

RANKIN 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

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

Shad White
AUDITOR

September 26, 2022

Members of the Board of Supervisors
Rankin County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Rankin 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 Rankin County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Rankin County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

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

Shad White

RANKIN COUNTY
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RANKIN COUNTY

FINANCIAL SECTION

RANKIN 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
Rankin County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County, Mississippi, (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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

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

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 11 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Rankin County, Mississippi, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Rankin 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

Rankin County, Mississippi, has omitted the Management's Discussion and Analysis and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios 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 Rankin County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the accompanying Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are 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 September 26, 2022 on our consideration of Rankin County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rankin County, 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 Rankin County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 26, 2022

RANKIN COUNTY

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RANKIN COUNTY

FINANCIAL STATEMENTS

RANKIN COUNTY

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RANKIN COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 83,988,968
Investments	26,673,529
Accrued interest receivable	95,927
Property tax receivable	53,238,421
Accounts receivable (net of allowance for uncollectibles of \$1,183,260)	328,944
Fines receivable (net of allowance for uncollectibles of \$8,814,388)	1,729,878
Intergovernmental receivables	1,798,431
Other receivables	147,207
Capital assets:	
Land and construction in progress	13,154,910
Other capital assets, net	216,739,338
Total Assets	<u>397,895,553</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	6,084,331
Total Deferred Outflows of Resources	<u>6,084,331</u>
LIABILITIES	
Claims payable	1,517,555
Intergovernmental payables	5,309,171
Accrued interest payable	364,464
Unearned revenue	15,039,297
Amounts held in custody for others	980,963
Claims and judgments payable	177,667
Long-term liabilities	
Due within one year:	
Capital debt	6,482,704
Due in more than one year:	
Capital debt	72,152,857
Non-capital debt	1,641,608
Net pension liability	46,993,660
Total Liabilities	<u>150,659,946</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	14,259,638
Deferred revenues - property taxes	53,238,421
Total Deferred Inflows of Resources	<u>67,498,059</u>
NET POSITION	
Net investment in capital assets	151,258,687
Restricted for:	
Expendable:	
General government	1,472,480
Public safety	8,973,730
Public works	31,521,761
Health and welfare	1,988,069
Culture and recreation	534,798
Debt service	16,747,730
Unemployment compensation	124,174
Unrestricted	(26,799,550)
Total Net Position	<u>\$ 185,821,879</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 17,791,562	5,507,336	782,782		(11,501,444)
Public safety	23,958,276	4,779,164	919,867	250,000	(18,009,245)
Public works	24,505,790	5,139,147	1,818,090	1,461,598	(16,086,955)
Health and welfare	1,269,298		78,228		(1,191,070)
Culture and recreation	57,498				(57,498)
Conservation of natural resources	354,586				(354,586)
Economic development and assistance	812,867				(812,867)
Interest on long-term debt	2,417,454				(2,417,454)
Pension expense	3,957,453				(3,957,453)
Total Governmental Activities	\$ 75,124,784	15,425,647	3,598,967	1,711,598	(54,388,572)
General revenues:					
Property taxes				\$	52,910,344
Road & bridge privilege taxes					2,215,240
Grants and contributions not restricted to specific programs					4,651,484
Unrestricted interest income					546,848
Miscellaneous					3,717,085
Total General Revenues					64,041,001
Changes in Net Position					9,652,429
Net Position - Beginning, as previously reported					175,226,167
Fund reclassification					943,283
Net Position - Beginning, as restated					176,169,450
Net Position - Ending				\$	185,821,879

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

RANKIN COUNTY
Balance Sheet - Governmental Funds
September 30, 2021

Exhibit 3

	Major Funds					
	General Fund	American Rescue Plan Fund	County Unit Road Maintenance Fund	Rankin County 2008 Bond and Interest Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 27,209,293	15,082,472	11,203,656	4,549,877	23,878,951	81,924,249
Investments	7,247,797		7,390,476	517,700	11,517,556	26,673,529
Accrued interest receivable	26,087		26,600	1,863	41,377	95,927
Property tax receivable	32,056,211		8,030,000	8,000,000	5,152,210	53,238,421
Accounts receivable (net of allowance for uncollectibles of \$1,183,260)					328,944	328,944
Fines receivable (net of allowance for uncollectibles of \$8,814,388)	1,729,878					1,729,878
Intergovernmental receivables	1,776,320				22,111	1,798,431
Other receivables	35,472				10,718	46,190
Due from other funds			451,379	298,395	422,851	1,172,625
Advances to other funds			58,191			58,191
Total Assets	\$ 70,081,058	15,082,472	27,160,302	13,367,835	41,374,718	167,066,385
LIABILITIES						
Liabilities:						
Claims payable	\$ 551,063	40,489	410,228		515,775	1,517,555
Intergovernmental payables	4,903,679					4,903,679
Due to other funds	1,578,117					1,578,117
Advances from other funds					58,191	58,191
Unearned revenue		15,039,297				15,039,297
Amounts held in custody for others	980,963					980,963
Total Liabilities	8,013,822	15,079,786	410,228	0	573,966	24,077,802
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	32,056,211		8,030,000	8,000,000	5,152,210	53,238,421
Unavailable revenue - solid waste fees					328,944	328,944
Unavailable revenue - fines	1,729,878					1,729,878
Total Deferred Inflows of Resources	33,786,089	0	8,030,000	8,000,000	5,481,154	55,297,243
Fund balances:						
Restricted for:						
General government					1,472,480	1,472,480
Public safety					8,973,730	8,973,730
Public works		2,686	18,720,074		12,470,057	31,192,817
Culture and recreation					534,798	534,798
Debt service				5,367,835	11,744,359	17,112,194
Unemployment compensation					124,174	124,174
Unassigned	28,281,147					28,281,147
Total Fund Balances	28,281,147	2,686	18,720,074	5,367,835	35,319,598	87,691,340
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 70,081,058	15,082,472	27,160,302	13,367,835	41,374,718	167,066,385

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

RANKIN COUNTY

Exhibit 3-1

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 87,691,340
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 \$230,902,325.	229,894,248
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,058,822
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(80,277,169)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(46,993,660)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(364,464)
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	6,084,331
Deferred inflows of resources related to pensions	(14,259,638)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	<u>1,988,069</u>
Total Net Position - Governmental Activities	\$ <u><u>185,821,879</u></u>

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

RANKIN COUNTY

Exhibit 4

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

For the Year Ended September 30, 2021

	Major Funds					
	General Fund	American Rescue Plan Fund	County Unit Road Maintenance Fund	Rankin County 2008 Bond and Interest Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 30,083,911		8,037,045	9,579,896	5,209,492	52,910,344
Road and bridge privilege taxes			2,215,240			2,215,240
Licenses, commissions and other revenue	4,877,285		2,130	1,785	172,868	5,054,068
Fines and forfeitures	714,010				1,822,328	2,536,338
Intergovernmental revenues	6,041,521	40,489	3,080,283		799,756	9,962,049
Charges for services	835,345				6,894,848	7,730,193
Interest income	177,163	2,686	108,772	33,916	208,646	531,183
Miscellaneous revenues	637,991		2,151,985		195,658	2,985,634
Total Revenues	43,367,226	43,175	15,595,455	9,615,597	15,303,596	83,925,049
EXPENDITURES						
Current:						
General government	17,986,632				851,262	18,837,894
Public safety	20,978,912				4,261,482	25,240,394
Public works		40,489	14,074,997		13,159,223	27,274,709
Health and welfare	1,269,298					1,269,298
Culture and recreation	53,812					53,812
Conservation of natural resources	345,070					345,070
Economic development and assistance	302,381				510,486	812,867
Debt service:						
Principal			1,138,800	6,225,000	1,202,676	8,566,476
Interest			67,870	1,771,874	1,529,402	3,369,146
Total Expenditures	40,936,105	40,489	15,281,667	7,996,874	21,514,531	85,769,666
Excess of Revenues over (under) Expenditures	2,431,121	2,686	313,788	1,618,723	(6,210,935)	(1,844,617)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued			1,290,585			1,290,585
Proceeds from sale of capital assets	23,575		1,040,110		357,425	1,421,110
Transfers in					1,185,235	1,185,235
Transfers out	(250,000)				(935,235)	(1,185,235)
Total Other Financing Sources and Uses	(226,425)	0	2,330,695	0	607,425	2,711,695
Net Changes in Fund Balances	2,204,696	2,686	2,644,483	1,618,723	(5,603,510)	867,078
Fund Balances - Beginning, as previously reported	27,508,720	0	16,075,591	3,749,112	38,547,556	85,880,979
Fund reclassification	(1,432,269)				2,375,552	943,283
Fund Balances - Beginning, as restated	26,076,451	0	16,075,591	3,749,112	40,923,108	86,824,262
Fund Balances - Ending	\$ 28,281,147	2,686	18,720,074	5,367,835	35,319,598	87,691,340

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

RANKIN 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	\$ 867,078
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 \$11,001,005 exceeded depreciation of \$9,494,407 in the current period.	1,506,598
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$629,994 and the proceeds from the sale of \$1,421,110 in the current period.	(791,116)
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.	83,650
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.	21,398
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$8,566,476 exceeded debt proceeds of \$1,290,585.	7,275,891
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	(21,946)
The amount of decrease in accrued interest payable	64,196
The amortization of bond premiums	901,441
The amortization of bond discounts	(13,945)

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>
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,957,453)
Recording of contributions made during the year	3,696,279
An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	
	<u>20,358</u>
Change in Net Position of Governmental Activities	\$ <u><u>9,652,429</u></u>

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

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

Exhibit 5

	Governmental Activities
	Self-insurance Internal Service Fund
ASSETS	
Current assets:	
Cash	\$ 2,064,719
Other receivables	101,017
Total Current Assets	<u>2,165,736</u>
Total Assets	<u>2,165,736</u>
LIABILITIES	
Current liabilities:	
Claims and judgments payable	<u>177,667</u>
Total Current Liabilities	<u>177,667</u>
Total Liabilities	<u>177,667</u>
NET POSITION	
Restricted for:	
Health and welfare	1,988,069
Total Net Position	<u>\$ 1,988,069</u>

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

RANKIN COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position- Proprietary Fund
For the Year Ended September 30, 2021

	Governmental Activities
	Self-insurance Internal Service Fund
Operating Revenues	
Premiums	\$ 4,879,260
Miscellaneous	101,457
Total Operating Revenues	<u>4,980,717</u>
Operating Expenses	
Claims payments	4,209,462
Administrative	766,562
Total Operating Expenses	<u>4,976,024</u>
Operating Income (Loss)	<u>4,693</u>
Nonoperating Revenues (Expenses)	
Interest income	15,665
Net Nonoperating Revenue (Expenses)	<u>15,665</u>
Changes in Net Position	20,358
Net Position - Beginning	<u>1,967,711</u>
Net Position - Ending	<u>\$ 1,988,069</u>

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

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

	Governmental Activities
	Self-insurance Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	\$ 4,879,260
Payments for claims	(4,059,566)
Payments to administrator for services	(766,562)
Other operating cash receipts	101,457
Net Cash Provided (Used) by Operating Activities	<u>154,589</u>
Cash Flows From Investing Activities	
Interest on deposits	<u>15,665</u>
Net Cash Provided (Used) by Investing Activities	<u>15,665</u>
Net Increase (Decrease) in Cash and Cash Equivalents	170,254
Cash and Cash Equivalents at Beginning of Year	<u>1,894,465</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>2,064,719</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>4,693</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in other receivables	69,348
Increase (decrease) in claims and judgments liability	<u>80,548</u>
Total Adjustments	<u>149,896</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>154,589</u></u>

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

RANKIN COUNTY
Statement of Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 371,123
Receivables:	
Due from other funds	405,492
Total Assets	\$ <u><u>776,615</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>405,492</u>
Total Liabilities	<u><u>405,492</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	371,123
Total Net Position	\$ <u><u>371,123</u></u>

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

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

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 15,394,494
Other taxes and fees collected for other governments	1,879,851
Licenses and fees collected for State	<u>1,050,898</u>
Total Additions	<u>18,325,243</u>
DEDUCTIONS	
Payments of tax to other governments	15,402,956
Payment of other taxes and fees to other governments	2,137,142
Payment of licenses and fees to state	<u>1,058,539</u>
Total Deductions	<u>18,598,637</u>
Net increase (decrease) in fiduciary net position	(273,394)
Net Position - Beginning	<u>644,517</u>
Net Position - Ending	<u>\$ 371,123</u>

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

RANKIN COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Rankin 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 Rankin County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

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

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

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

RANKIN COUNTY

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

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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 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 financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only 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.

RANKIN COUNTY

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

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

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

Rankin County 2008 Bond and Interest Fund - This fund is used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest and related costs.

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

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

FIDUCIARY FUND 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.

F. Receivables.

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

RANKIN 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." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The 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.

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

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

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

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 12 for additional details.

RANKIN COUNTY

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

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 – solid waste fees - 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 – 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.

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 12 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.

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

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources.

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. 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.

RANKIN COUNTY

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

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 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:

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.

RANKIN COUNTY

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

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.

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, the Bail Bond Fund, and the Constable Fund, previously reported as Fiduciary Funds, were reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$943,283.

RANKIN COUNTY

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

Additionally, the State Drug Money Confiscation Fund's and Special Supplemental Sheriff Fund's beginning fund balances of \$2,316,755 and \$58,797, respectively, were reclassified from a General Fund to a Special Revenue Fund because the activity of the funds are restricted in nature. These funds were misclassified in the prior year.

For the Fiduciary Fund Custodial Activities, the County has treated the beginning of year net position of \$644,517 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$644,517.

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$84,360,091, and the bank balance was \$86,533,367. 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.

Investments:

Investments balances at September 30, 2021, are as follows:

Investment Type	Maturities	Fair Value Level	Fair Value	Rating
Money market securities	Less than 1 year	1	\$ 181,917	AAAm
Agency obligations	More than 1 year	1	91,116	Not rated
Treasury inflation-protected securities	More than 1 year	1	1,149,372	AAA / Not rated
Agency mortgage pass-through obligations	More than 1 year	2	6,274,552	Not rated
Collateralized mortgage obligations	More than 1 year	2	5,847,141	Not rated
Asset backed securities	More than 1 year	2	1,132,183	Not rated
Municipal obligations	More than 1 year	2	7,895,420	AA / Not rated
Small business administration loans	More than 1 year	2	3,063,734	Not rated
International debt	Less than 1 year	2	1,038,094	Not rated
Total			<u>\$ 26,673,529</u>	

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

RANKIN COUNTY

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

Credit Risk. State law limits investments to those authorized by *Sections 19-9-29 and 91-13-8, Mississippi Code of 1972 Annotated*. The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. All of the County's investments were uninsured, unregistered, and held by the counterparty trust department in the County's name.

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in agency mortgage pass-through obligations, collateralized mortgage obligations, municipal obligations, and small business administration loans. These investments are 86.53% of the County's total investments.

Investment Type	Fund	Fair Value	Percentage of total investments
Agency mortgage pass-through obligations	Various	\$ 6,274,552	23.52%
Collateralized mortgage obligations	Various	5,847,141	21.92%
Municipal obligations	Various	7,895,420	29.60%
Small business administration loans	Various	3,063,734	11.49%
Total		\$ 23,080,847	86.53%

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
County Unit Road Maintenance Fund	General Fund	\$ 451,379
Rankin County 2008 Bond and Interest Fund	General Fund	298,395
Other Governmental Funds	General Fund	422,851
Custodial Funds	General Fund	405,492
Total		\$ 1,578,117

The majority of the receivables represent the tax revenue collected in September, 2021, but not settled until October, 2021. All other receivables are to correct immaterial errors in the general ledger. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
County Unit Road Maintenance Fund	Other Governmental Funds	\$ 58,191

The amount due to the County Unit Road Maintenance Fund is for debt service payments made out of the incorrect fund in the prior year.

RANKIN COUNTY

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 250,000
Other Governmental Funds	Other Governmental Funds	<u>935,235</u>
Total		<u>\$ 1,185,235</u>

The principal purpose of interfund transfers was to provide funds for operating expenses or to correct immaterial errors in the general ledger. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 1,481,084
Reimbursement for housing prisoners	80,335
Disaster grants - public assistance reimbursement	87,178
Various grant reimbursements	<u>149,834</u>
Total Governmental Activities	<u>\$ 1,798,431</u>

RANKIN COUNTY

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

(6) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 5,078,099				5,078,099
Construction in progress	32,057,284	3,749,491		(27,729,964)	8,076,811
Total non-depreciable capital assets	37,135,383	3,749,491	0	(27,729,964)	13,154,910
<u>Depreciable capital assets:</u>					
Infrastructure	283,690,286	3,538,687		1,877,245	289,106,218
Buildings	76,398,608			25,852,719	102,251,327
Improvements other than buildings	10,425,728	33,473			10,459,201
Mobile equipment	19,382,629	1,678,138	817,990	552,431	20,795,208
Furniture and equipment	12,733,886	710,631	120,882		13,323,635
Leased property under capital leases	12,296,428	1,290,585	1,328,508	(552,431)	11,706,074
Total depreciable capital assets	414,927,565	7,251,514	2,267,380	27,729,964	447,641,663
<u>Less accumulated depreciation for:</u>					
Infrastructure	157,185,653	4,040,360			161,226,013
Buildings	35,037,271	2,029,967			37,067,238
Improvements other than buildings	4,533,105	361,640			4,894,745
Mobile equipment	13,343,140	1,571,184	627,203	116,310	14,403,431
Furniture and equipment	10,029,337	698,480	108,346		10,619,471
Leased property under capital leases	2,755,676	792,776	740,715	(116,310)	2,691,427
Total accumulated depreciation	222,884,182	9,494,407	1,476,264	0	230,902,325
Total depreciable capital assets, net	192,043,383	(2,242,893)	791,116	27,729,964	216,739,338
Governmental activities capital assets, net	\$ 229,178,766	1,506,598	791,116	0	229,894,248

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 1,971,354
Public safety	2,369,246
Public works	5,140,605
Culture and recreation	3,686
Conservation of natural resources	9,516
Total governmental activities depreciation expense	\$ 9,494,407

RANKIN 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>
Andrew Jackson Circle	\$ 160,000	December, 2022
Andrew Chapel Road	2,000,000	December, 2022
Gunter Road - widening	4,400,000	December, 2023
Spillway Road - widening	440,000	December, 2022
Gunter Road - extension	6,750,000	December, 2023
Mill Creek improvements	100,000	December, 2022
Old Pearson Road	288,755	December, 2022

As of September 30, 2021, the County had the following commitments:

On May 1, 2000, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Dogwood Festival Market Project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. In the event that there shall be surplus revenues on December 31, the surplus revenue shall be reimbursed to the City and County on a pro rata basis. This agreement was amended on March 1, 2021.

On October 1, 2003, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Dogwood Promenade, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. This agreement was amended on March 1, 2021.

On May 31, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Lakeland Commons, the avails of the added incremental increase in county ad valorem taxes levies against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. This agreement was amended on March 1, 2021.

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

On September 7, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the City, for a partial payment of a loan from Mississippi Development Bank to the City to be used to purchase land for a baseball stadium, site work, and parking lot construction. The amount pledged is \$320,000 a year for twenty years.

RANKIN COUNTY

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

On November 13, 2009, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the East Wind project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

On December 5, 2009, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Market Street Flowood project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for the school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. This agreement was amended on March 1, 2021.

On August 19, 2014, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City for a portion of the costs to construct a conference center and full service hotel by means of a public/private partnership whereby the City will own the conference center and the hotel will be privately owned. The costs to construct the conference center and hotel will be financed by bonds issued by the City, the debt service of which will be paid by certain tax revenues of the City and the pledge provided by the County. The amount pledged is \$250,000 a year for twenty years.

On January 31, 2020, Rankin County was named a defendant in a lawsuit alleging fault on the County for failing to maintain drainage infrastructure located within the Mill Creek Residential Subdivision. The parties involved reached a settlement of all matters in dispute and the County has undertaken a repair of the residential subdivision's drainage infrastructure. The total costs associated with the repair of the specified drainage infrastructure are estimated to be \$600,000. The County will have no continuing obligation to maintain or repair the drainage infrastructure once all repairs are complete.

(7) Claims and Judgments.

Risk Financing.

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

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

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

RANKIN COUNTY

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

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

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2021, the amount of these liabilities was \$177,667. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2019 - 2020	\$ 131,218	3,271,815	(3,305,914)	97,119
2020 - 2021	\$ 97,119	4,290,010	(4,209,462)	177,667

(8) Operating Leases.

As Lessor:

On December 18, 1996, Rankin County entered into an operating lease with Health Management Associates, Inc. (Merit Health Rankin) for the lease of certain property formerly known as the Rankin Medical Center in Brandon, Mississippi. The primary operating lease which stipulated that the lessee, Health Management Associates, Inc. (Merit Health Rankin), would pay approximately \$140,000 per year in lease payments commencing January 1, 1997 for a term of 30 years.

The County receives income from property it leases under noncancellable operating lease. Total income from such leases was \$140,000 for the year ended September 30, 2021. The future minimum lease receivables for the lease are as follows:

Year Ending September 30	Amount
2022	\$ 140,000
2023	140,000
2024	140,000
2025	140,000
2026	140,000
Total Minimum Payments Required	\$ 700,000

RANKIN COUNTY

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

As Lessee:

On June 30, 2020, Rankin County entered into two non-cancellable operating lease agreements with Caterpillar Financial Services Corporation for the lease of five excavators and one backhoe owned by Caterpillar Financial Services Corporation for the purpose of road and bridge maintenance. The operating leases stipulated that the lessee would pay \$9,849 per month in lease payments commencing June 30, 2020 for a term of three years. At the end of the lease term, Rankin County has the right to purchase said equipment at fair market value

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$122,598 for the year ended September 30, 2021. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>		<u>Amount</u>
2022	\$	118,188
2023		86,404
Total Minimum Payments Required	\$	<u>204,592</u>

(9) Capital Leases.

As Lessee:

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

<u>Classes of Property</u>		<u>Governmental Activities</u>
Mobile equipment	\$	2,596,322
Furniture and equipment		<u>9,109,752</u>
Total		11,706,074
Less: Accumulated depreciation		<u>(2,691,427)</u>
Leased Property Under Capital Leases	\$	<u>9,014,647</u>

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

<u>Year Ending September 30</u>		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
2022	\$	1,397,704	74,648
2023		1,172,037	46,613
2024		763,667	25,378
2025		<u>564,045</u>	<u>11,668</u>
Total	\$	<u>3,897,453</u>	<u>158,307</u>

RANKIN COUNTY

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

(10) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
2009 GO Bond	\$ 1,950,000	3.50/3.875%	06/2022
2012 Refunding	7,955,000	2.00%	09/2021
2017 GO Bond	25,000,000	3.00/5.00%	03/2032
2019 MDB Rankin County - MS GO Bond Project	<u>26,850,000</u>	3.00/5.00%	08/2034
Total General Obligation Bonds	<u>\$ 61,755,000</u>		
B. Limited Obligation Bonds:			
Series 2014 A	\$ 655,000	3.30%	12/2029
Series 2014 B	<u>2,155,000</u>	4.50%	12/2029
Total Limited Obligation Bonds	<u>\$ 2,810,000</u>		
C. Capital Leases:			
911 equipment	\$ 1,688,797	2.44%	03/2025
Caterpillar 930M rubber tire loader	127,057	2.84%	11/2022
Caterpillar 325F LCR hydraulic excavator	145,397	2.68%	03/2022
Caterpillar 930M rubber tire loader	124,606	2.84%	10/2022
Caterpillar 930M asphalt paver - milling machine	265,604	3.17%	04/2023
John Deere 670G motor grader	190,289	3.02%	04/2023
Kenworth W900L lowboy truck	120,316	1.80%	04/2024
Kenworth K370 with durapatcher	193,555	1.62%	01/2024
Etnyre chip spreader	309,074	1.25%	07/2025
Kenworth T370	130,000	1.15%	09/2024
(2) Kenworth T880 dump trucks	302,177	0.77%	08/2022
(2) Kenworth T880 dump trucks	<u>300,581</u>	0.77%	07/2022
Total Capital Leases	<u>\$ 3,897,453</u>		
D. Other Loans:			
Promissory Note: Road Maintenance Facility	<u>\$ 1,050,000</u>	3.14%	08/2033

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

RANKIN COUNTY

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 4,750,000	2,850,213	265,000	113,018
2023	6,055,000	2,626,825	275,000	101,648
2034	4,850,000	2,420,000	285,000	89,858
2025	4,400,000	2,242,500	295,000	77,648
2026	4,600,000	2,022,500	310,000	64,875
2027 - 2031	26,100,000	6,415,000	1,380,000	119,807
2032 - 2036	11,000,000	905,000		
Total	\$ 61,755,000	19,482,038	2,810,000	566,854

Year Ending September 30	Other Loans	
	Principal	Interest
2022	\$ 70,000	32,928
2023	75,000	30,733
2024	75,000	28,381
2025	80,000	26,029
2026	85,000	23,520
2027 - 2031	460,000	76,518
2032 - 2036	205,000	9,722
Total	\$ 1,050,000	227,831

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 3.28 percent of the latest property assessments.

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

	Balance Oct. 1, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 1,619,662	21,946		1,641,608	
General obligation bonds	67,980,000		6,225,000	61,755,000	4,750,000
Less:					
Discounts	(32,827)		(13,945)	(18,882)	
Add:					
Premiums	10,043,431		901,441	9,141,990	
Limited obligation bonds	3,060,000		250,000	2,810,000	265,000
Capital leases	4,628,344	1,290,585	2,021,476	3,897,453	1,397,704
Other loans	1,120,000		70,000	1,050,000	70,000
Total	\$ 88,418,610	1,312,531	9,453,972	80,277,169	6,482,704

RANKIN COUNTY

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

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Emergency Management Fund, Volunteer Fire Fund, County Unit Road Maintenance Fund, County Unit Bridge and Culvert Fund, and Solid Waste Fund.

(11) Other Postemployment Benefits.

Plan Description

The Rankin County Board of Supervisors administers the County's health insurance plan, which is authorized by *Sections 25-15-101 et seq., Mississippi Code of 1972 Annotated*. The County's health insurance plan may be amended by the Rankin County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

(12) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each 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.

RANKIN COUNTY

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

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 \$3,696,279, \$3,632,908 and \$3,319,507 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 \$46,993,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2021 net pension liability was 0.317945 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.005321 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 \$3,957,453. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 746,014	
Net difference between projected and actual earnings on pension plan investments		14,194,354
Changes of assumptions	3,613,918	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	866,262	65,284
County contributions subsequent to the measurement date	858,137	
Total	\$ 6,084,331	14,259,638

\$858,137 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2022	\$ (1,357,771)
2023	(1,456,642)
2024	(2,001,669)
2025	(4,217,362)
Total	\$ (9,033,444)

RANKIN COUNTY

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

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

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

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

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

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

<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.

RANKIN COUNTY

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 66,554,041	46,993,660	30,874,351

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

(13) Contingencies.

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

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

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(26,799,550) 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 \$858,137 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 \$5,226,194 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 \$14,259,638 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

(15) Joint Venture.

The County participates in the following joint venture:

Rankin County is a participant with Scott, Simpson and Smith Counties in a joint venture authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$2,042,807 in fiscal year 2021. Complete financial statements for the Central Mississippi Regional Library System can be obtained from 3470 Hwy 80 East, Pearl, MS 39208.

RANKIN COUNTY

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

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Rankin County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support in fiscal year 2021.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Warren and Yazoo. The Rankin County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$31,469 for support of the district 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 Rankin County Board of Supervisors appoints two of the 30 board members. The County provides a modest amount of support when matching funds are required for federal grants. The County provided no support for the district in fiscal year 2021.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Rankin County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$4,564,654 for maintenance and improvement of the college and \$3,191,709 for the Vo-Tech in fiscal year 2021.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Rankin County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$337,000 for support of the commission in fiscal year 2021.

(17) Tax Abatements.

As of September 30, 2021, Rankin County provides tax exempt status to a recycling company, a communications company, various wholesale companies, various medical supply companies, various warehouse storage facilities, various manufacturing companies, an electric power association and a real estate company 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. These exemptions are authorized under *Sections 27-31-101, 27-31-51, 27-31-15(2) and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$1,517,576.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Rankin County evaluated the activity of the County through September 26, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

RANKIN COUNTY

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

Subsequent to September 30, 2021, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/04/2021	1.15%	\$ 130,000	Capital lease	Ad valorem taxes
12/06/2021	1.29%	260,000	Capital lease	Ad valorem taxes
03/07/2022	2.14%	266,808	Capital lease	Ad valorem taxes
09/13/2022	3.43%	159,000	Capital lease	Ad valorem taxes

RANKIN COUNTY

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RANKIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

RANKIN COUNTY

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RANKIN 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	\$ 29,825,117	30,109,045	30,109,045	
Licenses, commissions and other revenue	3,495,800	4,736,729	4,736,729	
Fines and forfeitures	675,000	723,647	723,647	
Intergovernmental revenues	5,745,000	6,042,583	6,042,583	
Charges for services	1,040,000	845,459	845,459	
Interest income	1,000,000	248,832	248,832	
Miscellaneous revenues	1,706,000	636,878	636,878	
Total Revenues	<u>43,486,917</u>	<u>43,343,173</u>	<u>43,343,173</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	18,112,219	18,112,684	18,112,684	
Public safety	22,359,003	20,820,130	20,820,130	
Health and welfare	1,275,452	1,269,440	1,269,440	
Culture and recreation	67,200	53,712	53,712	
Conservation of natural resources	456,615	338,220	338,220	
Economic development and assistance	310,326	302,381	302,381	
Total Expenditures	<u>42,580,815</u>	<u>40,896,567</u>	<u>40,896,567</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>906,102</u>	<u>2,446,606</u>	<u>2,446,606</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		18,105	18,105	
Transfers in		2,511,046	2,511,046	
Transfers out	(1,800,000)	(1,820,976)	(1,820,976)	
Other financing sources	1,615,000			
Total Other Financing Sources and Uses	<u>(185,000)</u>	<u>708,175</u>	<u>708,175</u>	<u>0</u>
Net Change in Fund Balance	721,102	3,154,781	3,154,781	0
Fund Balances - Beginning	<u>22,500,000</u>	<u>23,345,069</u>	<u>23,345,069</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 23,221,102</u>	<u>26,499,850</u>	<u>26,499,850</u>	<u>0</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 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				
Intergovernmental revenues	\$	15,079,786	15,079,786	
Interest income		2,685	2,685	
Total Revenues	<u>0</u>	<u>15,082,471</u>	<u>15,082,471</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>15,082,471</u>	<u>15,082,471</u>	<u>0</u>
Net Change in Fund Balance		15,082,471	15,082,471	0
Fund Balances - Beginning		<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	\$ <u>0</u>	<u>15,082,471</u>	<u>15,082,471</u>	<u>0</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 County Unit Road Maintenance Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,940,390	8,051,977	8,051,977	
Road and bridge privilege taxes	2,150,000	2,213,884	2,213,884	
Licenses, commissions and other revenue	3,000	2,130	2,130	
Fines and forfeitures	510,000	1,461,598	1,461,598	
Intergovernmental revenues	1,588,000	1,618,685	1,618,685	
Interest income	215,000	169,257	169,257	
Miscellaneous revenues	16,000	70,047	70,047	
Total Revenues	<u>12,422,390</u>	<u>13,587,578</u>	<u>13,587,578</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	12,071,930	10,720,950	10,720,950	
Debt service:				
Principal	<u>1,299,820</u>	<u>1,264,329</u>	<u>1,264,329</u>	
Total Expenditures	<u>13,371,750</u>	<u>11,985,279</u>	<u>11,985,279</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(949,360)</u>	<u>1,602,299</u>	<u>1,602,299</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		1,082,862	1,082,862	
Other financing sources	<u>949,360</u>			
Total Other Financing Sources and Uses	<u>949,360</u>	<u>1,082,862</u>	<u>1,082,862</u>	<u>0</u>
Net Change in Fund Balance	0	2,685,161	2,685,161	0
Fund Balances - Beginning	<u>15,500,000</u>	<u>15,647,608</u>	<u>15,647,608</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 15,500,000</u>	<u>18,332,769</u>	<u>18,332,769</u>	<u>0</u>

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

RANKIN COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
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)	0.317945%	0.312624%	0.313208%	0.309056%	0.300000%	0.280000%	0.280000%
County's proportionate share of the net pension liability (asset)	\$ 46,993,660	60,520,374	55,099,467	51,405,195	49,870,182	50,014,992	43,282,478
Covered payroll	\$ 21,140,085	20,819,622	20,398,462	19,736,159	19,144,540	18,281,327	17,701,963
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	290.69%	270.12%	260.46%	260.49%	273.73%	244.50%
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.

RANKIN 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	\$ 3,696,279	3,632,908	3,319,507	3,128,346	3,015,265	2,877,734	2,788,056
Contributions in relation to the contractually required contribution	<u>3,696,279</u>	<u>3,632,908</u>	<u>3,319,507</u>	<u>3,128,346</u>	<u>3,015,265</u>	<u>2,877,734</u>	<u>2,788,056</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	\$ 21,242,983	20,878,782	20,541,504	19,862,513	19,144,540	18,271,327	17,701,943
Contributions as a percentage of covered payroll	17.40%	17.40%	16.16%	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.

RANKIN COUNTY

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RANKIN 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 and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>County Unit Road Maintenance Fund</u>
Budget (Cash Basis)	\$ 3,154,781	15,082,471	2,685,161
Increase (Decrease)			
Net adjustments for revenue accruals	(2,481,523)	(15,039,296)	3,255,710
Net adjustments for expenditure accruals	<u>1,531,438</u>	<u>(40,489)</u>	<u>(3,296,388)</u>
GAAP Basis	<u>\$ 2,204,696</u>	<u>2,686</u>	<u>2,644,483</u>

RANKIN 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.

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

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

RANKIN COUNTY

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

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 in the line of duty was decreased from 6% to 4%.

RANKIN 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

RANKIN COUNTY

SUPPLEMENTARY INFORMATION

RANKIN COUNTY

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S Department of Justice Drug Court Discretionary Grant Program (Direct Award)	16.585	N/A	\$ 89,934
Passed-through the National Council of Juvenile and Family Court Judges (Non-Profit Organization) Drug court discretionary grant program	16.585	N/A	8,123
Subtotal			<u>98,057</u>
U.S. Department of Justice - Office of Justice Programs/ Passed-through the Mississippi Department of Public Safety Edward Byrne memorial justice assistance grant program*	16.738	19DC1611	142,237
Edward Byrne memorial justice assistance grant program*	16.738	20DC1611	47,329
Subtotal			<u>189,566</u>
U.S. Department of Justice - Office of Criminal Division Equitable sharing program (Direct Award)	16.922	N/A	<u>22,596</u>
U.S. Department of Justice - United States Marshals Service Joint law enforcement operations task force (Direct Award)	16.UKN	N/A	<u>12,540</u>
Total U.S. Department of Justice			<u>322,759</u>
U.S. Department of the Treasury Passed-through the Mississippi Secretary of State's Office Coronavirus relief fund	21.019	N/A	67,946
Passed-through the Supreme Court of Mississippi Coronavirus relief fund	21.019	1728-61Y-09302020	34,051
Subtotal			<u>101,997</u>
U.S. Department of the Treasury Coronavirus state and local fiscal recovery funds (Direct Award)	21.027	N/A	<u>40,489</u>
Total U.S. Department of the Treasury			<u>142,486</u>
U.S. Department of Health and Human Services Passed-through the ZERO TO THREE: National Center for Infants, Toddlers and Families (Non-Profit Organization) Maternal and child health federal consolidated programs*	93.110	2020090534	145,085
Total U.S. Department of Health and Human Services			<u>145,085</u>

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
Executive Office of the President/ Passed-through the Mississippi Department of Public Safety - Bureau of Narcotics			
High intensity drug trafficking areas program	95.001	G20-GC0003A	19,315
High intensity drug trafficking areas program	95.001	G21-GC0003A	25,253
Subtotal			<u>44,568</u>
Total Executive Office of the President			<u>44,568</u>
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency			
Disaster grants - public assistance (Presidentially declared disasters)	97.036	FEMA-4598-DR-MS	<u>87,178</u>
Emergency management performance grants	97.042	N/A	<u>5,000</u>
Passed-through the Mississippi Department of Public Safety			
Homeland security grant program	97.067	20LE061	<u>8,376</u>
Total U.S. Department of Homeland Security			<u>100,554</u>
Total Expenditures of Federal Awards			<u>\$ 755,452</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Rankin County under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rankin County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Rankin County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

Note D - Maternal and Child Health Federal Consolidated Programs

Of the federal expenditures presented in the Schedule, the County provided federal awards totaling \$49,973 to subrecipients during the year ended September 30, 2021.

* Denotes major federal award programs

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

Operating Expenditures, Cash Basis:

Salaries	\$	34,664
Solid waste disposal fee		5,464,115
Professional fees, legal advertising and other fees		14,400
Postage and box rent		33,951
Telephone and utilities		213
Legal fees		<u>904</u>

Solid Waste Cash Basis Operating Expenditures	5,548,247
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Full Cost Expenses:

Indirect administrative costs	<u>760,649</u>
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Solid Waste Full Cost Operating Expenses	\$ <u><u>6,308,896</u></u>
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RANKIN COUNTY

OTHER INFORMATION

RANKIN COUNTY

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

Name	Position	Company	Bond
Jared Morrison	Supervisor District 1	Western Surety	\$200,000
Daniel Cross	Supervisor District 2	Western Surety	\$200,000
Bradley Calhoun	Supervisor District 3	Western Surety	\$100,000
Steve Gaines	Supervisor District 4	Western Surety	\$200,000
Jay Bishop	Supervisor District 5	Western Surety	\$200,000
Larry Swales	Chancery Clerk	RLI	\$100,000
Laura Oster	County Administrator	Western Surety	\$100,000
Keith Hicks	County Administrator	Western Surety	\$100,000
Brigette Herring	Purchase Clerk	Western Surety	\$100,000
Rachel Knight	Assistant Purchase Clerk	Western Surety	\$50,000
Ann Bowman	Receiving Clerk	Western Surety	\$75,000
Blanket Bond	Assistant Receiving Clerks (24)	Western Surety	\$50,000
Kim Griffith	Inventory Control Clerk	Western Surety	\$75,000
Mike Harrison	Road Manager	Western Surety	\$50,000
Robert Hancock	Constable	Western Surety	\$50,000
Brad Patridge	Constable	Western Surety	\$50,000
Barry Bean	Constable	Western Surety	\$50,000
Gary Windham	Constable	Western Surety	\$50,000
Rebecca Boyd	Circuit Clerk	Western Surety	\$100,000
Blanket Bond	Deputy Circuit Clerks (11)	Western Surety	\$50,000
Bryan Bailey	Sheriff	Western Surety	\$100,000
Richard Redfern	Justice Court Judge	Western Surety	\$50,000
Whitney Adams	Justice Court Judge	Western Surety	\$50,000
Joshua McCrory	Justice Court Judge	Western Surety	\$50,000
Levoy Agnew IV	Justice Court Judge	Western Surety	\$50,000
Jessica Massey	Justice Court Clerk	Western Surety	\$50,000
John Elliot	Justice Court Judge	Western Surety	\$50,000
Blanket Bond	Justice Court Clerk and Deputy	Western Surety	\$50,000
Caroline Gilbert	Tax Collector	Western Surety	\$100,000
Blanket Bond	Deputy Tax Collectors (26)	Western Surety	\$50,000
John Sullivan	Tax Assessor	Western Surety	\$50,000
Blanket Bond	Deputy Tax Assessors (21)	Western Surety	\$10,000
Amie Mondello	Deputy Chancery Clerk	Western Surety	\$100,000
Lynn Means	Deputy Chancery Clerk	Western Surety	\$50,000
Ben Thomas	Deputy Chancery Clerk	Western Surety	\$50,000
Jessica Flood	Deputy Chancery Clerk	Western Surety	\$100,000
Constance Jones	Deputy Chancery Clerk	Western Surety	\$50,000
Catherine Le	Deputy Chancery Clerk	Western Surety	\$50,000
Whitney McCoy	Deputy Chancery Clerk	Western Surety	\$50,000
Jared Lal	Deputy Chancery Clerk	Western Surety	\$50,000

RANKIN COUNTY

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RANKIN COUNTY

SPECIAL REPORTS

RANKIN 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
Rankin 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, each major fund, and the aggregate remaining fund information of Rankin 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 September 26, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is also qualified on the governmental activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rankin County, Mississippi's internal control over financial reporting (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 Rankin 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 Questioned Costs as 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Rankin County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated September 26, 2022, included within this document.

Rankin County's Response to Finding

Rankin County's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Rankin 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

September 26, 2022



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

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

Members of the Board of Supervisors
Rankin County, Mississippi

Report on Compliance for the Each Major Federal Program

We have audited Rankin County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Rankin County, Mississippi's major federal programs for the year ended September 30, 2021. Rankin County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Rankin County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



JOE E. MCKNIGHT CPA
Director, County Audit Section

September 26, 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
Rankin County, Mississippi

We have examined Rankin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, 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 Rankin County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing 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 Rankin County, Mississippi, has established- centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Receiving Clerk and Assistant Receiving Clerks.

1. Assistant Receiving Clerks should be bonded as required by state statute.

Repeat Finding Yes

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

Condition	As reported in the prior three years' audit reports, the County has twenty-four (24) Assistant Receiving Clerks that are bonded for an indefinite time period under a blanket bond for \$50,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for the Assistant Receiving Clerks in the amount of \$50,000 for a period of time concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

Views of Responsible Official(s)

Rankin County's Assistant Receiving Clerks are bonded, under a blanket bond, in the amount required by *Mississippi Code Annotated Section 31-7-124*. The Mississippi Attorney General has consistently opined that, in the context of county employees who are required to be bonded, a blanket bond is sufficient. *MS AG Op., Meadows (Jan. 24, 1997)*; *MS AG Op., Howard (Aug. 23, 2002)*; *MS AG Op., Lamar (Jan. 26, 2009)*; *MS AG Op., Lamar (Feb. 26, 2016)*. *Section 31-7-124* does not expressly require use of an "individual" bond. Accordingly, in reliance on the aforementioned Attorney General's opinions, Rankin County believes it is in compliance with *Section 31-7-124*.

Auditor's Note

The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit court clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Rankin 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.

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 26, 2022

RANKIN 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.

RANKIN 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>
10/5/2020	911 Tower repair	\$ 29,108	T.L. Wallace	Struck by lightning
10/5/2020	911 Tower repair	29,108	T.L. Wallace	Struck by lightning
10/26/2020	Road stabilization	50,000	Adcamp, Inc.	Road washed out due to storm
2/12/2021	Salt for roadways	7,440	Rankin County Co-op	Winter storm
2/12/2021	Salt spreading	7,200	R.R. Martin, LLC	Winter storm
2/12/2021	De-icer	14,664	Forestry Suppliers	Winter storm
2/12/2021	Storm supplies	5,613	Van's Processing	Winter storm
5/11/2021	Diesel/gasoline	20,385	Waring Oil Company	Cyber-attack on fuel supply
5/11/2021	Gasoline	21,335	Waring Oil Company	Cyber-attack on fuel supply
8/27/2021	Diesel/gasoline	21,829	Waring Oil Company	Hurricane Ida

RANKIN COUNTY

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

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
3/1/2021	Livescan system	\$	8,723	IDEMIA
4/23/2021	Traffic sign system		19,795	URW America
8/3/2021	WRAP safety restraint		7,573	Safe Restraints
8/3/2021	OSCR 360 law kit		12,315	L-Tron Corporation
8/16/2021	Power Pro XT stretcher		43,373	Stryker Medical
9/27/2021	WRAP safety restraint		8,863	Safe Restraints

RANKIN 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
Rankin County, Mississippi

In planning and performing our audit of the financial statements of Rankin County, Mississippi for the year ended September 30, 2021, we considered Rankin 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 Rankin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 26, 2022, on the financial statements of Rankin 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 findings, recommendations, and your responses are disclosed below:

Circuit Clerk and Deputy Circuit Clerks.

1. Deputy Circuit Clerks should be bonded as required by state statute.

Repeat Finding Yes

Criteria *Section 9-7-123(2), Mississippi Code of 1972 Annotated*, requires that all Deputy Circuit Clerks be bonded for three percent (3%) of the prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000. Furthermore, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition As reported in the prior three years' audit reports, the Deputy Circuit Clerks are bonded for an indefinite time period under a blanket bond for \$50,000.

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www.osa.state.ms.us

Cause	The County did not comply with state laws.
Effect	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for each Deputy Circuit Clerk. Additionally, the County should ensure that all Deputy Circuit Clerks are bonded in accordance with state law.
Views of Responsible Official(s)	Rankin County's Deputy Circuit Court Clerks are bonded, under a blanket bond, in the amount required by <i>Mississippi Code Annotated Section 9-7-123</i> . In addition to specifically finding that a deputy circuit court clerk may be bonded under a blanket bond, MS AG Op., Lamar (Feb. 26, 2016), the Mississippi Attorney General has consistently opined that, in the context of county employees who are required to be bonded, a blanket bond is sufficient. <i>MS AG Op., Meadows (Jan. 24, 1997)</i> ; <i>MS AG Op., Howard (Aug. 23, 2002)</i> ; <i>MS AG Op., Lamar (Jan. 26, 2009)</i> . In addition, <i>Section 9-7-123</i> does not expressly require use of an "individual" bond. Accordingly, in reliance on the aforementioned Attorney General's opinions, Rankin County believes it is in compliance with <i>Section 9-7-123</i> .
Auditor's Note	The <i>Mississippi Attorney General Opinion 2016 WL 1072881</i> states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit court clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> .

Justice Court Clerk and Deputy Justice Court Clerks.

2.	<u>The Justice Court Clerk and all Deputy Justice Court Clerks should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-11-29(2), Mississippi Code of 1972 Annotated</i> , requires that the Justice Court Clerk and each Deputy Justice Court Clerk be bonded for a minimum of \$50,000. Furthermore, <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> , requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
Condition	As reported in the prior three years' audit reports, the Justice Court Clerk and all the Deputy Justice Court Clerks are bonded for an indefinite time period under a blanket bond for \$50,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for the Justice Court Clerk and each Deputy Justice Court Clerk. Additionally, the County should ensure that the Justice Court Clerk and all Deputy Justice Court Clerks are bonded in accordance with state law.

Views of Responsible Official(s)

Rankin County's Justice Court Clerk and Deputy Justice Court Clerks are bonded, under a blanket bond, in the amount required by *Mississippi Code Annotated Section 9-11-29*. In addition to specifically finding that a deputy justice court clerk may be bonded under a blanket bond, MS AG Op., Lamar (Jan. 26, 2009), the Mississippi Attorney General has consistently opined that, in the context of county employees who are required to be bonded, a blanket bond is sufficient. MS AG Op., Meadows (Jan. 24, 1997); MS AG Op., Howard (Aug. 23, 2002); MS AG Op., Lamar (Feb. 26, 2016). In addition, Section 9-11-29 does not expressly require use of an "individual" bond. Accordingly, in reliance on the aforementioned Attorney General's opinions, Rankin County believes it is in compliance with Section 9-11-29.

Auditor's Note

The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit court clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with Section 25-1-15(2), *Mississippi Code of 1972 Annotated*.

Tax Assessor and Deputy Tax Assessors.

3. Deputy Tax Assessors should be bonded as required by state statute.

Repeat Finding

Yes

Criteria

Section 27-1-3, *Mississippi Code of 1972 Annotated*, requires that each Deputy Tax Assessor shall give bond in an amount not less than \$10,000 for the faithful discharge of his duties. Also, Section 25-1-15(2), *Mississippi Code of 1972 Annotated*, requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition

As reported in the prior three years' audit reports, the Deputy Tax Assessors are bonded for an indefinite time period under a blanket bond for \$10,000.

Cause

The County did not comply with state laws.

Effect

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

Recommendation

The County should cancel the blanket bond and obtain individual bonds for each Deputy Tax Assessor. Additionally, the County should ensure that all the Deputy Tax Assessors are bonded in accordance with state law.

Views of Responsible Official(s)

Rankin County's Deputy Tax Assessors are bonded, under a blanket bond, in the amount required by *Mississippi Code Annotated Section 27-1-3*. The Mississippi Attorney General has consistently opined that, in the context of county employees who are required to be bonded, a blanket bond is sufficient. MS AG Op., Meadows (Jan. 24, 1997); MS AG Op., Howard (Aug. 23, 2002); MS AG Op., Lamar (Jan. 26, 2009); MS AG Op., Lamar (Feb. 26, 2016). Section 27-1-3 does not expressly require use of an "individual" bond. Accordingly, in reliance on the aforementioned Attorney General's opinions, Rankin County believes it is in compliance with Section 27-1-3.

Auditor's Note	The <i>Mississippi Attorney General Opinion 2016 WL 1072881</i> states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit court clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> .
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Tax Collector and Deputy Tax Collectors.

4.	<u>Deputy Tax Collectors should be bonded as required by state statute.</u>
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Repeat Finding	Yes
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Criteria	<i>Section 27-1-9(a), Mississippi Code of 1972 Annotated</i> , requires each Deputy Tax Collector to be bonded for an amount not less than \$50,000. Also, <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> , requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
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Condition	As reported in the prior three years' audit reports, the Deputy Tax Collectors are bonded for an indefinite time period under a blanket bond for \$50,000.
------------------	--

Cause	The County did not comply with state laws.
--------------	--

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

Recommendation	The County should cancel the blanket bond and obtain individual bonds for each Deputy Tax Collector. Additionally, the County should ensure that all the Deputy Tax Collectors are bonded in accordance with state law.
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Views of Responsible Official(s)	Rankin County's Deputy Tax Collectors are bonded, under a blanket bond, in the amount required by <i>Mississippi Code Annotated Section 27-1-9</i> . The Mississippi Attorney General has consistently opined that, in the context of county employees who are required to be bonded, a blanket bond is sufficient. <i>MS AG Op., Meadows (Jan. 24, 1997)</i> ; <i>MS AG Op., Howard (Aug. 23, 2002)</i> ; <i>MS AG Op., Lamar (Jan. 26, 2009)</i> ; <i>MS AG Op., Lamar (Feb. 26, 2016)</i> . <i>Section 27-1-9</i> does not expressly require use of an "individual" bond. Accordingly, in reliance on the aforementioned Attorney General's opinions, Rankin County believes it is in compliance with <i>Section 27-1-9</i> .
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Auditor's Note	The <i>Mississippi Attorney General Opinion 2016 WL 1072881</i> states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit court clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> .
-----------------------	--

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

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

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

September 26, 2022

RANKIN COUNTY

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RANKIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RANKIN COUNTY

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RANKIN COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
American Rescue Plan Fund	Unmodified
County Unit Road Maintenance Fund	Unmodified
Rankin County 2008 Bond and Interest Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? No
 - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal programs:
 - a. AL #16.738, Edward Byrne memorial justice assistance grant program
 - b. AL #93.110, Maternal and child health federal consolidated programs
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

RANKIN COUNTY

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

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2021-001. Liability for postemployment benefits not recorded and note disclosure for postemployment benefits not reported.

Repeat Finding Yes

Criteria Rankin County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage to active employees and retirees through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement No. 75 as a single-employer defined benefit health care plan. GASB Statement No. 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition As reported in the prior three years' audit reports, the County does not issue a publicly available financial report for its health insurance plan. However, the County has not recorded a liability for other post-employment benefits nor has the County reported the note disclosures that are required by accounting principles generally accepted in the United States of America.

Cause This was caused by a lack of resources.

Effect The failure to follow Generally Accepted Accounting Principles resulted in a qualified opinion on the Governmental Activities' opinion unit.

Recommendation The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

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

Section 3: Federal Award Findings and Questioned Costs

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

RANKIN COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

RANKIN COUNTY

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BOARD OF SUPERVISORS

"Government of the People"

211 E. Government St., Suite A
Brandon, Mississippi 39042

Telephone: (601) 825-1475
Fax: (601) 825-9600

CORRECTIVE ACTION PLAN

September 12, 2022

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Gentlemen:

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

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

SECTION 2: FINANCIAL STATEMENT FINDINGS

2021-001. Corrective Action Planned:

Rankin County currently has 15 retirees that remain on our health insurance plan. When considering the possibility of acquiring actuarial services to prepare the postemployment liability, the county did not believe it to be a wise fiscal use of taxpayer funds. The Board of Supervisors continues to review policies that pertain to its retirees, the offering of retiree health insurance, and the issues affecting compliance with GASB 75.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Keith Hicks

SECTION 3: FEDERAL AWARD FINDINGS

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

Sincerely yours,

Daniel Cross
Board President
601-825-9224



BOARD OF SUPERVISORS

"Government of the People"

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Summary Schedule of Prior Audit Findings

September 12, 2022

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Gentlemen:

Rankin County respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2021.

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

SECTION 2: FINANCIAL STATEMENT FINDINGS

2018-001. Liability for postemployment benefits not recorded and note disclosure for postemployment benefits not reported.

NOT CORRECTED; Repeated as 2019-001, 2020-001 and 2021-001.

SECTION 3: FEDERAL AWARD FINDINGS

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

Sincerely yours,

Daniel Cross
Board President
601-825-9224