

# LAUDERDALE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2022

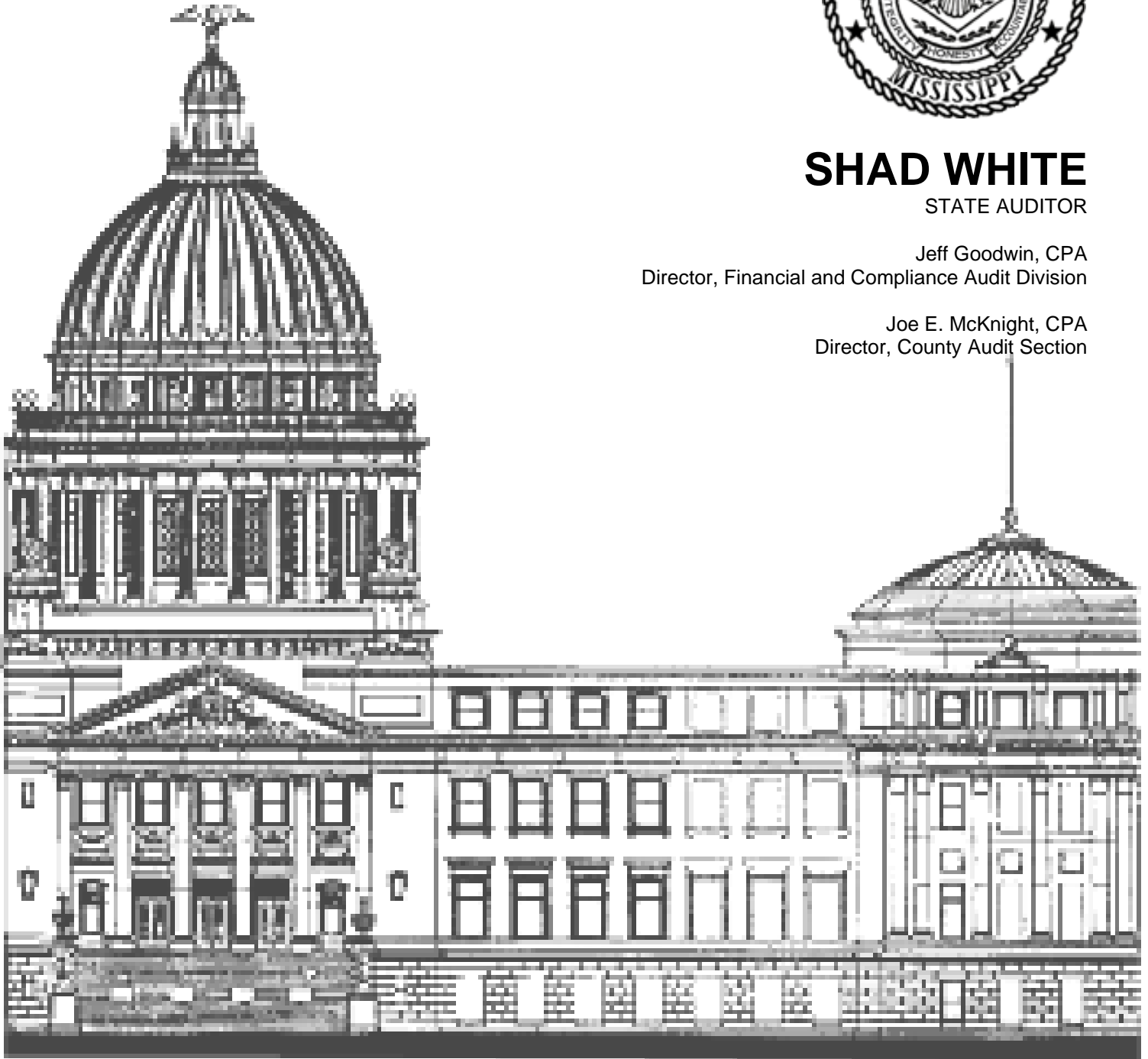


## SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA  
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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









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

**Shad White**  
AUDITOR

June 20, 2024

Members of the Board of Supervisors  
Lauderdale County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2022 financial and compliance audit report for Lauderdale County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Shad White



# LAUDERDALE COUNTY

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LAUDERDALE COUNTY

FINANCIAL SECTION

LAUDERDALE COUNTY

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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Lauderdale County, Mississippi

**Report on the Audit of the Financial Statements**

***Adverse and Unmodified Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Adverse Opinion on Aggregate Discretely Presented Component Units***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Lauderdale County, Mississippi, as of September 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions on Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

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

***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in

accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

#### *Matter Giving Rise to 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 reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Omission of Required Supplementary Information***

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

### ***Supplementary Information***

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

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of Lauderdale County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lauderdale County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lauderdale County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is fluid and cursive, with the first name "Joe" and last name "Mcknight" clearly distinguishable.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 20, 2024

LAUDERDALE COUNTY

FINANCIAL STATEMENTS

LAUDERDALE COUNTY

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LAUDERDALE COUNTY  
Statement of Net Position  
September 30, 2022

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 79,614,364	590,585	80,204,949
Property tax receivable	31,836,958		31,836,958
Accounts receivable (net of allowance for uncollectibles of \$1,283,309)	418,750	1,031,762	1,450,512
Fines receivable (net of allowance for uncollectibles of \$7,404,692)	288,003		288,003
Lease receivable	870,572		870,572
Intergovernmental receivables	1,118,149		1,118,149
Other receivables	124,399	95	124,494
Internal balances	(476)	476	0
Inventories and prepaid items		148,066	148,066
Capital assets:			
Land and construction in progress	55,994,463		55,994,463
Other capital assets, net	85,807,409	680,159	86,487,568
Total Assets	256,072,591	2,451,143	258,523,734
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	5,321,336	2,553,151	7,874,487
Deferred amount on refunding	718,739		718,739
Total Deferred Outflows of Resources	6,040,075	2,553,151	8,593,226
LIABILITIES			
Claims payable	5,351,398		5,351,398
Intergovernmental payables	1,072,482		1,072,482
Accrued interest payable	631,477		631,477
Unearned revenue	14,191,287	276,153	14,467,440
Amounts held in custody for others	666,851		666,851
Other payables	486,577	142,988	629,565
Claims and judgments payable	39,073		39,073
Long-term liabilities			
Due within one year:			
Capital debt	6,461,455		6,461,455
Non-capital debt	214,299		214,299
Due in more than one year:			
Capital debt	79,128,744		79,128,744
Non-capital debt	1,235,870	160,527	1,396,397
Net pension liability	39,293,881	8,274,623	47,568,504
Total Liabilities	148,773,394	8,854,291	157,627,685
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	99,348	1,703,155	1,802,503
Deferred inflows related to leases	860,888		860,888
Deferred revenues - property taxes	31,836,958		31,836,958
Total Deferred Inflows of Resources	32,797,194	1,703,155	34,500,349

LAUDERDALE COUNTY  
Statement of Net Position  
September 30, 2022

Exhibit 1 -Cont'd

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
NET POSITION			
Net investment in capital assets	56,930,412	680,159	57,610,571
Restricted for:			
Expendable:			
General government	26,756,434		26,756,434
Public safety	743,350		743,350
Public works	12,212,065		12,212,065
Health and welfare	10,906		10,906
Culture and recreation	302,849		302,849
Economic development and assistance	257,725		257,725
Debt service	8,196,927		8,196,927
Unrestricted	(24,868,590)	(6,233,311)	(31,101,901)
Total Net Position	\$ 80,542,078	(5,553,152)	74,988,926

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

LAUDERDALE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 14,095,303	4,704,429	418,118	163,807	(8,808,949)		(8,808,949)
Public safety	13,473,684	1,362,927	1,053,446	37,641	(11,019,670)		(11,019,670)
Public works	12,081,127	1,356,192	2,724,108	2,738,939	(5,261,888)		(5,261,888)
Health and welfare	805,321		118,312	181,617	(505,392)		(505,392)
Culture and recreation	680,231		48,800	250,000	(381,431)		(381,431)
Conservation of natural resources	105,859				(105,859)		(105,859)
Economic development and assistance	1,294,355				(1,294,355)		(1,294,355)
Interest on long-term debt	2,189,610				(2,189,610)		(2,189,610)
Bond issue costs	685,000				(685,000)		(685,000)
Fiscal agents' fees	12,550				(12,550)		(12,550)
Pension expense	3,496,117				(3,496,117)		(3,496,117)
Total Governmental Activities	48,919,157	7,423,548	4,362,784	3,372,004	(33,760,821)		(33,760,821)
Business-type activities:							
Metro Ambulance	9,110,495	8,378,938				(731,557)	(731,557)
Total Business-type Activities	9,110,495	8,378,938	0	0		(731,557)	(731,557)
Total Primary Government	\$ 58,029,652	15,802,486	4,362,784	3,372,004	(33,760,821)	(731,557)	(34,492,378)
General revenues:							
Property taxes					\$ 32,213,072	37,749	32,250,821
In lieu taxes - Silicon Ranch					294,682		294,682
Road & bridge privilege taxes					841,293		841,293
Grants and contributions not restricted to specific programs					1,478,583		1,478,583
Unrestricted interest income					398,694	459	399,153
Miscellaneous					1,498,090	133,316	1,631,406
Total General Revenues					36,724,414	171,524	36,895,938
Changes in Net Position					2,963,593	(560,033)	2,403,560
Net Position - Beginning, as previously reported					77,231,398	(4,993,119)	72,238,279
Prior period adjustment					347,087		347,087
Net Position - Beginning, as restated					77,578,485	(4,993,119)	72,585,366
Net Position - Ending					\$ 80,542,078	(5,553,152)	74,988,926

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

LAUDERDALE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2022

Exhibit 3

	Major Funds							
	General Fund	ARPA \$10M General Fund	Coronavirus Local Fiscal Recovery Fund	Combined GO Debt Fund	S/O Road, Bridge and Building Bonds S/2021 Fund	Series 2022 S/O Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash	\$ 12,100,924	9,946,367	4,265,400	8,538,344	486,899	27,295,138	16,981,292	79,614,364
Property tax receivable	17,417,010			6,253,377			8,166,571	31,836,958
Accounts receivable (net of allowance for uncollectibles of \$1,283,309)							418,750	418,750
Fines receivable (net of allowance for uncollectibles of \$7,404,692)	288,003							288,003
Lease receivable							870,572	870,572
Intergovernmental receivables	769,594						348,555	1,118,149
Other receivables	74,894						49,505	124,399
Due from other funds	401,000			89,161			224,784	714,945
Advances to other funds	504,325							504,325
Total Assets	<u>\$ 31,555,750</u>	<u>9,946,367</u>	<u>4,265,400</u>	<u>14,880,882</u>	<u>486,899</u>	<u>27,295,138</u>	<u>27,060,029</u>	<u>115,490,465</u>
<b>LIABILITIES</b>								
Liabilities:								
Claims payable	\$ 625,049	9,185			486,676	2,748,966	1,481,522	5,351,398
Intergovernmental payables	1,039,500							1,039,500
Due to other funds	347,403						401,000	748,403
Advances from other funds							504,325	504,325
Unearned revenue		9,937,182	4,254,105					14,191,287
Amounts held in custody for others	666,851							666,851
Other payables	486,577							486,577
Claims and judgments payable	39,073							39,073
Total Liabilities	<u>3,204,453</u>	<u>9,946,367</u>	<u>4,254,105</u>	<u>0</u>	<u>486,676</u>	<u>2,748,966</u>	<u>2,386,847</u>	<u>23,027,414</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable revenue - property taxes	17,417,010			6,253,377			8,166,571	31,836,958
Leases							860,888	860,888
Unavailable revenue - accounts receivable							418,750	418,750
Unavailable revenue - fines	288,003							288,003
Total Deferred Inflows of Resources	<u>17,705,013</u>	<u>0</u>	<u>0</u>	<u>6,253,377</u>	<u>0</u>	<u>0</u>	<u>9,446,209</u>	<u>33,404,599</u>

LAUDERDALE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2022

Exhibit 3-Cont'd

	Major Funds							
	General Fund	ARPA \$10M General Fund	Coronavirus Local Fiscal Recovery Fund	Combined GO Debt Fund	S/O Road, Bridge and Building Bonds S/2021 Fund	Series 2022 S/O Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:								
Nonspendable:								
Advances	504,325							504,325
Restricted for:								
General government			11,295		223	24,546,172	2,198,744	26,756,434
Public safety							743,350	743,350
Public works							11,793,315	11,793,315
Health and welfare							10,906	10,906
Culture and recreation							302,849	302,849
Economic development and assistance							257,725	257,725
Debt service				8,627,505			200,899	8,828,404
Committed to:								
Public safety							108,952	108,952
Assigned to:								
Public safety							90,453	90,453
Unassigned	10,141,959						(480,220)	9,661,739
Total Fund Balances	10,646,284	0	11,295	8,627,505	223	24,546,172	15,226,973	59,058,452
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 31,555,750	9,946,367	4,265,400	14,880,882	486,899	27,295,138	27,060,029	115,490,465

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

## LAUDERDALE COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 59,058,452
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 \$109,665,524.	141,801,872
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	706,753
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(87,040,368)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(39,293,881)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(631,477)
Deferred amount on refunding	718,739
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	5,321,336
Deferred inflows of resources related to pensions	<u>(99,348)</u>
Total Net Position - Governmental Activities	\$ <u><u>80,542,078</u></u>

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

## LAUDERDALE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2022

	Major Funds							
	General Fund	ARPA \$10M General Fund	Coronavirus Local Fiscal Recovery Fund	Combined GO Debt Fund	S/O Road, Bridge and Building Bonds S/2021 Fund	Series 2022 S/O Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 16,942,952			7,079,778			8,190,342	32,213,072
In lieu taxes - Silicon Ranch	294,682							294,682
Road and bridge privilege taxes							841,293	841,293
Licenses, commissions and other revenue	1,201,573			568			141,993	1,344,134
Fines and forfeitures	848,166						121,683	969,849
Intergovernmental revenues	1,695,889	62,818	143,807	57,891			7,252,966	9,213,371
Charges for services	2,767,231						2,351,106	5,118,337
Interest income	212,552		10,181	26,962	12,206	15,138	121,655	398,694
Miscellaneous revenues	927,116						570,974	1,498,090
Total Revenues	24,890,161	62,818	153,988	7,165,199	12,206	15,138	19,592,012	51,891,522
EXPENDITURES								
Current:								
General government	12,869,420		143,807		22,070,830	2,748,966	1,458,587	39,291,610
Public safety	10,507,974						4,319,628	14,827,602
Public works		62,818					13,304,005	13,366,823
Health and welfare	803,900						233,170	1,037,070
Culture and recreation							1,708,701	1,708,701
Conservation of natural resources	105,859							105,859
Economic development and assistance	347,535						363,758	711,293
Debt service:								
Principal	308,408						4,971,616	5,280,024
Interest	13,460						2,303,871	2,317,331
Bond issue costs						685,000		685,000
Fiscal agents' fees							12,550	12,550
Total Expenditures	24,956,556	62,818	143,807	0	22,070,830	3,433,966	28,675,886	79,343,863
Excess of Revenues over (under) Expenditures	(66,395)	0	10,181	7,165,199	(22,058,624)	(3,418,828)	(9,083,874)	(27,452,341)

## LAUDERDALE COUNTY

Exhibit 4- Cont'd

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2022

	Major Funds							
	General Fund	ARPA \$10M General Fund	Coronavirus Local Fiscal Recovery Fund	Combined GO Debt Fund	S/O Road, Bridge and Building Bonds S/2021 Fund	Series 2022 S/O Bond Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)								
Long-term capital debt issued	14,490					27,965,000		27,979,490
Long-term non-capital debt issued	896,000							896,000
Proceeds from sale of capital assets							89,680	89,680
Compensation for loss of capital assets	53,153							53,153
Transfers in	298,299				205		8,020,463	8,318,967
Transfers out	(1,001,689)			(6,464,162)			(853,116)	(8,318,967)
Total Other Financing Sources and Uses	260,253	0	0	(6,464,162)	205	27,965,000	7,257,027	29,018,323
Net Changes in Fund Balances	193,858	0	10,181	701,037	(22,058,419)	24,546,172	(1,826,847)	1,565,982
Fund Balances - Beginning	10,452,426	0	1,114	7,926,468	22,058,642	0	17,053,820	57,492,470
Fund Balances - Ending	\$ 10,646,284	0	11,295	8,627,505	223	24,546,172	15,226,973	59,058,452

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



## LAUDERDALE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2022

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 1,565,982
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 \$30,058,811 exceeded depreciation of \$3,846,981 in the current period.	26,211,830
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$19,175 and the proceeds from the sale of \$89,680 and the compensation for loss of \$53,153 in the current period.	(162,008)
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.	(19,532)
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.	10,760
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$28,875,490 exceeded debt repayments of \$5,280,024.	(23,595,466)
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.	(7,741)
The amount of decrease in accrued interest payable.	114,111
The amortization of general obligation bond premium.	201,401
The amortization of refunding bond premium.	48,689
The amortization of deferred refunding charges.	(236,480)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,496,117)
Recording of contributions made during the year	2,328,164
Change in Net Position of Governmental Activities	\$ 2,963,593

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

LAUDERDALE COUNTY  
Statement of Net Position - Proprietary Fund  
September 30, 2022

Exhibit 5

	Business-type Activities - Enterprise Fund
	Metro Ambulance
ASSETS	
Current assets:	
Cash	\$ 590,585
Accounts receivable	1,031,762
Other receivables	95
Due from other funds	476
Inventories and prepaid items	148,066
Total Current Assets	<u>1,770,984</u>
Noncurrent assets:	
Other capital assets, net	680,159
Total Noncurrent Assets	<u>680,159</u>
Total Assets	<u>2,451,143</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,553,151
Total Deferred Outflows of Resources	<u>2,553,151</u>
LIABILITIES	
Current liabilities:	
Unearned revenue	276,153
Other payables	142,988
Total Current Liabilities	<u>419,141</u>
Noncurrent liabilities:	
Compensated absences payable	160,527
Net pension liability	8,274,623
Total Noncurrent Liabilities	<u>8,435,150</u>
Total Liabilities	<u>8,854,291</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,703,155
Total Deferred Inflows of Resources	<u>1,703,155</u>
NET POSITION	
Net investment in capital assets	680,159
Unrestricted	(6,233,311)
Total Net Position	<u>\$ (5,553,152)</u>

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

## LAUDERDALE COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Fund
	Metro Ambulance
Operating Revenues	
Charges for services	\$ 8,378,938
Total Operating Revenues	8,378,938
Operating Expenses	
Personal services	4,354,718
Contractual services	290,711
Materials and supplies	3,320,195
Depreciation expense	210,363
Indirect administrative cost	612,713
Miscellaneous	44,216
Pension expense	275,502
Total Operating Expenses	9,108,418
Operating Income (Loss)	(729,480)
Nonoperating Revenues (Expenses)	
Property taxes	37,749
Interest income	459
Interest expense	(2,077)
Other income (expenses)	133,316
Net Nonoperating Revenue (Expenses)	169,447
Changes in Net Position	(560,033)
Net Position - Beginning	(4,993,119)
Net Position - Ending	\$ (5,553,152)

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

LAUDERDALE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2022

Exhibit 7

	<u>Business-type Activities -</u>
	Metro Ambulance
Cash Flows From Operating Activities	
Receipts from customers	\$ 9,081,290
Payments to suppliers	(3,763,238)
Payments to employees	(5,368,824)
Net Cash Provided (Used) by Operating Activities	<u>(50,772)</u>
Cash Flows From Noncapital Financing Activities	
Other grants received	308
Intergovernmental grants received	100,000
Cash received from property taxes	37,749
Cash received from other funds:	
Loans from other funds	(476)
Interfund loan repayments	469
Licenses, commissions & other	3
Principal paid on long-term debt	(31,702)
Interest expense	(2,077)
Other non-capital financing activities	33,005
Net Cash Provided (Used) by Noncapital Financing Activities	<u>137,279</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(131,243)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(131,243)</u>
Cash Flows From Investing Activities	
Interest and dividends on investments	459
Net Cash Provided (Used) by Investing Activities	<u>459</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(44,277)
Cash and Cash Equivalents at Beginning of Year	<u>634,862</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>590,585</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (729,480)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	210,363
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	678,027
(Increase) decrease in other receivables	(95)
(Increase) decrease in inventories and prepaid expenses	10,503
Increase (decrease) in other payables	(95,532)
Increase (decrease) in compensated absences liability	13,966
Increase (decrease) in unearned revenue	13,917
Increase (decrease) in net pension liability, deferred outflows/inflows (net)	(152,441)
Total Adjustments	<u>678,708</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(50,772)</u></u>

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

LAUDERDALE COUNTY  
Statement of Fiduciary Net Position  
September 30, 2022

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 98,386
Receivables:	
Due from other funds	<u>32,982</u>
Total Assets	<u><u>131,368</u></u>
LIABILITIES	
Intergovernmental payables	<u>32,982</u>
Total Liabilities	<u><u>32,982</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>98,386</u>
Total Net Position	\$ <u><u>98,386</u></u>

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

LAUDERDALE COUNTY  
Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2022

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 1,536,755
Licenses and fees collected for State	122
In lieu taxes - Silicon Ranch	12,289
Other taxes and fees collected for other governments	<u>580,484</u>
Total Additions	<u>2,129,650</u>
DEDUCTIONS	
Payments of tax to other governments	1,536,755
Payments of licenses and fees to State	1,026
Payments of in lieu taxes - Silicon Ranch	12,289
Payments of other taxes and fees to other governments	<u>564,236</u>
Total Deductions	<u>2,114,306</u>
Net increase (decrease) in fiduciary net position	15,344
Net Position - Beginning	<u>83,042</u>
Net Position - Ending	<u>\$ 98,386</u>

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

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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

##### A. Financial Reporting Entity.

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

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

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

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

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

##### B. Individual Component Unit Disclosures

###### Blended Component Unit

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

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

##### C. Basis of Presentation.

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

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

#### Government-wide Financial Statements:

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

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

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

The Government-wide, Proprietary Funds and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

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

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



## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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.

ARPA \$10M General Fund - This fund is used to account for \$10,000,000 of the American Rescue Plan Act of 2021 (ARPA) monies that were set aside by the Board of Supervisors to spend on "provision of government services" during the period of performance.

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

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

S/O Road, Bridge and Building Bonds S/2021 Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing for road, bridge and building projects.

Series 2022 S/O Bond Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing for road, bridge and building projects.

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### PROPRIETARY FUND TYPE

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

#### FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

or equivalent arrangement that meets specific criteria.

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Inventories and Prepaid Items.

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

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

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on

# LAUDERDALE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

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

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

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plans in which the County and the Metro Ambulance Enterprise Fund, a blended component unit of the County, participate. See Note 10 for additional details.

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

Deferred revenues – property taxes/unavailable revenue – property taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

transactions are received or reported as a receivable before the period for which property taxes are levied.

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

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plans in which the County and Metro Ambulance Enterprise Fund, a blended component unit of the County, participate. See Note 10 for additional details.

Deferred inflows related to leases/leases – Deferred inflows of resources measured at the initial value of the lease receivable to reflect that the receivable relates to future periods.

#### L. Leases.

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The County uses the federal prime borrowing rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known.

#### M. 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 financed purchases and other commitments.

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

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

#### N. 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.

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

#### O. Compensated Absences.

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

#### P. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

*Committed fund balance* includes amounts that can be used only for specific purposes pursuant to

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator pursuant to authorization established by the County.

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

#### Fund Balance Flow Assumption:

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

#### Q. Property Tax Revenues:

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

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

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

#### R. Intergovernmental Revenues in Governmental Funds.

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

LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

S. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

(2) Prior Period Adjustments.

A summary of the significant net position adjustment is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in capital assets, net.	\$ 347,087

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$80,303,335, and the bank balance was \$82,151,371. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2022:

A.	Due	From/To	Other	Funds:
	Receivable Fund	Payable Fund		Amount
	General Fund	Other Governmental Funds	\$	401,000
	Combined GO Debt Fund	General Fund		89,161
	Other Governmental Funds	General Fund		224,784
	Metro Ambulance Fund	General Fund		476
	Custodial Funds	General Fund		32,982
	Total		\$	748,403

The receivables represent the tax revenue collected in September, 2022, but not settled until

LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

October, 2022. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ <u>504,325</u>

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 298,299
S/O Road, Bridge and Building Bonds		
S/2021 Fund	Other Governmental Funds	205
Other Governmental Funds	Combined GO Debt Fund	6,464,162
Other Governmental Funds	General Fund	1,001,689
Other Governmental Funds	Other Governmental Funds	<u>554,612</u>
Total		\$ <u>8,318,967</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2022, consisted of the following:

<u>Description</u>	<u>Amount</u>
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 604,007
Reimbursement for housing prisoners	24,320
ERBR-Vimville-Causeyville Road reimbursement	76,758
Various reimbursement grants	<u>413,064</u>
Total Governmental Activities	\$ <u>1,118,149</u>



LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2022:

**Governmental activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<b><u>Non-depreciable capital assets:</u></b>					
Land	\$ 23,250,901	146,177	25,050		23,372,028
Construction in progress	8,256,039	28,377,994		(4,011,598)	32,622,435
Total non-depreciable capital assets	31,506,940	28,524,171	25,050	(4,011,598)	55,994,463
<b><u>Depreciable capital assets:</u></b>					
Infrastructure	117,555,166			2,430,987	119,986,153
Buildings	38,519,450		157,983	646,905	39,008,372
Improvements other than buildings	9,137,701			1,280,793	10,418,494
Mobile equipment	19,349,727	1,355,797	313,991	450,384	20,841,917
Furniture and equipment	3,840,101	178,843	25,717	1,224,770	5,217,997
Leased property under capital leases	1,675,154			(1,675,154)	
Total depreciable capital assets	190,077,299	1,534,640	497,691	4,358,685	195,472,933
<b><u>Less accumulated depreciation for:</u></b>					
Infrastructure	70,428,046	1,313,317		28,616	71,769,979
Buildings	14,048,857	765,240	60,059		14,754,038
Improvements other than buildings	3,682,849	368,503			4,051,352
Mobile equipment	14,280,573	1,017,909	276,138	114,602	15,136,946
Furniture and equipment	3,042,265	382,012	24,536	553,468	3,953,209
Leased property under capital leases	696,686			(696,686)	
Total accumulated depreciation	106,179,276	3,846,981	360,733	0	109,665,524
Total depreciable capital assets, net	83,898,023	(2,312,341)	136,958	4,358,685	85,807,409
Governmental activities capital assets, net	\$ 115,404,963	26,211,830	162,008	347,087	141,801,872

LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

**Business-type activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Balance Sept. 30, 2022
<u>Depreciable capital assets:</u>				
Furniture, fixtures and equipment	\$ 1,349,739	131,243		1,480,982
Leasehold improvements	381,749			381,749
Ambulances	1,769,973		112,746	1,657,227
Total depreciable capital assets	3,501,461	131,243	112,746	3,519,958
<u>Less accumulated depreciation for:</u>				
Furniture, fixtures and equipment	899,276	129,621		1,028,897
Leasehold improvements	231,766	21,905		253,671
Ambulances	1,611,140	58,837	112,746	1,557,231
Total accumulated depreciation	2,742,182	210,363	112,746	2,839,799
Total depreciable capital assets, net	759,279	(79,120)	0	680,159
Business-type activities capital assets, net	\$ 759,279	(79,120)	0	680,159

\*Adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. Other adjustments are for the reclassification of completed construction in progress and prior year errors in capital assets.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 606,382
Public safety	641,182
Public works	1,906,909
Health and welfare	26,946
Culture and recreation	82,500
Economic development and assistance	583,062
Total governmental activities depreciation expense	\$ 3,846,981
	Amount
<b>Business-type activities:</b>	
Metro Ambulance	\$ 210,363

# LAUDERDALE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Will Garrett Road	\$ 39,431	04/30/2023
Sowashee Creek Walking Trail	44,082	03/31/2023
Buntin Gunn Road	14,870	02/28/2023
Courthouse Government Complex	21,052,236	9/30/2023
Public Safety Building	497,059	05/31/2023
Lizelia Road	336,387	04/30/2023
Meehan-Savoy Road	46,168	03/31/2023
West Lauderdale Ballfields Fence	31,285	10/31/2022
West Lauderdale Ballfields Lighting	74,088	02/28/2023
West Lauderdale Ballfields Concession Stand	430,813	01/31/2023

### (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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

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

The County has purchased reinsurance which functions on two separate stop-loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$100,000. Excluding claims for any person who has already met the specific coverage, the aggregate liability for a month is calculated by multiplying the attachment factor of 619.27, which is 125 percent (125%) of expected claims, by the number of employees for that month. Then a rolling year-to-date amount is the aggregate liability.

# LAUDERDALE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

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, 2022, the amount of these liabilities was \$39,073. 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
2020 - 2021	\$ 36,688	2,645,708	(2,673,196)	9,200
2021 - 2022	\$ 9,200	2,541,402	(2,511,529)	39,073

### (8) Leases.

#### As Lessor:

On February 5, 2007, in Lauderdale County, Tower Automotive Products Company, Inc. entered into a non-cancellable lease agreement with Lauderdale County Economic Development District for the lease of 43 acres of land owned by Lauderdale County Economic Development District for the purpose of heavy and light industrial uses as well as warehousing. The lease stipulated that the lessee would pay \$32,128 per month in rent payments which is comprised of a \$31,250 monthly rent with the balance of the payment being an additional consideration to the landlord for granting the right for payments to be made monthly as opposed to annually. The payments commenced on February 1, 2007 for a term of 15 years. On June 2, 2014, a fourth amendment extended the term for an additional three (3) years through January 31, 2025. The County is to receive \$32,128 in rent monthly with an interest rate of 2.73%. Total income received was \$385,536 for the year ended September 30, 2022.

Remaining amounts to be received associated with this lease are as follows:

Year Ending September 30	Principal	Interest
2023	\$ 366,331	19,205
2024	376,457	9,079
2025	127,784	728
Total	\$ 870,572	29,012

LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

(9) Long-term Debt.

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Series 2013 A - General Obligation Refunding	\$ 820,000	1.00/2.25%	04/2023
Series 2013 B - GO Refunding Taxable	6,470,000	0.47/3.31%	02/2026
Series 2015 - Road, Bridge, Equip & Rec Bonds	2,460,000	3.00/4.00%	11/2035
Series 2015 B - Road, Bridge, Equip & Rec Bonds	8,295,000	2.50/3.50%	11/2035
Series 2017 - General Obligation Refunding	4,410,000	2.00/4.00%	04/2027
Series 2020 - Road, Bridge & Building Bonds	8,905,000	2.00/2.25%	05/2035
Series 2021 - Government Complex	21,720,000	4.00/5.00%	03/2041
Series 2022 - Government Complex	27,965,000	2.98%	05/2042
Total General Obligation Bonds	<u>\$ 81,045,000</u>		
B. Financed Purchases:			
Self-Contained Breathing Apparatus (SCBA's)	\$ 26,542	2.38%	12/2022
Zetron Max Dispatcher Equipment	113,053	2.68%	11/2023
(7) Dodge Durangos	58,332	1.81%	07/2023
(3) Chevrolet & (3) Dodge 2021 Trucks	92,652	1.37%	04/2024
Toshiba E-Studio 6516	10,949	1.50%	12/2024
Total Financed Purchases	<u>\$ 301,528</u>		
C. Other Loans:			
MDA CAP Loan - Certaineed Upgrades	\$ 199,676	3.00%	05/2025
BWI Rail Loan	322,222	0.00%	11/2034
Motorola MSWIN Radios	735,745	1.31%	12/2024
Total Other Loans	<u>\$ 1,257,643</u>		

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

<b>Governmental Activities:</b>				
Year Ending September 30	General Obligation Bonds		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 6,152,000	2,575,398	244,711	3,473
2024	5,482,000	2,436,598	55,582	344
2025	5,694,000	2,256,650	1,235	3
2026	5,912,000	2,067,167		
2027	4,346,000	1,899,042		
2028 - 2032	18,945,000	7,479,492		
2033 - 2037	19,803,000	4,194,525		
2038 - 2042	14,711,000	1,284,878		
Total	<u>\$ 81,045,000</u>	<u>24,193,750</u>	<u>301,528</u>	<u>3,820</u>

LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

Year Ending September 30	Other Loans	
	Principal	Interest
2023	\$ 279,043	13,649
2024	284,105	8,991
2025	253,064	4,419
2026	210,458	1,527
2027	42,081	17
2028 - 2032	133,330	17
2033 - 2037	55,562	
Total	\$ 1,257,643	28,620

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, 2022, the amount of outstanding debt was equal to 11.49 percent (11.49%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments*	Balance Sept. 30, 2022	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 606,845	7,741			614,586	
General obligation bonds	57,610,000	27,965,000	4,530,000		81,045,000	6,152,000
Add:						
Premiums	4,071,701		250,090		3,821,611	
Capital leases	776,292			(776,292)		
Financed purchases		14,490	489,254	776,292	301,528	244,711
Other loans	622,413	896,000	260,770		1,257,643	279,043
Total	\$ 63,687,251	28,883,231	5,530,114	0	87,040,368	6,675,754

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022
<b>Business-type Activities:</b>				
Compensated absences	\$ 146,561	13,966		160,527
Other Loans	31,702		31,702	
Total	\$ 178,263	13,966	31,702	160,527

\*Adjustments above for capital leases are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases.

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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

Commitments – In December 2009, Lauderdale County entered into an agreement with the City of Meridian to provide additional security and payments of 35 percent of the total debt of the Crossroads construction project. In September 2019, the City of Meridian refunded the Tax Increment Financing Bonds, Series 2009 for the Meridian Crossroads Project and issued Series 2019 bonds for \$1,971,000. Per the interlocal agreement between the City and Lauderdale County, the County is responsible for 35 percent of the principal or \$689,850. The interest rate for the Series 2019 bonds is 2.20 percent. The debt will be serviced by revenues generated by the tax increment payment of \$138,950 that was paid for the year ended September 30, 2022.

In March 2010, Lauderdale County entered into an agreement with the City of Meridian to provide additional security and payments of 35 percent of the total debt of the Highway 19 North Hill Project construction project. The debt will be serviced by revenues generated by the tax increment payment of \$10,500 that was paid for the year ended September 30, 2022.

In January 2019, Lauderdale County entered into an agreement with the City of Meridian to pledge the incremental increase in ad valorem tax revenue and payments in lieu of taxes, if applicable, generated by the Phase II Development of the Crossroads Infrastructure Improvements. The City shall issue its bonds in one or more series in the aggregate principal amount not to exceed \$3,100,000. The County's pro rata share of the annual debt service on the Bonds shall be limited to 75 percent of the incremental increase in county ad valorem tax revenue generated by the Phase II Development. In July 2021, the City of Meridian approved to only issue \$900,000 in Series 2021 bonds. The interest rate for the Series 2021 bonds is 2.95 percent. The debt will be serviced by revenues generated by the tax increment payment of \$17,704 that was paid for the year ended September 30, 2022.

#### (10) Defined Benefit Pension Plan.

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

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

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

# LAUDERDALE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**Contributions.** At September 30, 2022, 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, 2022 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, 2022, 2021 and 2020 were \$2,328,164, \$2,173,760 and \$2,148,905, respectively, equal to the required contributions for each year. Metro Ambulance's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021, and 2020 were \$487,500, \$494,646, and \$467,941, 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, 2022, the County reported a liability of \$39,293,881 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.190899 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.004288 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$3,496,117. At September 30, 2022, 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	\$ 550,096	
Net difference between projected and actual earnings on pension plan investments	2,200,097	
Changes of assumptions	1,328,501	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	614,559	99,348
County contributions subsequent to the measurement date	628,083	
Total	\$ 5,321,336	99,348

\$628,083 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

Year ending September 30	Amount
2023	\$ 1,417,316
2024	1,185,127
2025	(140,732)
2026	2,132,194
Total	\$ 4,593,905

*Business-type Activities – Metro Ambulance*

At September 30, 2022, Metro Ambulance reported a liability of \$8,274,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Metro Ambulance's proportion of the net pension liability was based on a projection of Metro Ambulance's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2022, Metro Ambulance's proportion was .042%.

For the year ended September 30, 2022, Metro Ambulance recognized pension expense of \$275,502. At September 30, 2022, Metro Ambulance reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,586	
Net difference between projected and actual earnings on pension plan investments	1,796,014	
Changes of assumptions	597,404	1,703,155
Metro's contributions subsequent to the measurement date	94,147	
Total	\$ 2,553,151	1,703,155

\$94,147 reported as deferred outflows of resources related to pensions resulting from Metro Ambulance's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2023	\$ 238,972
2024	169,051
2025	(101,177)
2026	449,003
Total	\$ 755,849

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

# LAUDERDALE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	100.00 %	

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

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:

LAUDERDALE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 51,282,527	39,293,881	29,409,851
Metro Ambulance's proportionate share of the net pension liability	10,799,230	8,274,623	6,193,000

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

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2022:

Fund	Deficit Amount
Access Grant - Help America Vote Act & Help MS Vote Fund	\$ (50,825)
City/County Drug Task Force Fund	(5,176)
SCAAP Grant Fund	(58,500)
Sheriff Mental Health Grant Fund	(1,945)
Sowashee Walking Trail Fund	(185,846)
NE IND Park (SM) - Site Dev \$50K Fund	(8,912)
Kawanees Site - Dip Grant \$250K Fund	(16,455)
Garbage/Solid Waste Fund	(37,060)
NAS Meridian Wildlife Fence Fund	(106,250)
MDOT Traffic Safety Grant Fund	(3,367)
Certainited CAP Loan Fund	(5,884)

(12) Contingencies.

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

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

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(24,868,590) 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 \$628,083 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, 2023. The \$4,693,253 balance of the deferred outflows of resources related to pensions at September

## LAUDERDALE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

30, 2022, will be recognized in pension expense over the next four years. The \$99,348 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three years.

The governmental activities' net investment in capital assets net position of \$56,930,412 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$236,480 of the \$718,739 balance of deferred outflows of resources at September 30, 2022, will be recognized as an expense and will decrease the net investment in capital assets net position over the next six years.

The governmental activities' unrestricted net position amount of \$(24,868,590) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$860,888 balance of deferred inflows of resources related to leases at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next three years.

The business-type activities' unrestricted net position amount of \$(6,233,311) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$94,147 resulting from Metro Ambulance's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$2,459,004 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$1,703,155 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three years.

#### (14) Joint Venture.

The County participates in the following joint venture:

Lauderdale County is participant with the City of Meridian in a joint venture, authorized by *Section 57-31-1, Mississippi Code of 1972 Annotated*, to operate the East Mississippi Business Development Corporation. The joint venture was created to encourage, foster and facilitate economic development in the County. The board is made up of citizens and corporate members, who are not appointed by the County or the City. The County's appropriation to the joint venture was \$257,600 in fiscal year 2022. Complete financial statements for the East Mississippi Business Development Corporation can be obtained from P.O. Box 790, Meridian, MS 39302.

#### (15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Lauderdale County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support in fiscal year 2022.

East Central Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the 15 members of the board of directors. The County appropriated \$30,000 for financial support in fiscal year 2022.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee and Oktibbeha. The Lauderdale County Board of Supervisors appoints two of the 12 members of the board of directors. The County appropriated \$276,665 for financial support in fiscal year 2022.

The Multi-County Community Service Agency operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The agency was created to administer programs

# LAUDERDALE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Lauderdale County Board of Supervisors appoints three of the 24 members of the board of directors. Most of the funding is derived from federal funds. The County appropriated \$20,000 for financial support in fiscal year 2022.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$139,354 for financial support in fiscal year 2022.

Mid-Mississippi Development District operates in a district composed of the Counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was created to encourage, foster, and facilitate economic development in member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County provided no financial support in fiscal year 2022.

### (16) Tax Abatements.

As of September 30, 2022, Lauderdale County provides tax exempt status to 11 manufacturing companies, one healthcare facility, two distribution centers, two hotels, one energy company, and two nonprofit organizations subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and community college tax levies. These exemptions are authorized under *Sections 27-31-101 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2022 totaled \$923,756.

### (17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Lauderdale County evaluated the activity of the County through June 20, 2024, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
02/01/2024	4.88%	\$ 236,226	Financed purchase	Ad valorem taxes

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY

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LAUDERDALE COUNTY  
Budgetary Comparison Schedule -  
Budget and Actual (Non-GAAP Basis)  
General Fund  
For the Year Ended September 30, 2022  
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 16,741,107	16,932,069	16,932,069	
Road and bridge privilege taxes	70			
Licenses, commissions and other revenue	573,800	571,954	571,954	
Fines and forfeitures	951,900	800,341	800,341	
Intergovernmental revenues	1,988,682	1,845,872	1,845,872	
Charges for services	2,784,619	2,763,963	2,763,963	
Interest income	234,300	233,240	233,240	
Miscellaneous revenues	858,923	1,357,856	1,357,856	
Total Revenues	<u>24,133,401</u>	<u>24,505,295</u>	<u>24,505,295</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,144,319	11,472,456	11,472,456	
Public safety	10,587,099	10,595,563	10,595,563	
Health and welfare	891,026	799,668	799,668	
Conservation of natural resources	144,323	117,754	117,754	
Economic development and assistance	87,000	89,935	89,935	
Debt service:				
Principal	185,244	159,838	159,838	
Interest		10,037	10,037	
Total Expenditures	<u>23,039,011</u>	<u>23,245,251</u>	<u>23,245,251</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>1,094,390</u>	<u>1,260,044</u>	<u>1,260,044</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Compensation for loss of capital assets	10,000	115,704	115,704	
Transfers in		695,925	695,925	
Transfers out	(1,811,941)	(1,911,329)	(1,911,329)	
Other financing sources	669,365			
Total Other Financing Sources and Uses	<u>(1,132,576)</u>	<u>(1,099,700)</u>	<u>(1,099,700)</u>	<u>0</u>
Net Change in Fund Balance	(38,186)	160,344	160,344	0
Fund Balances - Beginning	<u>11,055,494</u>	<u>8,260,515</u>	<u>8,260,515</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 11,017,308</u>	<u>8,420,859</u>	<u>8,420,859</u>	<u>0</u>

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

LAUDERDALE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 ARPA \$10M General Fund  
 For the Year Ended September 30, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Current:				
Public works		<u>53,633</u>	<u>53,633</u>	
Total Expenditures	<u>0</u>	<u>53,633</u>	<u>53,633</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>(53,633)</u>	<u>(53,633)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		<u>10,000,000</u>	<u>10,000,000</u>	
Total Other Financing Sources and Uses	<u>0</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>0</u>
Net Change in Fund Balance	0	9,946,367	9,946,367	
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>9,946,367</u>	<u>9,946,367</u>	<u>0</u>

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

LAUDERDALE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Coronavirus Local Fiscal Recovery Fund Fund  
 For the Year Ended September 30, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	7,198,956	7,198,956	
Interest income		8,722	8,722	
Total Revenues	0	7,207,678	7,207,678	0
EXPENDITURES				
Current:				
General government	164,800	143,807	143,807	
Total Expenditures	164,800	143,807	143,807	0
Excess of Revenues over (under) Expenditures	(164,800)	7,063,871	7,063,871	0
OTHER FINANCING SOURCES (USES)				
Transfers out		(10,000,000)	(10,000,000)	
Total Other Financing Sources and Uses	0	(10,000,000)	(10,000,000)	0
Net Change in Fund Balance	(164,800)	(2,936,129)	(2,936,129)	
Fund Balances - Beginning	7,199,469	7,199,775	7,199,775	0
Fund Balances - Ending	\$ 7,034,669	4,263,646	4,263,646	0

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

LAUDERDALE COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2022  
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.190899%	0.186611%	0.184689%	0.187676%	0.192181%	0.182297%	0.173116%	0.174217%
County's proportionate share of the net pension liability (asset)	\$ 39,293,881	27,581,955	35,753,549	33,015,909	31,965,352	30,303,964	30,922,849	26,930,485
Covered payroll	\$ 13,140,093	12,424,627	12,292,036	12,224,798	12,274,821	11,899,557	11,461,550	11,023,486
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	299.04%	221.99%	290.87%	270.07%	260.41%	254.66%	269.80%	244.30%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

LAUDERDALE COUNTY  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2022  
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,328,164	2,173,760	2,148,905	1,976,759	1,931,505	1,874,890	1,805,194	1,736,801
Contributions in relation to the contractually required contribution	<u>2,328,164</u>	<u>2,173,760</u>	<u>2,148,905</u>	<u>1,976,759</u>	<u>1,931,505</u>	<u>1,874,890</u>	<u>1,805,194</u>	<u>1,736,801</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 13,380,253	12,492,874	12,350,027	12,224,855	12,263,525	11,899,557	11,461,550	11,023,486
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%

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

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

LAUDERDALE COUNTY

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

Last 10 Fiscal Years\*

For the Year Ended September 30, 2022

UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Metro Ambulance's proportion of the net pension liability (asset)	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Metro Ambulance's proportion of the total net pension liability	\$ 20,661,581	21,398,731	19,059,898	18,090,367	17,758,464	17,266,597	16,799,005	16,145,834
Metro Ambulance's proportion of the plan net position	<u>12,386,958</u>	<u>15,072,705</u>	<u>11,238,928</u>	<u>11,141,608</u>	<u>10,992,743</u>	<u>10,617,239</u>	<u>9,654,006</u>	<u>9,962,623</u>
Metro Ambulance's proportionate share of the net pension liability (asset)	<u>\$ 8,274,623</u>	<u>6,326,026</u>	<u>7,820,970</u>	<u>6,948,759</u>	<u>6,765,721</u>	<u>6,649,358</u>	<u>7,144,999</u>	<u>6,183,211</u>
Metro Ambulance's covered payroll	\$ 2,801,721	2,832,446	2,689,316	2,653,003	2,597,968	2,599,162	2,636,089	2,656,057
Metro Ambulance's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	295.34%	223.34%	290.82%	261.92%	260.42%	255.83%	271.05%	232.80%
Plan fiduciary net position as a percentage of the total pension liability	59.95%	70.44%	58.97%	61.59%	61.90%	61.49%	57.47%	61.70%

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

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

LAUDERDALE COUNTY  
Schedule of Metro Ambulance's Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2022  
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 487,500	494,646	467,941	430,038	409,180	409,368	415,184	418,329
Contributions in relation to the contractually required contribution	<u>487,500</u>	<u>494,646</u>	<u>467,941</u>	<u>430,038</u>	<u>409,180</u>	<u>409,368</u>	<u>415,184</u>	<u>418,329</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Metro Ambulance's covered payroll	\$ 2,801,721	2,832,446	2,689,316	2,653,003	2,597,968	2,599,162	2,636,089	2,656,057
Contributions as a percentage of covered payroll	17.40%	17.46%	17.40%	16.21%	15.75%	15.75%	15.75%	15.75%

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

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

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

Notes to the Required Supplementary Information  
or the Year Ended September 30, 2022  
UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>ARPA \$10M General Fund</u>	<u>Coronavirus Local Fiscal Recovery Fund</u>
Budget (Cash Basis)	\$ 160,344	9,946,367	(2,936,129)
Increase (Decrease)			
Net adjustments for revenue accruals	835,179	(9,937,182)	(7,053,690)
Net adjustments for expenditure accruals	<u>(801,665)</u>	<u>(9,185)</u>	<u>10,000,000</u>
GAAP Basis	<u>\$ 193,858</u>	<u>0</u>	<u>10,181</u>

## LAUDERDALE COUNTY

### Notes to the Required Supplementary Information or the Year Ended September 30, 2022 UNAUDITED

#### Pension Schedules

##### A. Changes of assumptions.

###### 2015

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

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

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

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

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

###### 2016

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

###### 2017

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

The wage inflation assumptions were 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.

## LAUDERDALE COUNTY

### Notes to the Required Supplementary Information or the Year Ended September 30, 2022 UNAUDITED

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

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

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

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

#### 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### B. Changes in benefit provisions.

#### 2016

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

LAUDERDALE COUNTY

Notes to the Required Supplementary Information  
or the Year Ended September 30, 2022  
UNAUDITED

C. 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, 2020 valuation for the June 30, 2022 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	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

LAUDERDALE COUNTY

SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY

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LAUDERDALE COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture Passed-through the Mississippi Department of Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children*	10.557	H301058K/058L - 5MS700704	\$ <u>181,617</u> <u>181,617</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grants/state's program and non- entitlement grants in Hawaii	14.228	113-18-038-PF-01	<u>20,000</u>
Total U.S. Department of Housing and Urban Development			<u>20,000</u>
U.S. Department of Justice - Office of Justice Programs/ Bulletproof vest partnership program (Direct Award)	16.607	N/A	<u>8,680</u>
Passed-through the Mississippi Department of Public Safety Project safe neighborhood	16.609	2019-GP-BX-0061	<u>12,415</u>
U.S. Department of Justice - Criminal Division/ Equitable sharing program (Direct Award)	16.922	N/A	<u>2,752</u>
Total U.S. Department of Justice			<u>23,847</u>
U.S. Department of Transportation - Office of Highway Safety/ Passed-through the Mississippi Department of Public Safety Highway planning and construction cluster: Highway planning and construction	20.205	Unknown	<u>72,165</u> <u>72,165</u>
Total highway planning and construction cluster			<u>72,165</u>
Highway safety cluster: State and community highway safety	20.600	OP-2020-OP-13-81	<u>43,345</u>
National priority safety programs	20.616	M5X-2022-MD-13-81	<u>146,082</u>
Total highway safety cluster			<u>189,427</u>
Total U.S. Department of Transportation			<u>261,592</u>

LAUDERDALE COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury/ Passed-through the Supreme Court of Mississippi Coronavirus relief fund	21.019	Unknown	16,333
U.S. Department of the Treasury/ Coronavirus state and local fiscal recovery funds (Direct Award)*	21.027	N/A	206,625
Total U.S. Department of the Treasury			222,958
U.S. Department of Health and Human Services/ Passed-through the Mississippi Department of Mental Health Substance abuse and mental health services - projects of regional and national significance	93.243	68G0-MH4R-LCSO	42,707
Total U.S Department of Health and Human Services			42,707
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	EMPG 2021	17,080
Emergency management performance grants	97.042	EMPG 2022	55,250
Subtotal			72,330
Total U.S. Department of Homeland Security			72,330
Total Expenditures of Federal Awards			\$ 825,051

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lauderdale County under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lauderdale County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lauderdale County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

Note D - Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027

Of the federal expenditures presented in the Schedule, the County provided federal awards totaling \$143,807 to subrecipients during the year ended September 30, 2022.

\* Denotes major federal award program



## LAUDERDALE COUNTY

## OTHER INFORMATION

LAUDERDALE COUNTY

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LAUDERDALE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2022  
UNAUDITED

Name	Position	Company	Bond
Jonathan Wells	Supervisor District 1	Travelers Casualty and Surety Company	\$100,000
Wayman Newell	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
Josh Todd	Supervisor District 3	Travelers Casualty and Surety Company	\$100,000
Joe Norwood	Supervisor District 4	Travelers Casualty and Surety Company	\$100,000
Kyle Rutledge	Supervisor District 5	Travelers Casualty and Surety Company	\$100,000
Chris Lafferty	County Administrator	Travelers Casualty and Surety Company	\$100,000
Carolyn Mooney	Chancery Clerk	EMC Insurance	\$100,000
Stephanie Jackson	Purchase Clerk	Travelers Casualty and Surety Company	\$100,000
Christy Jackson	Assistant Purchase Clerk	Travelers Casualty and Surety Company	\$50,000
Blessa Marie Jordan	Assistant Purchase Clerk	Travelers Casualty and Surety Company	\$50,000
Evelyn Cole Ward	Receiving Clerk	EMC Insurance	\$75,000
Blanket Bond	Assistant Receiving Clerks (12)	Travelers Casualty and Surety Company	\$50,000
Kim Poe	Inventory Control Clerk	Western Surety Company	\$75,000
Calvin Rushing Mayatt	Road Manager	Travelers Casualty and Surety Company	\$50,000
Ondray Harris, Jr.	Constable	Western Surety Company	\$50,000
Mike Myers	Constable	EMC Insurance	\$50,000
Tommie Coker	Constable	Liberty Mutual Insurance	\$50,000
Lee Roberts	Constable	Liberty Mutual Insurance	\$50,000
Donna Jill Johnson	Circuit Clerk	EMC Insurance	\$100,000
Deborah Massey	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
Blanket Bond	Deputy Circuit Clerks (5)	EMC Insurance	\$50,000
William Sollie	Sheriff	EMC Insurance	\$100,000
Ondray Harris, Sr.	Justice Court Judge	Western Surety Company	\$50,000
Paul E. Earley, II	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Richard Roberts	Justice Court Judge	Western Surety Company	\$50,000
Noble C. "Buck" Roberts	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Nikita Wilkins	Justice Court Clerk	Western Surety Company	\$50,000
Gloria Simpson	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Audra Thomas	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Loretta W. Webb	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Alesia Ann Baylor	Deputy Justice Court Clerk	Western Surety	\$50,000
Linda Joyce Jernigan	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Blanket Bond	Deputy Justice Court Clerks (9)	Travelers Casualty and Surety Company	\$50,000
Doris Spidle	Tax Collector	EMC Insurance	\$100,000
James Rainey	Tax Assessor	RLI Insurance	\$50,000
Blanket Bond	Deputy Tax Assessors (10)	EMC Insurance	\$10,000
Blanket Bond	Deputy Tax Collectors (10)	EMC Insurance	\$50,000

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

SPECIAL REPORTS

LAUDERDALE. COUNTY

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

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

Members of the Board of Supervisors  
Lauderdale County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lauderdale County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

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

**Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lauderdale County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

We also noted certain matters, which we have reported to the management of Lauderdale County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 20, 2024, included within this document.

## Lauderdale County's Responses to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Lauderdale County, Mississippi's responses to the findings identified in our audit and described in the accompanying Auditee's Corrective Action Plan. Lauderdale County, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 20, 2024





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

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

Members of the Board of Supervisors  
Lauderdale County, Mississippi

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

We have audited Lauderdale County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lauderdale County, Mississippi's major federal programs for the year ended September 30, 2022. Lauderdale County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Lauderdale County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds for the year ended September 30, 2022.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, Lauderdale County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2022.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lauderdale County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lauderdale County, Mississippi's compliance with the compliance requirements referred to above.

*Matter Giving Rise to Qualified Opinion on ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds*

As described in the accompanying Schedule of Findings and Questioned Costs, Lauderdale County, Mississippi did not comply with requirements regarding ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds, as described in finding number 2022-003, for subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for Lauderdale County, Mississippi to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lauderdale County, Mississippi's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lauderdale County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lauderdale County, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lauderdale County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lauderdale County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lauderdale County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Lauderdale County, Mississippi's response to the noncompliance findings identified in our compliance audit described in the accompanying Auditee's Corrective Action Plan. Lauderdale County, Mississippi's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003, to be a material weakness.

*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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Lauderdale County, Mississippi's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Auditee's Corrective Action Plan. Lauderdale County, Mississippi's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

June 20, 2024

LAUDERDALE COUNTY

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

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

Members of the Board of Supervisors  
Lauderdale County, Mississippi

We have examined Lauderdale County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2022. The Board of Supervisors of Lauderdale County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

**Assistant Receiving Clerks.**

1. The Assistant Receiving Clerks should be bonded individually.

**Repeat Finding** Yes

**Criteria** *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires each Assistant Receiving Clerk to execute a bond for \$50,000, to be payable, conditioned and approved as provided by law.

**Condition** As reported in the prior eight years' audit reports, the Assistant Receiving Clerks were issued under a blanket bond rather than individual bonds.

<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	Failure to issue individual bonds for each Assistant Receiving Clerk could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Assistant Receiving Clerks' blanket bond should be cancelled, and a new bond should be issued for each clerk.
<b>Views of Responsible Official(s)</b>	We will comply.

#### Receiving Clerk.

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

<b>Repeat Finding</b>	Yes
<b>Criteria</b>	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires the Receiving Clerk to execute a bond for \$75,000 to be payable, conditioned and approved as provided by law. In addition, <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> , requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
<b>Condition</b>	As reported in the prior four years' audit reports, the Receiving Clerk was not bonded for the fiscal year 2022.
<b>Cause</b>	The County did not comply with state statutes.
<b>Effect</b>	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
<b>Recommendation</b>	The County should issue a new bond with an expiration date for the Receiving Clerk and file it in the Chancery Clerk's Office, as required by state statute.
<b>Views of Responsible Official(s)</b>	We will comply.

#### Purchase Clerk.

3.	<u>Sole Source purchases should be authorized and documented in the Board of Supervisor's minutes.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 31-7-13(m), Mississippi Code of 1972 Annotated</i> , requires the Board of Supervisors to authorize and document purchases made noncompetitively from a sole source on its minutes.
<b>Condition</b>	The Board of Supervisors did not document the approval of a sole source purchase on its minutes.
<b>Cause</b>	The County did not follow state purchasing laws.
<b>Effect</b>	The failure to obtain proper approval and to document in the Board of Supervisors' minutes could result in unauthorized purchases.

**Recommendation**      The Board of Supervisors should approve and document in its minutes all purchases made noncompetitively from a sole source.

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

In our opinion, except for the noncompliance referred to in the preceding paragraph, Lauderdale County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

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

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 20, 2024

## LAUDERDALE COUNTY

Schedule 1

## Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2022

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
12/7/2021	Dump trucks	\$ 169,500	Tri-State Truck Center, Inc.	\$ 169,000	The lowest bidder charged \$2,275/unit for 3-year/100k mile warranty program and did not offer any type of buy back program.



LAUDERDALE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2022

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
11/17/2021	New chiller	\$ 186,450	Trane US, Inc.	The air conditioner in the courthouse went out and the required parts were not readily available. Due to the age of the system, the County was advised to replace the old unit.
5/5/2022	New roof	305,000	Norman Roofing	Roof leak at a County building causing structural damage.

## LAUDERDALE COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2022

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
1/13/2022	Service/testing of SCBA's/compressors	\$	8,792	Sunbelt Fire Apparatus, Inc.
6/28/2022	Arena & ground prep tool for tractor		7,785	Reveal 4-N-1, LLC
7/20/2022	Audio surveillance equipment/hardware		12,515	Advanced Covert Technology
7/29/2022	Tasers/taser cartridges		9,463	Axon Enterprise, Inc.
8/10/2022	Contraband detection equipment		12,900	Berkely Varitronics Systems



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

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Lauderdale County, Mississippi

In planning and performing our audit of the financial statements of Lauderdale County, Mississippi for the year ended September 30, 2022, we considered Lauderdale County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Lauderdale County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 20, 2024, on the financial statements of Lauderdale County, Mississippi.

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

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

**Board of Supervisors / County Road Manager.**

1. County Road Manager should be bonded as required by state statute.

**Repeat Finding** No

**Criteria** *Section 65-17-1(3), Mississippi Code of 1972 Annotated*, requires that the county road manager shall give bond with sufficient surety to be payable, conditioned and approved as provided by law, in a penalty in such amount as may be approved by the Board of Supervisors, but not less than \$50,000.

**Condition** During our audit, we noted that the County Road Manager was not bonded for the entire fiscal year 2022.

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

<b>Effect</b>	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
<b>Recommendation</b>	The County should implement procedures to ensure the County Road Manager is bonded as required by state statute.
<b>Views of Responsible Official(s)</b>	We will comply.

#### **Board of Supervisors and Justice Court Judges.**

<b>2.</b>	<u>All Justice Court Judges should be bonded as required by state statute.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 9-11-7, Mississippi Code of 1972 Annotated</i> , requires that each Justice Court Judge shall give bond with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner of other county officers, in a penalty not less than \$50,000.
<b>Condition</b>	During our audit, we noted that two of the Justice Court Judges were not adequately bonded during fiscal year 2022.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
<b>Recommendation</b>	The County should implement procedures to ensure all the Justice Court Judges are bonded as required by state statute.
<b>Views of Responsible Official(s)</b>	We will comply.

#### **Board of Supervisors / Deputy Justice Court Clerks.**

<b>3.</b>	<u>Deputy Justice Court Clerks should be bonded as required by state statute.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 9-11-29(2), Mississippi Code of 1972 Annotated</i> , requires every person appointed as clerk and deputy clerk of the Justice Court to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. In addition, <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.
<b>Condition</b>	The Deputy Justice Court Clerks were bonded for an indefinite time period under a blanket bond for \$50,000.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
<b>Recommendation</b>	The County should cancel the indefinite blanket bond and obtain individual bonds for each Deputy Justice Court Clerk in the amount of \$50,000 for a period of time concurrent with the normal election cycle of the County.

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

**Board of Supervisors and Deputy Circuit Clerks.**

**4.** Deputy Circuit Clerks should be bonded individually.

**Repeat Finding** Yes

**Criteria** *Section 9-7-123(2), Mississippi Code of 1972 Annotated*, requires each deputy clerk of the Circuit Court to execute a bond for not less than \$50,000 nor more than \$100,000 to be payable, conditioned and approved as provided by law.

**Condition** As reported in the prior eight years' audit reports, the Deputy Circuit Clerks were issued bond under a blanket bond rather than individual bonds.

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

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

**Recommendation** The Deputy Circuit Clerk's blanket bond should be cancelled, and a new bond should be issued for each clerk, as required by law.

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

**Board of Supervisors and Tax Assessor.**

**5.** Deputy Tax Assessors should be bonded individually.

**Repeat Finding** Yes

**Criteria** *Section 27-1-3, Mississippi Code of 1972 Annotated*, requires each Deputy Tax Assessor to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law.

**Condition** As reported in the prior eight years' audit reports, the Deputy Tax Assessors were issued under a blanket bond rather than individual bonds.

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

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

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

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

**Board of Supervisors and Tax Collector.**

**6.** Deputy Tax Collectors should be bonded individually.

**Repeat Finding** Yes

<b>Criteria</b>	<i>Section 27-1-9(a), Mississippi Code of 1972 Annotated</i> , requires each Deputy Tax Collector to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law.
<b>Condition</b>	As reported in the prior eight years' audit reports, the Deputy Tax Collectors were issued bonds under a blanket bond rather than individual bonds.
<b>Cause</b>	The County did not comply with state statutes.
<b>Effect</b>	Failure to issue individual bonds for each Deputy Tax Collector could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Deputy Tax Collectors' blanket bond should be cancelled, and a new bond should be issued for each clerk, as required by law.
<b>Views of Responsible Official(s)</b>	We will comply.

#### Chancery Clerk.

7. The Chancery Clerk should settle any amounts in excess of fee cap to the County and submit an Annual Financial Report as required by the state statute.

<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 9-1-43(1), Mississippi Code of 1972 Annotated</i> , limits the compensation of the Chancery Clerk to \$97,000 after making deductions for employees' salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the Chancery Clerk into the County's General Fund on or before April 15 <sup>th</sup> for the preceding calendar year.
<b>Condition</b>	Based on test work performed on the Chancery Clerk's 2022 Annual Financial Report, the Clerk understated revenues subject to the salary limitation by \$19,306 and overstated the total expenses by \$90 for the 2022 calendar year. This created a total amount of \$19,396 due to the County's General Fund.
<b>Cause</b>	The Chancery Clerk failed to detect recording errors on the Annual Financial Report.
<b>Effect</b>	Failure to settle any amount in excess over the salary limitation could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Chancery Clerk should file an amended 2022 Annual Financial Report with the Office of the State Auditor and the Mississippi Public Employee Retirement System and should settle the additional \$19,396 over the salary cap to the County's General Fund. Additionally, the Chancery Clerk should establish procedures to ensure that future fees and expenses reported on the Annual Financial Report are complete and accurate.
<b>Views of Responsible Official(s)</b>	The issue was corrected when brought to my attention.
<b>Auditor's Note</b>	The Chancery Clerk settled \$19,396 to the County's General Fund on November 20, 2023 as evidenced by receipt warrant number 45274.

**Circuit Clerk.**

**8.** The Circuit Clerk's Office should make timely deposits and settlements.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over cash should include strong financial accountability and safeguarding of assets and revenue.

**Condition** As reported in the prior four years' audit reports, we noted a weakness in which civil and criminal receipts were not being deposited and settled timely.

**Cause** This weakness is due to inadequate internal controls surrounding the collection, depositing, and recording of revenue collected in the Circuit Clerk's office.

**Effect** The failure to develop adequate internal controls in the Circuit Clerk's office regarding the collecting, disbursing, and recording of funds could result in the misappropriation of public funds.

**Recommendation** The Circuit Clerk should implement internal controls to ensure that daily deposits are being made and settlements are made timely.

**Views of Responsible Official(s)** Again, we will attempt to do better in Circuit Court with our deposits. We are in the new Government Complex which is even in a worse location to get to any bank, much less multiple bank locations. But we will try our best.

**Purchase Clerk.**

**9.** Credit card charges were not properly documented for authorization.

**Repeat Finding** No

**Criteria** *Section 19-3-68, Mississippi Code of 1972 Annotated*, specifies the requirements governing the use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The Supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the county in the same manner as other items in the claims docket.

**Condition** Travel charges to the credit card were not in complete compliance with *Section 19-3-68*. There were no written reports itemizing expenditures made on the credit card authorized by the Board of Supervisors. Additionally, one charge did not include adequate receipt documentation.

**Cause** The County did not follow state laws.

**Effect** Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowable expenditures.

**Recommendation** The Chancery Clerk or Purchase Clerk should ensure that a monthly report itemizing the expenditures and use of the credit card is submitted to the Board of Supervisors, as required by law.

**Views of Responsible Official(s)** We will put procedures in place to comply.

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

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

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is fluid and cursive, with the first name "Joe" and last name "Mcknight" clearly legible.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 20, 2024



LAUDERDALE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COST

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

Section 1: Summary of Auditor's Results

**Financial Statements:**

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

Governmental activities	Unmodified
Business-type activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
ARPA \$10M General Fund	Unmodified
Coronavirus Local Fiscal Recovery Fund	Unmodified
Combined GO Debt Fund	Unmodified
S/O Road, Bridge and Building Bonds S/2021 Fund	Unmodified
Series 2022 S/O Bond Fund	Unmodified
Aggregate remaining fund information	Unmodified
Metro Ambulance Fund	Unmodified
2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes
  - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? Yes

**Federal Awards:**

4. Internal control over major federal programs:
  - a. Material weakness identified? Yes
  - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs:
  - a. ALN 10.557, WIC Special Supplemental Nutrition Program for Women, Infants, and Children Unmodified
  - b. ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds Qualified
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes
7. Identification of major federal programs:
  - a. ALN 10.557, WIC Special Supplemental Nutrition Program for Women, Infants, and Children
  - b. ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**Material Noncompliance**

<b>2022-001.</b>	<u>Controls over repayment of interfund advances should be strengthened.</u>	-
<b>Repeat Finding</b>	No	
<b>Criteria</b>	The Mississippi code is silent regarding the authority of the County to make interfund loans.	
<b>Condition</b>	The County has interfund loans outstanding that are over a year old. These interfund loans totaled \$504,325 as of September 30, 2022.	
<b>Cause</b>	Deficiency of controls requiring the repayment of interfund loans.	
<b>Effect</b>	Failure to repay these loans constitutes an illegal diversion of legally restricted funds.	
<b>Recommendation</b>	For any interfund loan made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of funds for repayment. The Board of Supervisors should ensure that these old interfund loans are repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.	
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.	

**Material Weakness**

<b>2022-002.</b>	<u>Internal controls over the payroll function should be strengthened.</u>	
<b>Repeat Finding</b>	No	
<b>Criteria</b>	An effective system of internal control over the county payroll function should include proper segregation of duties.	
<b>Condition</b>	During our tests of the payroll system, it was noted that the Payroll Clerk had the authorization to setup new employees, change pay rates, enter time, set up direct deposit information, and process payroll checks.	
<b>Cause</b>	The County lacks the necessary controls over the payroll function.	
<b>Effect</b>	Failure to have proper segregation of duties, erroneous payments could be made without being detected resulting in the loss or misappropriation of public funds.	
<b>Recommendation</b>	The Board of Supervisors should ensure that personnel processing payroll checks do not also have authority to setup new employees, change pay rates, enter time, and set up direct deposit information.	
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.	

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

Section 3: Federal Award Findings and Questioned Costs

**Compliance Requirement** Subrecipient monitoring

**Material Weakness  
Material Noncompliance**

**2022-003.** The County should establish controls to ensure subrecipients are sufficiently monitored.

**Assistance Listing Number** 21.027

**Federal Award** Coronavirus State and Local Fiscal Recovery Funds

**Federal Agency** U.S. Department of the Treasury

**Pass-through** N/A – Direct Award

**Questioned Costs** None

**Context** There was one transaction noted that was passed-through to a subrecipient.

**Repeat Finding** No

**Criteria** The Federal Compliance Supplement and 2 CFR Section 200.332 requires pass-through entities to communicate and clearly identify to the subrecipient: 1) the award as a subaward at the time of the subaward by providing the information described in 2 CFR section 200.332(a)(1); 2) all requirements imposed by the pass-through entity on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and terms and conditions of the award; and 3) any additional requirements the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility for the federal award. It also requires the pass-through entity to verify that every subrecipient is audited under the Uniform Guidance when required.

**Condition** The County did not have an effective process in place to ensure required communications occurred with subrecipients of federal awards. There was no agreement with the subrecipient that explicitly included certain information required under 2 CFR 200.332(a)(1). During our audit of the County's federal expenditures, we noted that the only procedure in place to monitor the subrecipient's use of federal awards was a visual inspection of the work completed.

**Cause** Management was not aware of the additional communication requirements imposed on pass-through entities.

**Effect** Failure to monitor subrecipient's use of federal awards could result in the erroneous or fraudulent spending of federal awards, as well as a risk the subrecipient may not be audited in accordance with the Uniform Guidance when required.

**Recommendation** We recommend the County update its communications with the subrecipient to include the required communications of the subrecipient's responsibilities under the federal requirements, grant agreements and award requirements including, but not limited to its audit obligations under the Uniform Guidance.

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

LAUDERDALE COUNTY

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LAUDERDALE COUNTY

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

LAUDERDALE COUNTY

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**BOARD OF SUPERVISORS**

JUSTIN "JJ" ANDERS, DISTRICT 1  
CRAIG HOUSTON, DISTRICT 2  
JOSH TODD, DISTRICT 3  
JOE NORWOOD, DISTRICT 4  
KYLE RUTLEDGE, DISTRICT 5



CAROLYN MOONEY  
Chancery Clerk

CHRIS LAFFERTY  
County Administrator

LEE THAGGARD  
Board Attorney

612 22nd Avenue South Meridian, MS 39301  
Telephone: 601-482-9746  
[www.lauderdalecounty.org](http://www.lauderdalecounty.org)

**CORRECTIVE ACTION PLAN**

May 3, 2024

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

Lauderdale County respectfully submits the following corrective action plan for the year ended September 30, 2022.

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 did not include findings and is not addressed.

**SECTION 2: FINANCIAL STATEMENT FINDINGS**

2022-001      Corrective Action Planned: Until grant funds are received, no cash is available to repay the advance. Every month on the Friday before the second board meeting, cash balances are reviewed looking for grant reimbursements and taking into consideration what's on the claims docket. If some of the advances can be repaid or if more needs to be advanced, the requests are added to the agenda for the Board to approve

Anticipated Completion Date: Ongoing

Name of Contact Person Responsible for Corrective Action: Chris Lafferty

2022-002      Corrective Action Planned: The payroll department will have someone enter the time sheets other than the payroll clerk.

Anticipated Completion Date: Fiscal Year 2024

Name of Contact Person Responsible for Corrective Action: Chris Lafferty

### SECTION 3: FEDERAL AWARD FINDINGS

2022-003

Corrective Action Planned: This payment was a one-time payment for a single project completed by the City of Meridian. Moving forward, Lauderdale County will document the completion of the project.

Anticipated Completion Date: If the need arises.

Name of Contact Person Responsible for Corrective Action: Chris Lafferty

Sincerely,



---

President, Lauderdale County Board of Supervisors

**BOARD OF SUPERVISORS**

JUSTIN "JJ" ANDERS, DISTRICT 1  
CRAIG HOUSTON, DISTRICT 2  
JOSH TODD, DISTRICT 3  
JOE NORWOOD, DISTRICT 4  
KYLE RUTLEDGE, DISTRICT 5



CAROLYN MOONEY  
Chancery Clerk

CHRIS LAFFERTY  
County Administrator

LEE THAGGARD  
Board Attorney

612 22nd Avenue South Meridian, MS 39301  
Telephone: 601-482-9746  
[www.lauderdalecounty.org](http://www.lauderdalecounty.org)

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended September 30, 2022

May 3, 2024

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

To whom it may concern:

The Lauderdale County Board of Supervisors submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2022.


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

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

Section 3: Federal Award Findings

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

Signed:   
President, Board of Supervisors