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. In our opinion, the 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 July 6, 2023 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 6, 2023

LAUDERDALE COUNTY

(This page left blank intentionally.)

LAUDERDALE COUNTY

FINANCIAL STATEMENTS

LAUDERDALE COUNTY

(This page left blank intentionally.)

LAUDERDALE COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 67,737,154	634,862	68,372,016
Property tax receivable	31,956,671		31,956,671
Accounts receivable, net of allowance for uncollectibles of \$862,216)	407,990	1,709,789	2,117,779
Fines receivable, net of allowance for uncollectibles of \$7,913,463)	307,535		307,535
Intergovernmental receivables	1,208,197		1,208,197
Other receivables	85,447		85,447
Internal balances	(469)	469	0
Inventories and prepaid items		158,569	158,569
Capital assets:			
Land and construction in progress	31,506,940		31,506,940
Other capital assets, net	83,898,023	759,279	84,657,302
Total Assets	217,107,488	3,262,968	220,370,456
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,407,700	1,068,745	4,476,445
Deferred amount on refunding	955,219		955,219
Total Deferred Outflows of Resources	4,362,919	1,068,745	5,431,664
LIABILITIES			
Claims payable	2,271,677		2,271,677
Intergovernmental payables	972,800		972,800
Accrued interest payable	745,588		745,588
Unearned revenue	7,198,956	262,236	7,461,192
Amounts held in custody for others	611,272		611,272
Other payables	473,954	238,520	712,474
Claims and judgments payable	9,200		9,200
Long-term liabilities			
Due within one year:			
Capital debt	5,079,328		5,079,328
Non-capital debt	36,948	31,702	68,650
Due in more than one year:			
Capital debt	57,864,316		57,864,316
Non-capital debt	706,659	146,561	853,220
Net pension liability	27,581,955	6,326,026	33,907,981
Total Liabilities	103,552,653	7,005,045	110,557,698
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	8,729,685	2,319,787	11,049,472
Deferred revenues - property taxes	31,956,671		31,956,671
Total Deferred Inflows of Resources	40,686,356	2,319,787	43,006,143

LAUDERDALE COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1 -Cont'd

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
NET POSITION			
Net investment in capital assets	53,416,538	759,279	54,175,817
Restricted for:			
Expendable:			
General government	24,240,276		24,240,276
Public safety	1,062,996		1,062,996
Public works	13,098,904		13,098,904
Health and welfare	4,536		4,536
Culture and recreation	427,068		427,068
Economic development and assistance	108,021		108,021
Debt service	7,385,094		7,385,094
Unrestricted	<u>(22,512,035)</u>	<u>(5,752,398)</u>	<u>(28,264,433)</u>
Total Net Position	<u>\$ 77,231,398</u>	<u>(4,993,119)</u>	<u>72,238,279</u>

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

LAUDERDALE COUNTY
Statement of Activities
For the Year Ended September 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 11,373,404	4,726,455	322,326	492,118	(5,832,505)		(5,832,505)
Public safety	11,828,688	1,393,211	905,355		(9,530,122)		(9,530,122)
Public works	11,954,586	1,354,769	1,925,026	957,687	(7,717,104)		(7,717,104)
Health and welfare	964,194		182,603		(781,591)		(781,591)
Culture and recreation	390,145		48,800	296,829	(44,516)		(44,516)
Conservation of natural resources	97,426				(97,426)		(97,426)
Economic development and assistance	1,311,092		2,434		(1,308,658)		(1,308,658)
Interest on long-term debt	1,701,560				(1,701,560)		(1,701,560)
Bond issue costs	795,437				(795,437)		(795,437)
Fiscal agents' fees	10,775				(10,775)		(10,775)
Pension expense	1,494,896				(1,494,896)		(1,494,896)
Total Governmental Activities	41,922,203	7,474,435	3,386,544	1,746,634	(29,314,590)		(29,314,590)
Business-type activities:							
Metro Ambulance	8,436,022	8,557,070				121,048	121,048
Total Business-type Activities	8,436,022	8,557,070	0	0		121,048	121,048
Total Primary Government	\$ 50,358,225	16,031,505	3,386,544	1,746,634	(29,314,590)	121,048	(29,193,542)
General revenues:							
Property taxes					\$ 29,936,015	38,097	29,974,112
In lieu taxes - Silicon Ranch					278,496		278,496
Road & bridge privilege taxes					849,982		849,982
Grants and contributions not restricted to specific programs					1,638,717		1,638,717
Unrestricted interest income					585,942	1,864	587,806
Miscellaneous					1,372,285		1,372,285
Total General Revenues					34,661,437	39,961	34,701,398
Changes in Net Position					5,346,847	161,009	5,507,856
Net Position - Beginning, as previously reported					71,740,074	(5,154,128)	66,585,946
Fund reclassification					144,477		144,477
Net Position - Beginning, as restated					71,884,551	(5,154,128)	66,730,423
Net Position - Ending					\$ 77,231,398	(4,993,119)	72,238,279

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

LAUDERDALE COUNTY
Balance Sheet - Governmental Funds
September 30, 2021

Exhibit 3

	<u>Major Funds</u>					
	General Fund	Coronavirus Local Fiscal Recovery Fund	Combined GO Debt Fund	S/O Road, Bridge and Building Bonds S/2021 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 12,259,843	7,200,070	7,861,611	22,712,338	17,703,292	67,737,154
Property tax receivable	16,741,107		7,055,650		8,159,914	31,956,671
Accounts receivable (net of allowance for uncollectibles of \$862,216)					407,990	407,990
Fines receivable (net of allowance for uncollectibles of \$7,913,463)	307,535					307,535
Intergovernmental receivables	535,536				672,661	1,208,197
Other receivables	72,740				12,707	85,447
Due from other funds	136,825		64,857		221,535	423,217
Advances to other funds	367,500					367,500
Total Assets	<u>\$ 30,421,086</u>	<u>7,200,070</u>	<u>14,982,118</u>	<u>22,712,338</u>	<u>27,178,099</u>	<u>102,493,711</u>
LIABILITIES						
Liabilities:						
Claims payable	\$ 565,931			653,696	1,052,050	2,271,677
Intergovernmental payables	940,250					940,250
Due to other funds	319,411				136,825	456,236
Advances from other funds					367,500	367,500
Unearned revenue		7,198,956				7,198,956
Amounts held in custody for others	611,272					611,272
Other payables	473,954					473,954
Claims and judgments payable	9,200					9,200
Total Liabilities	<u>2,920,018</u>	<u>7,198,956</u>	<u>0</u>	<u>653,696</u>	<u>1,556,375</u>	<u>12,329,045</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	16,741,107		7,055,650		8,159,914	31,956,671
Unavailable revenue - accounts receivable					407,990	407,990
Unavailable revenue - fines	307,535					307,535
Total Deferred Inflows of Resources	<u>17,048,642</u>	<u>0</u>	<u>7,055,650</u>	<u>0</u>	<u>8,567,904</u>	<u>32,672,196</u>

LAUDERDALE COUNTY
Balance Sheet - Governmental Funds
September 30, 2021

Exhibit 3- Cont'd

	<u>Major Funds</u>					
	General Fund	Coronavirus Local Fiscal Recovery Fund	Combined GO Debt Fund	S/O Road, Bridge and Building Bonds S/2021 Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable:						
Advances	367,500					367,500
Restricted for:						
General government				22,058,642	2,181,634	24,240,276
Public safety					1,062,996	1,062,996
Public works		1,114			12,689,800	12,690,914
Health and welfare					4,536	4,536
Culture and recreation					427,068	427,068
Economic development and assistance					108,021	108,021
Debt service			7,926,468		204,214	8,130,682
Committed to:						
Public safety					389,400	389,400
Assigned to:						
Public safety					120,983	120,983
Unassigned	10,084,926				(134,832)	9,950,094
Total Fund Balances	<u>10,452,426</u>	<u>1,114</u>	<u>7,926,468</u>	<u>22,058,642</u>	<u>17,053,820</u>	<u>57,492,470</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>30,421,086</u>	<u>7,200,070</u>	<u>14,982,118</u>	<u>22,712,338</u>	<u>27,178,099</u>	<u>102,493,711</u>

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

LAUDERDALE COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 57,492,470
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 \$106,179,276.	115,404,963
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	715,525
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(63,687,251)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(27,581,955)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(745,588)
Deferred amount on refunding	955,219
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,407,700
Deferred inflows of resources related to pensions	<u>(8,729,685)</u>
Total Net Position - Governmental Activities	\$ <u><u>77,231,398</u></u>

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

LAUDERDALE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

	Major Funds					
	General	Coronavirus Local	Combined	S/O Road, Bridge	Other	Total
	Fund	Fiscal Recovery	GO Debt	and Building Bonds	Governmental	Governmental
	Fund	Fund	Fund	S/2021	Funds	Funds
	Fund	Fund	Fund	Fund	Funds	Funds
REVENUES						
Property taxes	\$ 16,449,948		5,256,914		8,229,153	29,936,015
In lieu taxes - Silicon Ranch	278,496					278,496
Road and bridge privilege taxes					849,982	849,982
Licenses, commissions and other revenue	1,144,104		415		133,429	1,277,948
Fines and forfeitures	840,751				121,043	961,794
Intergovernmental revenues	1,787,007		66,804		4,918,084	6,771,895
Charges for services	2,844,109				2,383,450	5,227,559
Interest income	305,184	1,114	63,538	5,575	210,531	585,942
Miscellaneous revenues	708,666				619,636	1,328,302
Total Revenues	24,358,265	1,114	5,387,671	5,575	17,465,308	47,217,933
EXPENDITURES						
Current:						
General government	10,762,480			2,874,330	2,532,155	16,168,965
Public safety	9,621,652				3,518,167	13,139,819
Public works					11,306,356	11,306,356
Health and welfare	887,204				66,456	953,660
Culture and recreation					809,051	809,051
Conservation of natural resources	97,426					97,426
Economic development and assistance	391,900				398,781	790,681
Debt service:						
Principal	115,049				5,327,051	5,442,100
Interest	4,875				1,061,386	1,066,261
Bond issue costs				795,437		795,437
Fiscal agents' fees					10,775	10,775
Total Expenditures	21,880,586	0	0	3,669,767	25,030,178	50,580,531
Excess of Revenues over (under) Expenditures	2,477,679	1,114	5,387,671	(3,664,192)	(7,564,870)	(3,362,598)

LAUDERDALE COUNTY

Exhibit 4- Cont'd

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2021

	Major Funds					
	General	Coronavirus Local	Combined	S/O Road, Bridge	Other	Total
	Fund	Fiscal Recovery	GO Debt	and Building Bonds	Governmental	Governmental
	Fund	Fund	Fund	S/2021	Funds	Funds
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	173,865			22,035,000		22,208,865
Proceeds from sale of capital assets	17,375				240,010	257,385
Premiums on bonds issued				3,687,834		3,687,834
Compensation for loss of capital assets					34,957	34,957
Transfers in	261,625				6,704,048	6,965,673
Transfers out	(1,672,015)		(4,567,272)		(726,386)	(6,965,673)
Total Other Financing Sources and Uses	(1,219,150)	0	(4,567,272)	25,722,834	6,252,629	26,189,041
Net Changes in Fund Balances	1,258,529	1,114	820,399	22,058,642	(1,312,241)	22,826,443
Fund Balances - Beginning, as previously reported	9,049,420	0	7,106,069	0	18,366,061	34,521,550
Fund reclassification	144,477					144,477
Fund Balances - Beginning, as restated	9,193,897	0	7,106,069	0	18,366,061	34,666,027
Fund Balances - Ending	\$ 10,452,426	1,114	7,926,468	22,058,642	17,053,820	57,492,470

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, 2021

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 22,826,443
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 \$6,991,425 exceeded depreciation of \$3,810,757 in the current period.	3,180,668
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$43,983 and the proceeds from the sale of \$257,385 and the compensation for loss of \$34,957 in the current period.	(248,359)
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.	1,923
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.	5,211
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 \$22,208,865 exceeded debt repayments of \$5,442,100.	(16,766,765)
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.	(8,005)
The amount of increase in accrued interest payable.	(541,347)
Premium on general obligation bonds.	(3,687,834)
The amortization of general obligation bond premium.	93,839
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	(1,494,896)
Recording of contributions made during the year	<u>2,173,760</u>
Change in Net Position of Governmental Activities	\$ <u><u>5,346,847</u></u>

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

LAUDERDALE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2021

Exhibit 5

	Business-type Activities - Enterprise Fund	Metro Ambulance
ASSETS		
Current assets:		
Cash	\$	634,862
Accounts receivable		1,709,789
Due from other funds		469
Inventories and prepaid items		158,569
Total Current Assets		2,503,689
Noncurrent assets:		
Other capital assets, net		759,279
Total Noncurrent Assets		759,279
Total Assets		3,262,968
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		1,068,745
Total Deferred Outflows of Resources		1,068,745
LIABILITIES		
Current liabilities:		
Unearned revenue		262,236
Other payables		238,520
Other long-term liabilities		31,702
Total Current Liabilities		532,458
Noncurrent liabilities:		
Compensated absences payable		146,561
Net pension liability		6,326,026
Total Noncurrent Liabilities		6,472,587
Total Liabilities		7,005,045
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		2,319,787
Total Deferred Inflows of Resources		2,319,787
NET POSITION		
Net investment in capital assets		759,279
Unrestricted		(5,752,398)
Total Net Position	\$	(4,993,119)

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, 2021

	Business-type Activities - Enterprise Fund
	Metro Ambulance
Operating Revenues	
Charges for services	\$ 8,557,070
Total Operating Revenues	8,557,070
Operating Expenses	
Personal services	4,039,633
Contractual services	253,183
Materials and supplies	2,680,462
Depreciation expense	203,602
Indirect administrative cost	474,922
Miscellaneous	36,179
Pension expense	728,310
Total Operating Expenses	8,416,291
Operating Income (Loss)	140,779
Nonoperating Revenues (Expenses)	
Property taxes	38,097
Interest income	1,864
Interest expense	(6,634)
Other income (expenses)	(13,097)
Net Nonoperating Revenue (Expenses)	20,230
Changes in Net Position	161,009
Net Position - Beginning	(5,154,128)
Net Position - Ending	\$ (4,993,119)

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, 2021

Exhibit 7

	Business-type Activities - Enterprise Fund
	Metro Ambulance
Cash Flows From Operating Activities	
Receipts from customers	\$ 8,203,361
Payments to other suppliers for goods and services	(2,857,044)
Payments to employees for services	(5,034,638)
Net Cash Provided (Used) by Operating Activities	311,679
Cash Flows From Noncapital Financing Activities	
Other grants received	484
Property taxes	38,097
Loans from other funds	(469)
Interfund loan repayments	506
Licenses, commissions, & other	2
Principal paid on long-term debt	(92,181)
Interest expense	(6,634)
Other non-capital financing activities	2,248
Net Cash Provided (Used) by Noncapital Financing Activities	(57,947)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(303,159)
Net Cash Provided (Used) by Capital and Related Financing Activities	(303,159)
Cash Flows From Investing Activities	
Interest and dividends on investments	1,864
Net Cash Provided (Used) by Investing Activities	1,864
Net Increase (Decrease) in Cash and Cash Equivalents	(47,563)
Cash and Cash Equivalents at Beginning of Year	682,425
Cash and Cash Equivalents at End of Year	\$ 634,862
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 140,779
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	203,602
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(377,752)
(Increase) decrease in inventories and prepaid expenses	(24,612)
Increase (decrease) in other payables	112,780
Increase (decrease) in compensated absences liability	(23,978)
Increase (decrease) in unearned revenue	48,655
Increase (decrease) in net pension liability, deferred outflows/inflows (net)	232,205
Total Adjustments	170,900
Net Cash Provided (Used) by Operating Activities	\$ 311,679

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

LAUDERDALE COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 83,042
Receivables:	
Due from other funds	<u>32,550</u>
Total Assets	<u>\$ 115,592</u>
LIABILITIES	
Intergovernmental payables	<u>\$ 32,550</u>
Total Liabilities	<u>32,550</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>83,042</u>
Total Net Position	<u>\$ 83,042</u>

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

LAUDERDALE COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 1,552,318
Licenses and fees collected for State	28,554
In lieu taxes - Silicon Ranch	<u>12,326</u>
Total Additions	<u>1,593,198</u>
DEDUCTIONS	
Payments of tax to other governments	1,552,318
Payments of licenses and fees to State	2,553
Payments of in lieu taxes - Silicon Ranch	<u>12,326</u>
Total Deductions	<u>1,567,197</u>
Net increase (decrease) in fiduciary net position	26,001
Net Position - Beginning	<u>57,041</u>
Net Position - Ending	<u><u>\$ 83,042</u></u>

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

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(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.

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

- Meridian-Lauderdale County Public Library
- Lauderdale County Tourism Commission

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 Annotated 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.

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.

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 blended component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The 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, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds 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.

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

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

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

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.

S/O Road, Bridge and Building Bonds S/2021 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 for road, bridge and building projects.

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

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.

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Inventories and Prepaid Items.

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

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

J. 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.

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

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 County's proportionate share of the deferred outflows of resources reported by the pension plans in which the County and the Metro Ambulance Enterprise Fund, a blended component unit of the County, participate. See Note 11 for additional details.

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

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

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 County's proportionate share of the deferred inflows of resources reported by the pension plans in which the County and the Metro Ambulance Enterprise Fund, a blended component unit of the County, participate. See Note 11 for additional details.

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. 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.

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

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 County.

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

Fund Balance Flow Assumption:

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

P. Property Tax Revenues:

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

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

R. 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.

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Lauderdale County Economic Development District Fund, Special Management Services Fund and the Payroll Clearing Fund, previously reported as Fiduciary Funds, were reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$144,477.

For the Fiduciary Fund Custodial Activities, the County has treated the beginning of year net position of \$57,041 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$57,041.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$68,455,058, and the bank balance was \$69,968,056. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 136,825
Combined GO Debt Fund	General Fund	64,857
Other Governmental Funds	General Fund	221,535
Metro Ambulance Fund	General Fund	469
Custodial Funds	General Fund	32,550
Total		\$ 456,236

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

The receivables represent the tax revenue collected in September, 2021, but not settled until October, 2021, 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>367,500</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	Other Governmental Funds	\$ 261,625
Other Governmental Funds	General Fund	1,672,015
Other Governmental Funds	Combined GO Debt Fund	4,567,272
Other Governmental Funds	Other Governmental Funds	<u>464,761</u>
Total		\$ <u>6,965,673</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 486,313
Reimbursement for housing prisoners	21,600
Fire insurance rebate	227,804
Sowashee walking trail grant	211,563
Various reimbursement grants	<u>260,917</u>
Total Governmental Activities	\$ <u>1,208,197</u>

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 16,425,724			6,825,177	23,250,901
Construction in progress	10,358,177	5,555,651		(7,657,789)	8,256,039
Total non-depreciable capital assets	26,783,901	5,555,651	0	(832,612)	31,506,940
<u>Depreciable capital assets:</u>					
Infrastructure	116,824,873		102,319	832,612	117,555,166
Buildings	38,519,450				38,519,450
Improvements other than buildings	9,111,877	25,824			9,137,701
Mobile equipment	18,288,941	860,090	877,616	1,078,312	19,349,727
Furniture and equipment	3,662,166	177,935			3,840,101
Leased property under capital leases	2,381,541	371,925		(1,078,312)	1,675,154
Total depreciable capital assets	188,788,848	1,435,774	979,935	832,612	190,077,299
<u>Less accumulated depreciation for:</u>					
Infrastructure	69,275,524	1,280,835	128,313		70,428,046
Buildings	13,296,556	752,301			14,048,857
Improvements other than buildings	3,365,580	317,269			3,682,849
Mobile equipment	13,574,727	1,017,947	603,263	291,162	14,280,573
Furniture and equipment	2,852,080	190,185			3,042,265
Leased property under capital leases	735,628	252,220		(291,162)	696,686
Total accumulated depreciation	103,100,095	3,810,757	731,576	0	106,179,276
Total depreciable capital assets, net	85,688,753	(2,374,983)	248,359	832,612	83,898,023
Governmental activities capital assets, net	\$ 112,472,654	3,180,668	248,359	0	115,404,963

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Business-type activities:

	Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
<u>Depreciable capital assets:</u>				
Furniture, fixtures and equipment	\$ 1,734,782	275,235	660,278	1,349,739
Leasehold improvements	353,825	27,924		381,749
Ambulances	2,212,058		442,085	1,769,973
Total depreciable capital assets	4,300,665	303,159	1,102,363	3,501,461
<u>Less accumulated depreciation for:</u>				
Furniture, fixtures and equipment	1,439,581	118,960	659,265	899,276
Leasehold improvements	211,608	20,158		231,766
Ambulances	1,973,923	64,484	427,267	1,611,140
Total accumulated depreciation	3,625,112	203,602	1,086,532	2,742,182
Total depreciable capital assets, net	675,553	99,557	15,831	759,279
Business-type activities capital assets, net	\$ 675,553	99,557	15,831	759,279

*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	\$ 544,731
Public safety	609,904
Public works	1,970,147
Health and welfare	31,564
Culture and recreation	71,349
Economic development and assistance	583,062
Total governmental activities depreciation expense	\$ 3,810,757
	Amount
Business-type activities:	
Metro Ambulance	\$ 203,602

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Fisher Road	\$ 3,567	04/30/2022
Roy Dollar Road	4,809	12/31/2021
Null Road	9,210	12/31/2021
Old Highway 80 West	3,325	12/31/2021
Beaver Pond Road	4,225	11/30/2021
Betts-Radcliff Road	25,682	06/30/2022
Purvis Road	26,033	06/30/2022
Woods Road	33,042	04/30/2022
Will Garrett Road	560,539	07/31/2022
Sowashee Creek Walking Trail	416,122	05/31/2022
Animal Control Building	0 *	11/30/2021
Courthouse ADA Improvements	54,529	01/31/2022
Courthouse Government Complex	40,960,138	07/31/2023
Public Safety Building	5,455,697	07/31/2022

* Per County Engineer, the project is complete and no additional expenditures are expected. However, final inspection has not been performed and therefore, the project is not considered to be complete as of September 30, 2021.

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. 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, Mississippi Code of 1972 Annotated*, 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

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

125 percent (125%) of expected claims, by the number of employees for that month. Then a rolling year-to-date amount is the aggregate liability.

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, 2021, the amount of these liabilities was \$9,200. 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
2019 - 2020	\$ 24,000	2,566,577	(2,553,889)	36,688
2020 - 2021	\$ 36,688	2,645,708	(2,673,196)	9,200

(8) Operating Leases.

As Lessor:

On February 5, 2007, in Lauderdale County, Tower Automotive Products Company, Inc. entered into a non-cancellable operating lease agreement with Lauderdale County Economic Development District for the lease of 43 acres of land owned by Lauderdale County Economic Development District for the purpose of heavy and light industrial uses as well as warehousing. The operating lease stipulated that the lessee would pay \$32,128 per month in lease payments which is comprised of a \$31,250 monthly rent with the balance of the payment being an additional consideration to the landlord for granting the right for payments to be made monthly as opposed to annually. The payments commenced February 1, 2007 for a term of 15 years. On June 2, 2014, a fourth amendment extended the term for an additional three (3) years through January 31, 2025.

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, 2021. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2022	\$ 343,750
2023	375,000
2024	375,000
2025	125,000
Total Minimum Payments Required	\$ <u>1,218,750</u>

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 450,418
Furniture and equipment	<u>1,224,736</u>
Total	1,675,154
Less: Accumulated depreciation	<u>(696,686)</u>
Leased Property Under Capital Leases	<u>\$ 978,468</u>

The following is a schedule by years of the total payments due as of September 30, 2021:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 485,713	11,048
2023	239,890	3,341
2024	<u>50,689</u>	<u>213</u>
Total	<u>\$ 776,292</u>	<u>14,602</u>

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(10) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2013 A - General Obligation Refunding	\$ 1,615,000	1.00/2.25%	04/2023
Series 2013 B - GO Refunding Taxable	7,955,000	0.47/3.31%	02/2026
Series 2015 - Road, Bridge, Equip & Rec Bonds	2,595,000	3.00/4.00%	11/2035
Series 2015 B - Road, Bridge, Equip & Rec Bonds	8,750,000	2.50/3.50%	11/2035
Series 2017 - General Obligation Refunding	5,200,000	2.00/4.00%	04/2027
Series 2020 - Road, Bridge & Building Bonds	9,460,000	2.00/2.25%	05/2035
Series 2021 - Government Complex	<u>22,035,000</u>	4.00/5.00%	03/2041
Total General Obligation Bonds	<u>\$ 57,610,000</u>		
B. Capital Leases:			
E-911 CAD	\$ 142,317	2.09%	04/2022
Self-Contained Breathing Apparatus (SCBA's)	131,150	2.38%	12/2022
Zetron Max Dispatcher Equipment	207,230	2.68%	11/2023
2019 Dodge Ram & (2) 2019 Dodge Chargers	18,273	3.11%	06/2022
(7) Dodge Durangos	127,181	1.81%	07/2023
(3) Chevrolet & (3) Dodge 2021 Trucks	<u>150,141</u>	1.37%	04/2024
Total Capital Leases	<u>\$ 776,292</u>		
C. Other Loans:			
MDA CAP Loan - Certainteed Upgrades	\$ 273,524	3.00%	05/2025
BWI Rail Loan	<u>348,889</u>	0.00%	11/2034
Total Other Loans	<u>\$ 622,413</u>		
Business-type Activities:			
A. Other Loans:			
Medical Equipment	<u>\$ 31,702</u>	0.00%	01/2022

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

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
2022	\$ 4,530,000	2,289,224	100,563	7,215
2023	5,070,000	1,771,409	102,830	4,947
2034	4,410,000	1,622,810	105,147	2,631
2025	4,590,000	1,474,282	71,651	437
2026	4,775,000	1,317,173	26,666	
2027 - 2031	13,010,000	4,965,581	133,333	
2032 - 2036	13,715,000	2,691,177	82,223	
2037 - 2041	7,510,000	775,000		
Total	\$ 57,610,000	16,906,656	622,413	15,230

Business-type Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2022	\$ 31,702	0

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2021, the amount of outstanding debt was equal to 8.12 percent (8.12%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

	Balance Oct. 1, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 598,840	8,005		606,845	
General obligation bonds	39,680,000	22,035,000	4,105,000	57,610,000	4,530,000
Add:					
Premiums	526,395	3,687,834	142,528	4,071,701	
Capital leases	1,840,371	173,865	1,237,944	776,292	485,713
Other loans	721,569		99,156	622,413	100,563
Total	\$ 43,367,175	25,904,704	5,584,628	63,687,251	5,116,276

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

	Balance Oct. 1, 2020	Reductions	Balance Sept. 30, 2021	Amount due within one year
Business-type Activities:				
Compensated absences	\$ 170,539	23,978	146,561	
Other loans	123,883	92,181	31,702	31,702
Total	\$ 294,422	116,159	178,263	31,702

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. In September 2019, the City of Meridian refunded the Tax Increment Financing Bonds, Series 2009 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 rate for the Series 2019 bonds is 2.20 percent. The debt will be serviced by revenues generated by the tax increment payment of \$137,550 that was paid for the year ended September 30, 2021.

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, 2021.

(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 *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2021, 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, 2021 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, 2021, 2020 and 2019 were \$2,173,760, \$2,148,905 and \$1,976,759, respectively, equal to the required contributions for each year. Metro Ambulance's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020, and 2019 were \$494,646, \$467,941, and \$430,038, 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, 2021, the County reported a liability of \$27,581,955 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 net pension liability was 0.186611 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.001922 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$1,494,896. At September 30, 2021, 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	\$ 439,080	
Net difference between projected and actual earnings on pension plan investments		8,323,748
Changes of assumptions	2,122,912	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	259,191	405,937
County contributions subsequent to the measurement date	586,517	
Total	\$ 3,407,700	8,729,685

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

\$586,517 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, 2022. 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
2022	\$ (1,216,825)
2023	(992,097)
2024	(1,224,285)
2025	(2,475,295)
Total	\$ <u>(5,908,502)</u>

Business-type Activities - Metro Ambulance

At September 30, 2021, Metro Ambulance reported a liability of \$6,326,026 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Metro Ambulance's proportion of the net pension liability was based on a projection of Metro Ambulance's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2021, Metro Ambulance's proportion was .04%.

For the year ended September 30, 2021, Metro Ambulance recognized pension expense of \$728,310. At September 30, 2021, 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	\$ 57,588	
Net difference between projected and actual earnings on pension plan investments	466,767	2,270,872
Changes of assumptions	415,131	48,915
Metro's contributions subsequent to the measurement date	<u>129,259</u>	
Total	\$ <u>1,068,745</u>	<u>2,319,787</u>

\$129,259 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, 2022. 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
2022	\$ (274,548)
2023	(234,056)
2024	(303,977)
2025	(567,720)
Total	\$ <u>(1,380,301)</u>

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

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

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

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

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 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LAUDERDALE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 39,062,515	27,581,955	18,121,061
Metro Ambulance's proportionate share of the net pension liability	\$ 8,959,140	6,326,026	4,156,000

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, 2021:

Fund	Deficit Amount
Lauderdale County Health Insurance Acct Fund	\$ (190,591)
Access Grant - Help America Vote Act & Help MS Vote Fund	(50,825)
Youth Court Support Program Fund	(10,948)
Occupant Protection Grant Fund	(149)
DOJ BJA COVID-19 SO Grant Fund	(58,500)
Sheriff Mental Health Grant Fund	(1,910)
NAS Meridian Wildlife Fence Fund	(12,500)

(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 \$(22,512,035) 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 \$586,517 resulting from County contributions subsequent to the

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$2,821,183 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$8,729,685 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$53,416,538 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$236,480 of the \$955,219 balance of deferred outflows of resources at September 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets net position over the next seven years.

The business-type activities' unrestricted net position amount of \$(5,752,398) 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 \$129,259 resulting from Metro Ambulance's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$939,486 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$2,319,787 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four 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, Mississippi Code of 1972 Annotated*, to operate the East Mississippi Business Development Corporation. The joint venture was created to encourage, foster and facilitate economic development in the County. The board is made up of citizens and corporate members, who are not appointed by the County or the City. The County's appropriation to the joint venture was \$257,600 in fiscal year 2021. 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 2021.

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 \$30,000 for financial support in fiscal year 2021.

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 \$276,918 for financial support in fiscal year 2021.

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

LAUDERDALE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

of directors. Most of the funding is derived from federal funds. The County appropriated \$40,000 for financial support in fiscal year 2021.

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 2021.

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 2021.

(17) Tax Abatements.

As of September 30, 2021, Lauderdale County provides tax exempt status to 13 manufacturing companies, one healthcare facility, two distribution centers, one hotel, one storage facility, one energy company, and two nonprofit organizations 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 Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$950,890.

(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 July 6, 2023, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, 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>
10/28/2021	1.31%	\$ 896,000	Financed purchase	Ad valorem taxes
11/15/2021	1.50%	14,490	Financed purchase	Ad valorem taxes
05/19/2022	2.98%	27,965,000	Special obligation bonds	Ad valorem taxes

LAUDERDALE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY

(This page left blank intentionally.)

LAUDERDALE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 15,521,632	16,746,562	16,746,562	
Licenses, commissions and other revenue	588,225	586,600	586,600	
Fines and forfeitures	963,400	799,549	799,549	
Intergovernmental revenues	1,953,196	2,619,146	2,619,146	
Charges for services	2,624,617	2,839,920	2,839,920	
Interest income	226,400	294,982	294,982	
Miscellaneous revenues	783,803	1,275,825	1,275,825	
Total Revenues	<u>22,661,273</u>	<u>25,162,584</u>	<u>25,162,584</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	10,650,628	10,814,957	10,814,957	
Public safety	9,826,867	9,440,446	9,440,446	
Health and welfare	920,003	894,878	894,878	
Conservation of natural resources	117,613	92,898	92,898	
Economic development and assistance	134,000	134,300	134,300	
Debt service:				
Principal	121,286	115,049	115,049	
Interest	5,767	4,875	4,875	
Total Expenditures	<u>21,776,164</u>	<u>21,497,403</u>	<u>21,497,403</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>885,109</u>	<u>3,665,181</u>	<u>3,665,181</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		17,375	17,375	
Compensation for loss of capital assets	10,000	12,272	12,272	
Transfers out	(1,552,251)	(2,310,792)	(2,310,792)	
Transfers in	651,745	647,995	647,995	
Total Other Financing Sources and Uses	<u>(890,506)</u>	<u>(1,633,150)</u>	<u>(1,633,150)</u>	<u>0</u>
Net Change in Fund Balance	(5,397)	2,032,031	2,032,031	0
Fund Balances - Beginning	<u>8,264,541</u>	<u>8,260,515</u>	<u>8,260,515</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 8,259,144</u>	<u>10,292,546</u>	<u>10,292,546</u>	<u>0</u>

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

LAUDERDALE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Coronavirus Local Fiscal Recovery Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	7,198,956	7,198,956	
Interest income		819	819	
Total Revenues	<u>0</u>	<u>7,199,775</u>	<u>7,199,775</u>	<u>0</u>
EXPENDITURES				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>7,199,775</u>	<u>7,199,775</u>	<u>0</u>
Net Change in Fund Balance	0	7,199,775	7,199,775	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>7,199,775</u>	<u>7,199,775</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, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.186611%	0.184689%	0.187676%	0.192181%	0.182297%	0.173116%	0.174217%
County's proportionate share of the net pension liability (asset)	\$ 27,581,955	35,753,549	33,015,909	31,965,352	30,303,964	30,922,849	26,930,485
Covered payroll	\$ 12,424,627	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	221.99%	290.87%	270.07%	260.41%	254.66%	269.80%	244.30%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

LAUDERDALE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,173,760	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>2,173,760</u>	<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>	<u>0</u>
Covered payroll	\$ 12,492,874	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%	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, 2021

UNAUDITED

	<u>2021</u>	<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%	0.04%
Metro Ambulance's proportion of the total net pension liability	\$ 21,398,731	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>15,072,705</u>	<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>\$ 6,326,026</u>	<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	\$ 2,832,446	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	223.34%	290.82%	261.92%	260.42%	255.83%	271.05%	232.80%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	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, 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 Metro Ambulance's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 494,646	467,941	430,038	409,180	409,368	415,184	418,329
Contributions in relation to the contractually required contribution	<u>494,646</u>	<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>	<u>0</u>
Metro Ambulance's covered payroll	\$ 2,832,446	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	17.46%	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, 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

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	Coronavirus Local Fiscal Recovery Fund
Budget (Cash Basis)	\$ 2,032,031	7,199,775
Increase (Decrease)		
Net adjustments for revenue accruals	(1,029,096)	(7,198,661)
Net adjustments for expenditure accruals	255,594	
GAAP Basis	\$ <u>1,258,529</u>	<u>1,114</u>

LAUDERDALE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

LAUDERDALE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Changes in benefit provisions.

2016

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

LAUDERDALE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

UNAUDITED

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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

LAUDERDALE COUNTY

SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY

(This page left blank intentionally.)

LAUDERDALE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal AL 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	\$ 103,633
Emergency watershed protection program (Direct Award)	10.923	N/A	37,585
Subtotal			<u>141,218</u>
Total U.S Department of Agriculture			<u>141,218</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>492,118</u>
Total U.S. Department of Housing and Urban Development			<u>492,118</u>
U.S. Department of Justice			
Coronavirus emergency supplemental funding program (Direct Award)*	16.034	N/A	<u>8,664</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	6,020
Edward Byrne memorial justice assistance grant program	16.738	Unknown	<u>14,463</u>
Subtotal			<u>20,483</u>
Total U.S Department of Justice			<u>29,147</u>
U.S Department of Transportation - Office of Highway Safety/ Passed-through the Mississippi Department of Public Safety			
Highway planning and construction cluster:			
Highway planning and construction	20.205	Unknown	<u>296,829</u>
Total highway planning and construction cluster			<u>296,829</u>
Highway safety cluster:			
State and community highway safety	20.600	OP-2020-OP-13-81	<u>36,156</u>
National priority safety programs	20.616	M5X-2020-MD-13-81	<u>126,635</u>
Total highway safety cluster			<u>162,791</u>
Total U.S. Department of Transportation			<u>459,620</u>
U.S. Department of Treasury/ Passed-through the Mississippi Emergency Management Agency			
Coronavirus relief fund	21.019	Unknown	<u>26,652</u>
Total U.S. Department of Treasury			<u>26,652</u>

LAUDERDALE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
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	68F0-MH4R-LCSO	44,867
Substance abuse and mental health services-projects of regional and national significance	93.243	68G0-MH4R-LCSO	4,661
Subtotal			<u>49,528</u>
Total U.S. Department of Health and Human Services			<u>49,528</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	Unknown	<u>40,360</u>
Total U.S. Department of Homeland Security			<u>40,360</u>
Total Expenditures of Federal Awards			<u>\$ 1,238,643</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lauderdale County under programs of the federal government for the year ended September 30, 2021. 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 Uniform Guidance.

* Denotes major federal award programs

LAUDERDALE COUNTY

OTHER INFORMATION

LAUDERDALE COUNTY

(This page left blank intentionally.)

LAUDERDALE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
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	\$100,000
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, Jr.	Constable	Western Surety Company	\$50,000
Mike Myers	Constable	EMC Insurance	\$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
Deborah Massey	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
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, Sr.	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
Noble C. "Buck" Roberts	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Nikita Wilkins	Justice Court Clerk	Western Surety Company	\$50,000
Gloria Simpson	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Audra Thomas	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Loretta W. Webb	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Wykisha R. Burton	Deputy Justice Court Clerk	Western Surety	\$50,000
Alesia Ann Baylor	Deputy Justice Court Clerk	Western Surety	\$50,000
Linda Joyce Jernigan	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Blanket Bond	Deputy Justice Court Clerks (9)	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

(This page left blank intentionally.)

LAUDERDALE COUNTY

SPECIAL REPORTS

LAUDERDALE COUNTY

(This page left blank intentionally.)



**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, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 6, 2023. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Our report includes a reference to other auditors. Other auditors audited the financial statements of the Metro Ambulance Enterprise Fund, as described in our report on Lauderdale County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by other auditors.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lauderdale County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

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 July 6, 2023, included within this document.

Lauderdale County's Response to Finding

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 6, 2023



**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 Each 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 programs for the year ended September 30, 2021. Lauderdale County, Mississippi's major federal programs are 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 each of Lauderdale County, Mississippi's major federal programs 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 each of the major federal programs. However, our audit does not provide a legal determination of Lauderdale County, Mississippi's compliance.

Opinion on Each 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 each of its major federal programs for the year ended September 30, 2021.

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

July 6, 2023



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

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE OF 1972 ANNOTATED)**

Members of the Board of Supervisors
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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. 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 Receiving Clerks.

1. The Assistant Receiving Clerks should be bonded individually.

Repeat Finding Yes

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, 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 seven 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.
Receiving Clerk.	
2.	<u>The Receiving Clerk should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires the Receiving Clerk to execute a bond for \$75,000 to be payable, conditioned and approved as provided by law. In addition, <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> , 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 three 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)	Bonds have been cancelled and reissued for 2/1/2021-2/1/2022.
Auditor's Note	Neither a cancellation of the indefinite bond nor a new bond was able to be obtained for documentation.

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, 2021.

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

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.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 6, 2023

LAUDERDALE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2021

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
07/06/2021	MSWIN radios	\$ 896,065	Jackson-Comm	\$ 845,000	The lowest bid was submitted with an incomplete packet and pricing. While the bid is \$51,065 less on paper, the actual final cost could far exceed the bid amount.

LAUDERDALE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
06/21/2021	Circuit breaker	\$ 42,353	Robinson Electric	Electrical power failure in the detention facility which required a specialized circuit breaker to restore power.

LAUDERDALE COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
10/05/2020	Body camera adapter	\$	19,975	TCSWare
10/05/2020	Body camera/trigger box		9,975	TCSWare
11/05/2020	Tasers/taser cartridges		12,740	AXON Enterprise, Inc.
11/13/2020	Fireade 2000 foam		6,234	NAFECO, Inc.
12/28/2020	Tasers/taser holsters		13,640	AXON Enterprise, Inc.
02/03/2021	Service/Testing of SCBA's/compressors		9,449	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, 2021, 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 July 6, 2023, 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, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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. The County should make the appropriate privilege tax settlement payments to the County's School District.

Repeat Finding No

Criteria *Section 27-19-11, Mississippi Code of 1972 Annotated*, states that counties shall distribute proceeds from tax on carriers of property and on buses as they would if these collections were ad valorem taxes.

Condition According to our tests, we noted that the County receipted additional privilege taxes in the amount of \$514,993 for fiscal year 2021. However, the County did not settle a portion in the amount of \$257,383 to the County's School District, as required by law.

Cause The County did not follow procedures to comply with state law.

Effect Failure to settle the additional privilege taxes to the County's School District is a violation of *Section 27-19-11* and could result in the loss or misappropriation of public funds.

Recommendation The Board of Supervisors should comply with state law to ensure all additional privilege taxes received from the Mississippi Department of Revenue are settled to the County's School District as if they were ad valorem taxes.

Views of Responsible Official(s) Lauderdale County will comply and execute payment.

2. The County should make the appropriate railcar ad valorem tax settlement payments to the County's School District.

Repeat Finding No

Criteria *Section 27-35-519, Mississippi Code of 1972 Annotated*, requires the Clerk of the Board of Supervisors to apportion railcar ad valorem taxes to the municipalities and other taxing districts in proportion to the number of miles of railroad in the municipality or other taxing districts to the number of miles of railroad in the entire county.

Condition According to our tests, we noted that the County receipted railcar ad valorem taxes in the amount of \$458,557 for fiscal year 2021. However, the County did not settle a portion in the amount of \$151,693 to the County's School District, as required by law.

Cause The County did not follow procedures to comply with state law.

Effect Failure to apportion and settle railcar ad valorem taxes as required by law could result in the misappropriation of public funds.

Recommendation The County should implement procedures to ensure that railcar ad valorem taxes are apportioned and settled to other taxing districts.

Views of Responsible Official(s) Lauderdale County will comply and calculate payments for future years.

Board of Supervisors and Deputy Circuit Clerks.

3. Deputy Circuit Clerks should be bonded individually.

Repeat Finding Yes

Criteria *Section 9-7-123(2), Mississippi Code of 1972 Annotated*, 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 seven 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 Tax Assessor.

4. Deputy Tax Assessors should be bonded individually.

Repeat Finding Yes

Criteria *Section 27-1-3, Mississippi Code of 1972 Annotated*, 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 seven years' audit reports, the Deputy Tax Assessors were issued under a blanket bond rather than individual bonds.

Cause The County did not comply with state laws.

Effect Failure to issue individual bonds for each Deputy Tax Assessor could result in the loss or misappropriation of public funds.

Recommendation The Deputy Tax Assessors' blanket bond should be cancelled, and a new bond should be issued for each clerk, as required by law.

Views of Responsible Official(s) Management will review.

Board of Supervisors and Tax Collector.

5. Deputy Tax Collectors should be bonded individually.

Repeat Finding Yes

Criteria *Section 27-1-9(a), Mississippi Code of 1972 Annotated*, 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 seven 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.

6. The Circuit Clerk's office should make timely deposits and settlements.

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 three years' audit reports, we noted a weakness in which civil and criminal receipts were not being deposited and settled timely.
Cause	This weakness is due to inadequate internal controls surrounding the collection, depositing, and recording of revenue collected in the Circuit Clerk's office.
Effect	The failure to develop adequate internal controls in the Circuit Clerk's office regarding the collecting, 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 settlements are made timely.

Views of Responsible Official(s)

Our Circuit Court department has been doing an outstanding job with collecting, disbursing, and recording of funds. The issue over the last three years has been the recommendation for the bank deposits to be made more frequently, which we have tried to do. Where it is not probable for daily deposits, especially when we are in a term of court and the staff is overwhelmed, we will attempt to do better and go more often to the bank with Circuit Court deposits.

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, 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 6, 2023

LAUDERDALE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAUDERDALE COUNTY

(This page left blank intentionally.)

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Unmodified
Business-type activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Coronavirus Local Fiscal Recovery Fund	Unmodified
Combined GO Debt Fund	Unmodified
S/O Road, Bridge and Building Bonds S/2021 Fund	Unmodified
Aggregate remaining fund information	Unmodified
Metro Ambulance Fund	Unmodified

2. Internal control over financial reporting:

a. Material weakness identified?	Yes
b. Significant deficiency identified?	None Reported

3. Noncompliance material to the financial statements noted?

No

Federal Awards:

4. Internal control over major federal programs:

a. Material weakness identified?	No
b. Significant deficiency identified?	None Reported

5. Type of auditor's report issued on compliance for major federal programs:

Unmodified

6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

7. Identification of major federal programs:

- a. AL #14.228, Community development block grants/state's program and non-entitlement grants in Hawaii
- b. AL #16.034, Coronavirus emergency supplemental funding program

8. Dollar threshold used to distinguish between type A and type B programs:

\$750,000

9. Auditee qualified as low-risk auditee?

No

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

No

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2021-001. The Board of Supervisors should strengthen internal controls over self-insurance.

Repeat Finding No

Criteria An effective system of internal control over self-insurance should include the reconciliation of health insurance claims.

Condition During our test work, we noted that there were no reconciliations performed to determine that invoices paid by the County for health insurance claims were only for individuals covered under the County's self-insurance plan.

Cause The County lacked the appropriate controls necessary over self-insurance.

Effect The failure to implement adequate internal controls over self-insurance could result in the misappropriation or loss of public funds.

Recommendation The Board of Supervisors should ensure that reconciliations of invoices for health insurance claims are performed before payment is made.

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

Section 3: Federal Award Findings and Questioned Costs

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

CORRECTIVE ACTION PLAN

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 THIAGGARD
Board Attorney

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

CORRECTIVE ACTION PLAN

May 31, 2023

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

Gentlemen:

Lauderdale County respectfully submits the following corrective action plan for the year ended September 30, 2021.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2021-001. Corrective Action Planned: Additional information will be requested from BMG and United Healthcare in order to perform monthly reconciliations in the future.

Anticipated Completion Date: October 1, 2022

Name of Contact Person Responsible for Corrective Action: Linda Posey,
Comptroller

SECTION 3: FEDERAL AWARD FINDINGS

There are no findings or questioned costs related to federal awards.

Sincerely yours,

A handwritten signature in blue ink, which appears to read "Jonathan Wells", is written over a horizontal line.

President, Board of Supervisors