

# LEAKE COUNTY, MISSISSIPPI

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



## SHAD WHITE

STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

[www.osa.state.ms.us](http://www.osa.state.ms.us)









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

**Shad White**  
AUDITOR

October 27, 2022

Members of the Board of Supervisors  
Leake County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Leake 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 Leake County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Leake 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", with a large, stylized flourish at the end.

Shad White



LEAKE COUNTY  
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LEAKE COUNTY

FINANCIAL SECTION

LEAKE COUNTY

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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Leake 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 Leake 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 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 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.

## ***Opinions***

In our opinion, 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 Leake 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, and the Schedule of County 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 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***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Leake County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Reconciliation of Operating Costs of Solid Waste 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 Reconciliation of Operating Costs of Solid Waste 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 October 28, 2022 on our consideration of Leake 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 Leake 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 Leake County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

October 28, 2022

LEAKE COUNTY

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LEAKE COUNTY

FINANCIAL STATEMENTS

LEAKE COUNTY

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LEAKE COUNTY  
Statement of Net Position  
September 30, 2021

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 13,990,912	737,819	14,728,731
Property tax receivable	4,653,042		4,653,042
Accounts receivable (net of allowance for uncollectibles of \$ 1,200,040)	312,839		312,839
Fines receivable (net of allowance for uncollectibles of \$1,497,299)	928,987		928,987
Intergovernmental receivables	252,388	414,715	667,103
Other receivables	141		141
Internal balances	181,756	(181,756)	0
Capital assets:			
Land and construction in progress	1,520,490	38,000	1,558,490
Other capital assets, net	13,645,581	2,832,019	16,477,600
Total Assets	35,486,136	3,840,797	39,326,933
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,128,337	333,267	1,461,604
Total Deferred Outflows of Resources	1,128,337	333,267	1,461,604
LIABILITIES			
Claims payable	445,919	93,000	538,919
Intergovernmental payables	320,122		320,122
Accrued interest payable	63,753		63,753
Unearned revenue	2,175,365		2,175,365
Amounts held in custody for others	617,985		617,985
Other payables	145		145
Long-term liabilities			
Due within one year:			
Capital debt	469,264		469,264
Non-capital debt	412,056		412,056
Due in more than one year:			
Capital debt	4,237,636		4,237,636
Non-capital debt	917,795	95,986	1,013,781
Net pension liability	8,413,782	2,707,462	11,121,244
Total Liabilities	18,073,822	2,896,448	20,970,270
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,521,416	863,723	3,385,139
Deferred revenues - property taxes	4,653,042		4,653,042
Total Deferred Inflows of Resources	7,174,458	863,723	8,038,181
NET POSITION			
Net investment in capital assets	10,459,171	2,870,019	13,329,190
Restricted for:			
Expendable:			
General government	952,593		952,593
Public safety	1,219,054		1,219,054
Public works	6,071,054		6,071,054
Culture and recreation	12,666		12,666
Economic development and assistance	416,350		416,350
Debt service	28,945		28,945
Unrestricted	(7,793,640)	(2,456,126)	(10,249,766)
Total Net Position	\$ 11,366,193	413,893	11,780,086

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

LEAKE 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	Business-type Activities	Total
					Governmental Activities		
Primary government:							
Governmental activities:							
General government	\$ 3,586,478	889,508	351,022		(2,345,948)		(2,345,948)
Public safety	2,622,241	629,619	237,557		(1,755,065)		(1,755,065)
Public works	4,606,708	979,224	1,391,305	1,241,702	(994,477)		(994,477)
Health and welfare	138,669		28,663		(110,006)		(110,006)
Culture and recreation	230,758	5,796			(224,962)		(224,962)
Conservation of natural resources	85,579				(85,579)		(85,579)
Economic development and assistance	117,443				(117,443)		(117,443)
Interest on long-term debt	153,341				(153,341)		(153,341)
Pension expense	598,121				(598,121)		(598,121)
Total Governmental Activities	12,139,338	2,504,147	2,008,547	1,241,702	(6,384,942)		(6,384,942)
Business-type activities:							
Leake County Correctional Facility	3,267,802	3,111,565	2,516			(153,721)	(153,721)
Total Business-type Activities	3,267,802	3,111,565	2,516	0		(153,721)	(153,721)
Total Primary Government	\$ 15,407,140	5,615,712	2,011,063	1,241,702	(6,384,942)	(153,721)	(6,538,663)
General revenues:							
Property taxes					\$ 7,035,873		7,035,873
Road & bridge privilege taxes					259,060		259,060
Grants and contributions not restricted to specific programs					480,956		480,956
Unrestricted interest income					160,511	12,798	173,309
Miscellaneous					815,689	3,964	819,653
Total General Revenues					8,752,089	16,762	8,768,851
Changes in Net Position					2,367,147	(136,959)	2,230,188
Net Position - Beginning, as previously reported					8,998,423	550,852	9,549,275
Fund reclassification					623		623
Net Position - Beginning, as restated					8,999,046	550,852	9,549,898
Net Position - Ending					\$ 11,366,193	413,893	11,780,086

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

LEAKE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2021

Exhibit 3

	Major Funds				Other	Total
	General	American	County Road	2021 Road and	Governmental	Governmental
	Fund	Rescue Plan	and Bridge	Bridge Special	Funds	Funds
		Fund	Fund	Projects Fund		
ASSETS						
Cash	\$ 2,971,522	2,188,635	1,317,280	3,467,760	4,045,715	13,990,912
Property tax receivable	3,252,828		1,222,249		177,965	4,653,042
Accounts receivable (net of allowance for uncollectibles of \$1,200,040)					312,839	312,839
Fines receivable (net of allowance for uncollectibles of \$1,497,299)	928,987					928,987
Intergovernmental receivables	151,042		10,823		90,523	252,388
Other receivables	141		0			141
Due from other funds	52,794		53,985		77,093	183,872
Advances to other funds	510,637		2,500		6,175	519,312
Total Assets	\$ 7,867,951	2,188,635	2,606,837	3,467,760	4,710,310	20,841,493
LIABILITIES						
Liabilities:						
Claims payable	\$ 120,285	579	137,870		187,185	445,919
Intergovernmental payables	320,122					320,122
Due to other funds	131,078					131,078
Advances from other funds			226,175		164,175	390,350
Unearned revenue		2,175,365				2,175,365
Amounts held in custody for others	617,985					617,985
Other payables	145					145
Total Liabilities	1,189,615	2,175,944	364,045	0	351,360	4,080,964
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	3,252,828		1,222,249		177,965	4,653,042
Unavailable revenue - solid waste fees					312,839	312,839
Unavailable revenue - fines	928,987					928,987
Total Deferred Inflows of Resources	4,181,815	0	1,222,249	0	490,804	5,894,868
Fund balances:						
Nonspendable:						
Advances	510,637					510,637
Restricted for:						
General government					952,593	952,593
Public safety					1,219,054	1,219,054
Public works		12,691	1,020,543	3,467,760	1,257,221	5,758,215
Culture and recreation					12,666	12,666
Economic development and assistance					416,350	416,350
Debt service					92,698	92,698
Unassigned	1,985,884				(82,436)	1,903,448
Total Fund Balances	2,496,521	12,691	1,020,543	3,467,760	3,868,146	10,865,661
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,867,951	2,188,635	2,606,837	3,467,760	4,710,310	20,841,493

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

## LEAKE COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2021Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 10,865,661
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 \$11,423,052.	15,166,071
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,241,826
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,036,751)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,413,782)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(63,753)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,128,337
Deferred inflows of resources related to pensions	<u>(2,521,416)</u>
Total Net Position - Governmental Activities	\$ <u><u>11,366,193</u></u>

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

## LEAKE COUNTY

Exhibit 4

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

	Major Funds				Other	Total
	General	American	County Road	2021 Road and	Governmental	Governmental
	Fund	Rescue Plan	and Bridge	Bridge Special	Funds	Funds
	Fund	Fund	Fund	Projects Fund		
REVENUES						
Property taxes	\$ 4,913,828		1,777,979		344,066	7,035,873
Road and bridge privilege taxes			259,060			259,060
Licenses, commissions and other revenue	246,650				95,545	342,195
Fines and forfeitures	285,059				466,626	751,685
Intergovernmental revenues	699,118	37,592	2,556,036		438,459	3,731,205
Charges for services	84,420		906		1,160,317	1,245,643
Interest income	43,537	13,270	19,491	19,151	65,062	160,511
Miscellaneous revenues	284,941		65,005		465,743	815,689
Total Revenues	6,557,553	50,862	4,678,477	19,151	3,035,818	14,341,861
EXPENDITURES						
Current:						
General government	3,373,212	7,704			466,724	3,847,640
Public safety	2,018,972	30,467			830,528	2,879,967
Public works	55,875		2,623,365	50,891	2,256,419	4,986,550
Health and welfare	127,701					127,701
Culture and recreation	208,150				100,539	308,689
Conservation of natural resources	80,878					80,878
Economic development and assistance	32,892				84,266	117,158
Debt service:						
Principal	126,981		392,211		589,728	1,108,920
Interest	34,354		17,640		55,327	107,321
Bond issue costs				500		500
Total Expenditures	6,059,015	38,171	3,033,216	51,391	4,383,531	13,565,324
Excess of Revenues over (under) Expenditures	498,538	12,691	1,645,261	(32,240)	(1,347,713)	776,537
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	29,500		30,284	3,500,000		3,559,784
Long-term non-capital debt issued			500,000			500,000
Transfers in	1,090				1,657,779	1,658,869
Transfers out	(408,661)		(1,179,155)		(71,053)	(1,658,869)
Total Other Financing Sources and Uses	(378,071)	0	(648,871)	3,500,000	1,586,726	4,059,784
Net Changes in Fund Balances	120,467	12,691	996,390	3,467,760	239,013	4,836,321
Fund Balances - Beginning, as previously reported	2,375,431		24,153		3,629,133	6,028,717
Fund reclassification	623					623
Fund Balances - Beginning, as restated	2,376,054	0	24,153	0	3,629,133	6,029,340
Fund Balances - Ending	\$ 2,496,521	12,691	1,020,543	3,467,760	3,868,146	10,865,661

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

## LEAKE 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	\$ 4,836,321
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 \$1,145,563 exceeded depreciation of \$823,850 in the current period.	321,713
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$8,578 in the current period.	(8,578)
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.	160,855
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.	3,769
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 \$4,059,784 exceeded debt repayments of \$1,108,920.	(2,950,864)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in compensated absences liability	(15,465)
The amount of decrease in accrued interest payable	(43,405)
The amortization of bond premium	111
The amortization of bond discounts	(2,226)

## LEAKE COUNTY

Exhibit 4-1Reconciliation 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>
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	(598,121)
Recording of contributions made during the year	<u>663,037</u>
Change in Net Position of Governmental Activities	\$ <u><u>2,367,147</u></u>

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

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

Exhibit 5

	Business-type Activities - Enterprise Fund
	Leake County Correctional Facility
ASSETS	
Current assets:	
Cash	\$ 737,819
Intergovernmental receivables	414,715
Total Current Assets	1,152,534
Capital assets:	
Land and construction in progress	38,000
Other capital assets, net	2,832,019
Total Noncurrent Assets	2,870,019
Total Assets	4,022,553
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	333,267
Total Deferred Outflows of Resources	333,267
LIABILITIES	
Current liabilities:	
Claims payable	93,000
Due to other funds	52,794
Advances from other funds	128,962
Total Current Liabilities	274,756
Noncurrent liabilities:	
Non-capital debt:	
Compensated absences payable	95,986
Net pension liability	2,707,462
Total Noncurrent Liabilities	2,803,448
Total Liabilities	3,078,204
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	863,723
Total Deferred Inflows of Resources	863,723
NET POSITION	
Net investment in capital assets	2,870,019
Unrestricted	(2,456,126)
Total Net Position	\$ 413,893

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



## LEAKE 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
	Leake County Correctional Facility
Operating Revenues	
Charges for services	\$ 3,111,565
Operating Grant	2,516
Miscellaneous	3,964
Total Operating Revenues	<u>3,118,045</u>
Operating Expenses	
Cost of sales	
Personal services	1,611,612
Contractual services	503,450
Materials and supplies	754,592
Depreciation expense	133,317
Indirect administrative cost	52,794
Miscellaneous	18,045
Pension expense	193,392
Total Operating Expenses	<u>3,267,202</u>
Operating Income (Loss)	<u>(149,157)</u>
Nonoperating Revenues (Expenses)	
Property tax	
Interest income	12,798
Gain (loss) on sale of capital assets	(600)
Net Nonoperating Revenue (Expenses)	<u>12,198</u>
Changes in Net Position	<u>(136,959)</u>
Net Position - Beginning	<u>550,852</u>
Net Position - Ending	<u>\$ 413,893</u>

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

LEAKE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2021

Exhibit 7

	Business-type Activities - Enterprise Fund
	Leake County Correctional Facility
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,116,623
Payments to suppliers	(1,250,963)
Payments to employees	(1,824,833)
Payments to General Fund for indirect costs	(105,000)
Other operating cash receipts	3,964
Net Cash Provided (Used) by Operating Activities	(60,209)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(53,026)
Net Cash Provided (Used) by Capital and Related Financing Activities	(53,026)
Cash Flows From Investing Activities	
Interest on deposits	12,798
Net Cash Provided (Used) by Investing Activities	12,798
Net Increase (Decrease) in Cash and Cash Equivalents	(100,437)
Cash and Cash Equivalents at Beginning of Year	838,256
Cash and Cash Equivalents at End of Year	\$ 737,819
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (149,157)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	133,317
(Increase) decrease in intergovernmental receivables - housing prisoners	2,542
(Increase) decrease in deferred outflows related to pensions	(36,022)
Increase (decrease) in claims payable	25,124
Increase (decrease) in compensated absences liability	1,163
Increase (decrease) in indirect costs	(52,206)
Increase (decrease) in pension liability	(800,224)
Increase (decrease) in deferred inflows related to pensions	815,254
Total Adjustments	88,948
Net Cash Provided (Used) by Operating Activities	\$ (60,209)

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

LEAKECOUNTY  
Statement of Fiduciary Net Position  
September 30, 2021

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ <u>22,253</u>
Total Assets	\$ <u><u>22,253</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ <u>22,253</u>
Total Net Position	<u><u>22,253</u></u>

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

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

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Investment income:	
Interest and dividends	\$ 2
Tax collections for other governments	716
Licenses and fees collected for State	<u>356,627</u>
Total Additions	<u>357,345</u>
DEDUCTIONS	
Payments of tax to other governments	734
Payments of licenses and fees to State	<u>359,024</u>
Total Deductions	<u>359,758</u>
Net increase (decrease) in fiduciary net position	(2,413)
Net Position - Beginning	<u>24,666</u>
Net Position - Ending	<u>\$ 22,253</u>

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

## LEAKE COUNTY

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

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Leake 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 Leake County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

## LEAKE COUNTY

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

#### 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.

#### C. Measurement Focus and Basis of Accounting.

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

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

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

The County reports the following major Governmental Funds:

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

American Rescue Plan Fund - This fund is used to account for the accumulation of financial resources that are restricted to public works concerning recovery from the effects of the coronavirus.

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

2021 Road and Bridge Special Projects Fund - This fund is used to account for bond proceeds restricted for the maintenance of road and bridge projects.

## LEAKE COUNTY

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

The County reports the following major Enterprise Fund:

Leake County Correctional Facility - This fund is used to account for the County's activities of operating the correctional facility.

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.

#### D. Account Classifications.

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

#### E. Deposits and Investments.

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

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

#### F. Receivables.

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

## LEAKE COUNTY

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

#### G. Interfund Transactions and Balances.

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

#### H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental 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.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Leake County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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:



# LEAKE COUNTY

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

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

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

### I. Deferred Outflows/Inflows of Resources.

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note (10) for additional details.

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

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

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

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note (10) for additional details.

### J. 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.

## LEAKE COUNTY

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

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### K. 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.

#### L. 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.

#### M. 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

## LEAKE COUNTY

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

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.

*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.

#### N. Property Tax Revenues:

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

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

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

#### O. Intergovernmental Revenues in Governmental Funds.

## LEAKE COUNTY

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

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.

#### P. 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.

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 Payroll Clearing Fund, previously reported as a Fiduciary Fund, was 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 \$623.

For the fiduciary fund custodial activities, the County has treated the beginning of year net position of \$24,666 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$24,666.

#### (3) Deposits and Investments.

##### Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$14,750,984, and the bank balance was \$14,901,491. 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.

LEAKE COUNTY

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

(4) Interfund Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2021:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Leake County Correctional Facility	\$ 52,794
County Road and Bridge Fund	General Fund	53,985
Other Governmental Funds	General Fund	<u>77,093</u>
Total		<u>\$ 183,872</u>

The receivables represent tax revenue collected in September 2021, but not settled until October, 2021, unpaid indirect costs charged to the Leake County Correctional Facility, and loans to cover operating costs. All interfund balances are expected to be repaid within one year from the date of financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	County Road and Bridge Fund	\$ 220,000
General Fund	Other Governmental Funds	161,675
General Fund	Leake County Correctional Facility	128,962
County Road and Bridge Fund	Other Governmental Funds	2,500
Other Governmental Funds	County Road and Bridge Fund	<u>6,175</u>
Total		<u>\$ 519,312</u>

The receivables represent prior year's unpaid indirect costs charged to the Leake County Correctional Facility, loans to cover operating expenses, debt service payments, the sale of capital equipment, and correction of posting errors in the prior year.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	County Road and Bridge Fund	1,090
Other Governmental Funds	General Fund	\$ 408,661
Other Governmental Funds	County Road and Bridge Fund	1,178,065
Other Governmental Funds	Other Governmental Funds	<u>71,053</u>
Total		<u>\$ 1,658,869</u>

The principal purpose of inter-fund transfers was to provide funds for grant matches, operating expenses, debt services payments, and correct posting errors. All transfers were routine and consistent with the activities of the fund making the transfer.

LEAKE COUNTY

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

(5) Intergovernmental Receivables.

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

Description	Amount
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 118,167
CARES ACT Reimbursement	36,178
Drug Court Reimbursement	54,345
Emergency management performance grant	24,583
Other miscellaneous grants	19,115
Total Governmental Activities	\$ 252,388
<b>Business-type Activities:</b>	
Reimbursement for housing prisoners	\$ 414,715

(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
<b>Non-depreciable capital assets:</b>					
Land	\$ 1,027,799				1,027,799
Construction in progress	1,729,510	818,105		(2,054,924)	492,691
Total non-depreciable capital assets	2,757,309	818,105	-	(2,054,924)	1,520,490
<b>Depreciable capital assets:</b>					
Infrastructure	10,290,367			2,054,924	12,345,291
Buildings	3,726,183				3,726,183
Mobile equipment	5,312,280	60,495	65,545	843,533	6,150,763
Furniture and equipment	765,093	199,375	20,228	131,679	1,075,919
Leased property under capital leases	2,678,101	67,588		(975,212)	1,770,477
Total depreciable capital assets	22,772,024	327,458	85,773	2,054,924	25,068,633
<b>Less accumulated depreciation for:</b>					
Infrastructure	3,546,296	311,730			3,858,026
Buildings	1,504,424	60,663			1,565,087
Mobile equipment	4,073,859	260,304	58,990	418,117	4,693,290
Furniture and equipment	689,773	46,385	18,205	118,511	836,464
Leased property under capital leases	862,045	144,768		(536,628)	470,185
Total accumulated depreciation	10,676,397	823,850	77,195	-	11,423,052
Total depreciable capital assets, net	12,095,627	(496,392)	8,578	2,054,924	13,645,581
Governmental activities capital assets, net	\$ 14,852,936	321,713	8,578	-	15,166,071

LEAKE COUNTY

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

**Business-type activities:**

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 38,000				38,000
Total non-depreciable capital assets	38,000	-	-	-	38,000
<u>Depreciable capital assets:</u>					
Buildings	5,175,662	16,201			5,191,863
Mobile equipment	146,744	24,875			171,619
Furniture and equipment	271,513	11,950	6,000		277,463
Total depreciable capital assets	5,593,919	53,026	6,000	-	5,640,945
<u>Less accumulated depreciation for:</u>					
Buildings	2,314,726	103,837			2,418,563
Mobile equipment	132,069	22,387			154,456
Furniture and equipment	234,214	7,093	5,400		235,907
Total accumulated depreciation	2,681,009	133,317	5,400	-	2,808,926
Total depreciable capital assets, net	2,912,910	(80,291)	600	-	2,832,019
Business-type activities capital assets, net	\$ 2,950,910	(80,291)	600	-	2,870,019

\*Adjustments were made to transfer completed construction in progress to infrastructure and paid out leased property to mobile equipment and furniture and equipment.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 92,331
Public safety	133,227
Public works	585,071
Health and welfare	10,511
Conservation of natural resources	2,710
Total governmental activities depreciation expense	\$ 823,850
<b>Business-type activities:</b>	
Leake County Correctional Facility	\$ 133,317

# LEAKE 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:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Bilbro Road / ERBR-LSBP 40 (14)	\$ 245,000	06/2022
McMillan Park - Walking Trail	10,012	02/2022

### (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.

### (8) 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>
Improvements other than building	\$ 788,180
Mobile equipment	982,297
Total	1,770,477
Less: Accumulated depreciation	470,185
Leased Property Under Capital Leases	\$ <u>1,300,292</u>



LEAKE COUNTY

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

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	\$ 260,264	37,725
2023	202,286	29,770
2024	69,843	25,378
2025	34,344	23,621
2026	35,728	22,237
2027-2031	201,430	88,396
2032-2036	245,424	44,403
2037-2041	<u>83,581</u>	<u>3,367</u>
Total	<u>\$ 1,132,900</u>	<u>274,897</u>

(9) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Industrial Park Development Bonds, 2002	74,000	4.75%	02/2022
G.O. Refunding Bonds - Leake Memorial Hospital Series 2010	575,000	1.95/5.95%	01/2023
General Obligation Bonds, Series 2021	<u>3,500,000</u>	1.75/2.13%	06/2041
Total General Obligation Bonds	<u>\$ 4,149,000</u>		
B. Capital Leases:			
One New Ford Expedition	17,412	3.24%	02/2023
Five Caterpillar Backhoes	158,672	3.31%	04/2023
Four New Tractors and Two New Bushhogs	117,106	2.29%	02/2024
Schneider Electric Savings Improvements	695,760	3.99%	03/2038
2020 Ford Explorer	20,022	2.59%	04/2023
2020 Ford Interceptor	22,851	2.33%	05/2023
2020 Ford Police Interceptor	25,982	1.54%	09/2023
2020 Dodge Ram	16,132	2.33%	07/2023
2015 Chevy Silverado	29,500	2.07%	04/2024
2021 Chevy Silverado 1500	<u>29,463</u>	1.65%	08/2024
Total Capital Leases	<u>\$ 1,132,900</u>		

LEAKE COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loans:			
Barnes Fire Station	\$ 23,390	2.00%	01/2024
Leake County Note 2020-1, Tax Office Notes	101,317	1.86%	06/2025
2020-10 Road and Bridge Note	<u>500,000</u>	1.42%	11/2025
Total Other Loans	<u>\$ 624,707</u>		

**Governmental Activities:**

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2022	\$ 489,000	96,468	132,056	9,987
2023	435,000	73,764	134,694	7,347
2034	145,000	62,538	127,634	5,334
2025	145,000	60,000	127,612	3,389
2026	150,000	57,100	102,711	1,462
2027 - 2031	810,000	238,800		
2032 - 2036	925,000	156,250		
2037 - 2041	<u>1,050,000</u>	<u>65,375</u>		
Total	<u>\$ 4,149,000</u>	<u>810,295</u>	<u>624,707</u>	<u>27,519</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2021, the amount of outstanding debt was equal to 2.42% percentage of the latest property assessments.

# LEAKE COUNTY

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

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
<b>Governmental Activities:</b>					
Compensated absences	\$ 132,396	15,465		147,861	
General obligation bonds	1,179,000	3,500,000	530,000	4,149,000	489,000
Less:					
Discounts	(20,060)		(2,226)	(17,834)	
Add:					
Premiums	228		111	117	
Capital leases	1,513,013	59,784	439,897	1,132,900	260,264
Other loans	263,730	500,000	139,023	624,707	132,056
Total	\$ 3,068,307	4,075,249	1,106,805	6,036,751	881,320
<b>Business-type Activities:</b>					
Compensated absences	\$ 94,823	1,163		95,986	
Total	\$ 94,823	1,163	-	95,986	-

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, 911 Emergency Communications Fund, Rural Fire Fund, Leake County Economic Development Fund, County Road and Bridge Fund, 8<sup>th</sup> District Intervention Court Fund, Solid Waste Disposal Fund, and the Leake County Correctional Facility.

### (10) Defined Benefit Pension Plan.

#### *General Information about the Pension Plan*

**Plan Description.** Leake 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

# LEAKE COUNTY

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

years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**Contributions.** At September 30, 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 \$877,419, \$865,900 and \$789,474, 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 \$11,121,244 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 .075243 percent, which was based on a measurement date of June 30, 2021. This was an increase of .000877 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 \$791,513. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 176,937	
Net difference between projected and actual earnings on pension plan investments		3,354,892
Changes of assumptions	855,493	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	192,999	30,247
County contributions subsequent to the measurement date	<u>236,175</u>	
Total	<u>\$ 1,461,604</u>	<u>3,385,139</u>

# LEAKE COUNTY

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

\$236,175 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	\$ 305,465
2023	366,681
2024	489,509
2025	998,055
Total	\$ 2,159,710

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:

# LEAKE COUNTY

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00 %</u>	

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
County's proportionate share of the net pension liability	\$ 15,750,289	11,121,244	7,306,543

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

### (11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2021:

<u>Fund</u>	<u>Deficit Amount</u>
L. C. Hospital Bond & Interest	\$ 2,436
Advalorem Tax Refund Fund	80,000

### (12) Contingencies.

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

## LEAKE COUNTY

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

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

#### (13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$7,793,640) 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 \$178,469 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$949,868 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 \$2,521,416 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 business-type activities' unrestricted net position amount of (\$2,456,126) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$57,706 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$275,561 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 \$863,723 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.

#### (14) Joint Ventures.

The County participates in the following joint ventures:

Leake County is a participant with the City of Carthage in a joint venture authorized by *Section 39-3-11. Mississippi Code Annotated (1972)*, to operate the Carthage-Leake County Airport. This joint venture was created to provide airport facilities to the area and is governed by a six-member board appointed by the Board of Supervisors and the city council: three from each government. By contractual agreement, the county's appropriation to the joint venture was \$1,500 in fiscal year 2021. Complete financial statements for the Carthage-Leake County Airport, P.O. Box 577, Carthage, MS, 39501.

Leake County is a participant with the Counties of Attala, Holmes, Montgomery and Winston in a joint venture authorized by *Section 39-3-9 Mississippi Code Annotated (1972)*, to operate the Mid-Mississippi Regional Library System. The joint venture was created to provide free public library service to the citizens of the member counties. The Leake County Board of Supervisors appoints one of the five members of the board of directors. By contractual agreement, the county's authorized appropriation to the joint venture was \$208,150 in fiscal year 2021.

#### (15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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 Leake County Board of Supervisors appoints 1 of the 15 members of the board of directors. The county appropriated \$15,058 for support district in fiscal year 2021.

# LEAKE COUNTY

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

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Leake County Board of Supervisors appoints six of the 30 member of the college board of trustees. The county appropriated \$411,835 for maintenance and support of the college in fiscal year 2021.

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 Leake County Board of Supervisors appoints two of the 26 board members. The county provided no financial support in fiscal year 2021.

East Central Community Action Agency, Inc., operates in a district composed of the Counties of Leake, Neshoba, Rankin, Scott and Smith. The Leake County Board of Supervisors appoints two of the 30 board members. The county provided no financial support in fiscal year 2021.

Region Ten, Weems Community Mental Health operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Leake County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$18,200 for the support of the commission in fiscal year 2021.

### (16) Tax Abatements.

As of September 30, 2021, Leake County provides tax exempt status to various retail, production, and manufacturing companies subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school; the mandatory mill and the community college tax levies, with the exception of inventory exemptions. These exemptions are authorized under *Sections 27-31-101, 27-31-51, 27-31-15(2) and 27-31-105 of the Mississippi Code Annotated (1972)*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$408,933.

### (17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Leake County evaluated the activity of the County through **October 28, 2022** 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:

Issue	Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/27/2021		1.98%	794,700	Capital Lease	Ad valores taxes
10/27/2021		2.29%	28,319	Capital Lease	Ad valores taxes
12/27/2021		2.03%	529,800	Capital Lease	Ad valores taxes
05/16/2022		3.13%	191,846	Capital Lease	Ad valores taxes
07/19/2022		3.53%	548,299	Capital Lease	Ad valores taxes



## LEAKE COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

## LEAKE COUNTY

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LEAKE 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	\$ 5,038,324	4,916,251	4,916,251	
Licenses, commissions and other revenue	294,700	250,540	250,540	
Fines and forfeitures	330,075	291,259	291,259	
Intergovernmental revenues	1,425,850	3,058,297	3,058,297	
Charges for services	201,000	91,600	91,600	
Interest income	38,020	43,561	43,561	
Miscellaneous revenues	302,500	286,587	286,587	
Total Revenues	<u>7,630,469</u>	<u>8,938,095</u>	<u>8,938,095</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,081,739	3,434,312	3,434,312	
Public safety	2,142,441	1,979,627	1,979,627	
Public works	81,088	55,310	55,310	
Health and welfare	139,053	127,162	127,162	
Culture and recreation	208,150	208,150	208,150	
Conservation of natural resources	101,571	81,124	81,124	
Economic development and assistance	45,142	32,892	32,892	
Debt service:				
Principal		126,982	126,982	
Interest		34,353	34,353	
Total Expenditures	<u>6,799,184</u>	<u>6,079,912</u>	<u>6,079,912</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>831,285</u>	<u>2,858,183</u>	<u>2,858,183</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	451	451	
Transfers in	400,000	965,289	965,289	
Transfers out	(100,000)	(2,869,034)	(2,871,871)	(2,837)
Total Other Financing Sources and Uses	<u>305,000</u>	<u>(1,903,294)</u>	<u>(1,906,131)</u>	<u>(2,837)</u>
Net Change in Fund Balance	1,136,285	954,889	952,052	(2,837)
Fund Balances - Beginning		<u>1,088,776</u>	<u>967,020</u>	<u>(121,756)</u>
Fund Balances - Ending	<u>\$ 1,136,285</u>	<u>2,043,665</u>	<u>1,919,072</u>	<u>(124,593)</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest Income	\$	13,271	13,271	
Total Revenues	0	13,271	13,271	0
EXPENDITURES				
Current:				
General government		7,126	7,126	
Public safety		30,467	30,467	
Total Expenditures	0	37,593	37,593	0
Excess of Revenues over (under) Expenditures	0	(24,322)	(24,322)	0
OTHER FINANCING SOURCES (USES)				
Transfers in		2,212,957	2,212,957	
Total Other Financing Sources and Uses	0	2,212,957	2,212,957	0
Net Change in Fund Balance	0	2,188,635	2,188,635	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	\$ 0	2,188,635	2,188,635	0

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

LEAKE COUNTY  
Budgetary Comparison Schedule -  
Budget and Actual (Non-GAAP Basis)  
County Road and Bridge 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	\$ 1,826,817	1,772,130	1,772,130	
Road and bridge privilege taxes	235,000	237,400	237,400	
Licenses, commissions and other revenue	452,000	650,991	650,991	
Intergovernmental revenues	931,000	1,991,862	1,991,862	
Charges for services	4,000	906	906	
Interest income	9,000	19,492	19,492	
Miscellaneous revenues	53,252	65,005	65,005	
Total Revenues	<u>3,511,069</u>	<u>4,737,786</u>	<u>4,737,786</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	2,861,658	2,527,712	2,527,712	
Debt service:				
Principal	397,400	392,201	392,201	
Interest	34,297	17,650	17,650	
Total Expenditures	<u>3,293,355</u>	<u>2,937,563</u>	<u>2,937,563</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>217,714</u>	<u>1,800,223</u>	<u>1,800,223</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	50,000			
Transfers in	200,000	530,284	530,284	0
Transfers out		(1,779,155)	(1,779,155)	0
Total Other Financing Sources and Uses	<u>250,000</u>	<u>(1,248,871)</u>	<u>(1,248,871)</u>	<u>0</u>
Net Change in Fund Balance	467,714	551,352	551,352	0
Fund Balances - Beginning	<u>0</u>	<u>765,928</u>	<u>765,928</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 467,714</u>	<u>1,317,280</u>	<u>1,317,280</u>	<u>0</u>

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

LEAKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 2021 Road and Bridge Special Project Fund  
 For the Year Ended September 30, 2021  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$	19,151	19,151	
Total Revenues	0	19,151	19,151	0
EXPENDITURES				
Current:				
Public works		50,891	50,891	
Debt service:				
Bond issue costs		500	500	
Total Expenditures	0	51,391	51,391	0
Excess of Revenues over (under) Expenditures	0	(32,240)	(32,240)	0
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		3,500,000	3,500,000	
Total Other Financing Sources and Uses	0	3,500,000	3,500,000	0
Net Change in Fund Balance	0	3,467,760	3,467,760	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	\$ 0	3,467,760	3,467,760	0

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

LEAKE 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

	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.075243%	0.074366%	0.074644%	0.072492%	0.069812%	0.069710%	0.072881%
County's proportionate share of the net pension liability (asset)	\$ 11,121,244	14,396,393	13,131,353	12,057,573	11,605,124	12,451,948	11,265,965
Covered payroll	\$ 5,002,858	4,951,850	4,861,330	4,629,292	4,478,481	4,463,827	4,553,219
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%	259.13%	278.95%	247.43%
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.

LEAKE 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	\$ 877,419	865,900	789,474	740,695	708,912	721,956	716,454
Contributions in relation to the contractually required contribution	<u>877,419</u>	<u>865,900</u>	<u>789,474</u>	<u>740,695</u>	<u>708,912</u>	<u>721,956</u>	<u>716,454</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	\$ 5,042,638	4,976,423	4,877,063	4,702,816	4,501,022	4,583,847	4,548,914
Contributions as a percentage of covered payroll	17.40%	17.40%	16.19%	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.



# LEAKE COUNTY

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

### A. Budgetary Information.

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

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

### B. Basis of Presentation.

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

### C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types			
	General Fund	American Rescue Plan Fund	County Road and Bridge Fund	2021 Road and Bridge Special Projects Fund
Budget (Cash Basis)	\$ 952,052	2,188,635	551,352	3,467,760
Increase (Decrease)				
Net adjustments for revenue accruals	(2,915,693)	(2,175,366)	(59,309)	
Net adjustments for expenditure accruals	2,084,108	(578)	504,347	
GAAP Basis	\$ 120,467	12,691	996,390	3,467,760

## LEAKE COUNTY

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

#### 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.

## LEAKE COUNTY

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

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

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

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

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 decrease from 6% to 4%.

LEAKE COUNTY

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

B. Changes in benefit provisions.

2016

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

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

## LEAKE COUNTY

## SUPPLEMENTARY INFORMATION

LEAKE COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2021

Operating Expenditures, Cash Basis:

Salaries	\$	59,116
Contractual services		16,263
Contractual services-Solid Waste Disposal		947,345
Consumable supplies		3,840
Miscellaneous		<u>1,502</u>

Solid Waste Cash Basis Operating Expenditures		1,028,066
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Full Cost Expenses:

Indirect administrative costs		17,347
Depreciation on equipment		13,998
Net effect of other accrued expenses		<u>6,405</u>

Solid Waste Full Cost Operating Expenses	\$	<u><u>1,065,816</u></u>
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## LEAKE COUNTY

## OTHER INFORMATION

LEAKE COUNTY

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LEAKE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2021  
UNAUDITED

Name	Position	Company	Bond
Kirby Nazary	Supervisor District 1	RLI	\$100,000
Kevin Kemp	Supervisor District 2	RLI	\$100,000
Oliver Smith	Supervisor District 3	RLI	\$100,000
Larry Sims	Supervisor District 4	RLI	\$100,000
Marvin Jones, III	Supervisor District 5	Travelers	\$100,000
Corey Wooten	County Administrator	RLI	\$100,000
Dot Merchant	Chancery Clerk	RLI	\$100,000
Belinda Atkinson	Purchase Clerk	RLI	\$100,000
Tammy Jones	Receiving Clerk	Travelers	\$75,000
Evangeline Harvey	Assistant Receiving Clerk	RLI	\$50,000
Rhonda L. Blanton	Assistant Receiving Clerk	Brierfield	\$50,000
Courtney Clay	Assistant Receiving Clerk	RLI	\$50,000
Barbara C. Smith	Assistant Receiving Clerk	Brierfield	\$50,000
Tawanna Steve	Assistant Receiving Clerk	RLI	\$50,000
Jackie Watkins	Assistant Receiving Clerk	RLI	\$50,000
Linda Sanders	Assistant Receiving Clerk	RLI	\$50,000
Shirley O'Bannon	Assistant Receiving Clerk	RLI	\$50,000
Kaitlyn Myers	Assistant Receiving Clerk	RLI	\$50,000
Jenna Lepard	Assistant Receiving Clerk	RLI	\$50,000
Rita Wilkerson	Assistant Receiving Clerk	RLI	\$50,000
Kristye Horn	Inventory Control Clerk	RLI	\$75,000
D P Adams	Road Manager	RLI	\$100,000
Steve McMillon	Constable	Travelers	\$50,000
Steve Goodman	Constable	RLI	\$50,000
Kenneth B Adcock	Circuit Clerk	RLI	\$100,000
Viktorea Pace	Deputy Circuit Clerk	RLI	\$50,000
Jenna Lepard	Deputy Circuit Clerk	Travelers	\$50,000
Beverly Prestage	Deputy Circuit Clerk	RLI	\$50,000
Randy Atkinson	Sheriff	RLI	\$100,000
Ruby Graham	Justice Court Judge	RLI	\$50,000
Johnny W. Pope	Justice Court Judge	RLI	\$50,000
Adrianna Mcraney	Justice Court Clerk	RLI	\$50,000
Twanna Steve	Justice Court Clerk	RLI	\$50,000
Elizabeth C. Smith	Deputy Justice Court Clerk	RLI	\$50,000
Ashley O'Bannon	Deputy Justice Court Clerk	Travelers	\$50,000
Jelcey Nealy	Deputy Justice Court Clerk	RLI	\$50,000
J. Lucas Brown	Tax Assessor-Collector	RLI	\$100,000
Kaitlyn Myers	Deputy Tax Assessor	RLI	\$50,000
Jennifer Lee	Deputy Tax Collector	RLI	\$100,000
Cynthia Fortune	Deputy Tax Collector	RLI	\$50,000
Vickie Alford	Deputy Tax Collector	RLI	\$50,000
Stephanie Johnston	Deputy Tax Collector	RLI	\$50,000
Jennifer Kirkland	Deputy Tax Collector	RLI	\$50,000
Latorey Fortune	Deputy Tax Collector/Solid Waste	RLI	\$50,000

LEAKE COUNTY

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## LEAKE COUNTY

## SPECIAL REPORTS

LEAKE COUNTY

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

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

Members of the Board of Supervisors  
Leake 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 Leake 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 October 28, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2021-001 that we consider to be a material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Leake County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Leake County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated October 28, 2022, included within this document.

### **Leake County's Response to Finding**

Leake County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Leake 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.

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

October 28, 2022



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

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

Members of the Board of Supervisors  
Leake County, Mississippi

We have examined Leake 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 Leake 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 Leake County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Leake 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.

This report is intended for use in evaluating Leake 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

October 28, 2022



LEAKE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2021

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

LEAKE 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>
12/04/2020	Console for Communication Radios	\$ 114,186	Central Mississippi Communications	Emergency radio system suddenly failed limiting communication necessary for timely emergency services.

## LEAKE COUNTY

Schedule 3Schedule of Purchases Made Noncompetively 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>
06/28/2021	Body cameras, tower, and accessories	\$	49,965	Watch Guard
08/25/2021	CPR Unit		14,367	Stryker Medical Sales LLC.

LEAKE COUNTY

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**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  
Leake County, Mississippi

In planning and performing our audit of the financial statements of Leake County, Mississippi for the year ended September 30, 2021, we considered Leake 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 Leake 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 October 28, 2022, on the financial statements of Leake 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response is disclosed below:

**Chancery Clerk.**

1. The Chancery Clerk did not settle over the cap fees by April 15, 2022

**Repeat Finding** No

**Criteria** Section 9-1-43(1), *Mississippi Code of 1972 Annotated*, states no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk's or circuit clerk's services in excess of Ninety-four Thousand Five Hundred Dollars (\$94,500). All such fees received by the office of chancery or circuit clerks that are in excess of the salary limitation shall be deposited by such clerk into the county general fund on or before April 15 for the preceding calendar year.

**Condition** The Chancery Clerk did not settle all over the cap fees by April 15, 2022

**Cause** The Chancery Clerk did not follow the state law.

**Effect** The failure to deposit fees in excess of the salary cap into the County's General Fund on or before April 15<sup>th</sup> resulted in noncompliance with the aforementioned statute.

**Recommendation** The Chancery Clerk should ensure that all over the cap fees are settled by April 15<sup>th</sup>.

**Views of Responsible Official(s)** I will comply.

Leake County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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

October 28, 2022

## LEAKE COUNTY

### SCHEDULE OF FINDINGS AND RESPONSES

LEAKE COUNTY

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LEAKE COUNTY

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

Section 1: Summary of Auditor's Results

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

Section 2: Financial Statement Findings

**Justice Court Clerk.**

**Material Weakness**

**2021-001.**      The Justice Court Clerk should implement internal controls over the collection and disbursement of cash.

**Repeat Finding**      Yes

**Criteria**      An effective system of internal control over cash should include:

- Timely deposits of cash receipts.
- Preparation and maintenance of a cash journal, case files, and timely recording of transactions.
- Reconciling the cash journal to the bank accounts monthly.
- Maintaining an accurate bond listing to identify cash bond holdings.

**Condition**      During a cash count on March 24, 2022, we noted the following problems in the Justice Court Clerk's office:

- There were significant amounts of undeposited cash and checks that had been in the clerk's possession for several months.
- Checks were found in mail that was never opened or receipted in when received by the Justice Court Clerk's office.
- We discovered that the bank accounts had not been reconciled to the cash journals for several months.
- We were unable to verify the completeness of the cash journals and other supporting records including the bond listing.

**Cause**      Controls over the collection and disbursement of cash were never designed or implemented by the inexperienced staff in the Justice Court Clerk's office.

**Effect**      Failure to perform bookkeeping functions could result in the loss or misappropriation of public funds.

LEAKE COUNTY

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

**Recommendation**      The Justice Court Clerk should implement internal controls over the collection and disbursement of cash that ensure bookkeeping functions are performed and performed in a timely manner.

**Views of Responsible Official(s)**      Going forward, the Justice Court Clerk will implement better internal controls over the collection and disbursement of cash to ensure bookkeeping functions are performed and performed in a timely manner.