



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

LOWNDES COUNTY, MISSISSIPPI
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2022

LOWNDES COUNTY, MISSISSIPPI

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT.....	2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	6
FINANCIAL STATEMENTS.....	15
Statement of Net Position	16
Statement of Activities.....	18
Balance Sheet - Governmental Funds.....	19
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Position - Proprietary Fund	23
Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund.....	24
Statement of Cash Flows - Proprietary Fund	25
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Financial Statements.....	28
REQUIRED SUPPLEMENTARY INFORMATION.....	69
BUDGETARY COMPARISON SCHEDULE	70
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	71
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) Countywide Roads Fund.....	73
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) American Rescue Plan Fund.....	74
Schedule of the County's Proportionate Share of the Net Pension Liability	75
Schedule of County Contributions	76
Schedule of the County's Changes in Total Other Post-Employment Benefits Liability	77
Notes to Required Supplementary Information	78
SUPPLEMENTARY INFORMATION	84
Schedule of Expenditures of Federal Awards	85
Notes to the Schedule of Expenditures of Federal Awards.....	86
OTHER INFORMATION	87
Schedule of Surety Bonds for County Officials	88
SPECIAL REPORTS	89
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90
Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance.....	92
Independent Accountants' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required By Section 31-7-115 Miss. Code Ann. (1972))	95
Schedule of Purchases Not Made From The Lowest Bidder.....	97
Schedule of Emergency Purchases.....	98
Schedule of Purchases Made Noncompetitively from a Sole Source.....	99
Limited Internal Control and Compliance Review Management Report.....	100
Schedule of Findings and Questioned Costs	103

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Lowndes County, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lowndes 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, 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 principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 audit opinions.

Change in Accounting Principle

As discussed in Note 8 to the financial statements, in 2022 the County adopted new accounting guidance, *GASB Statement, No. 87, Leases*. Our opinions are not modified with respect to this matter.

COLUMBUS

221 Seventh St. North
P. O. Box 471
Columbus, MS 39703-0471
Tel: 662.328.5387
Fax: 662.329.4993

STARKVILLE

106 B South Washington St.
P. O. Box 80282
Starkville, MS 39759-0282
Tel: 662.323.1234
Fax: 662.323.1284

TUSCALOOSA

6834 Hwy. 69 South
Tuscaloosa, AL 35405
Tel: 205.759.4195
Fax: 205.759.1018

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 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.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of the County's Proportionate Share of the Net Pension Liability, Schedule of County Contributions, and Schedule of the County's Changes in Total Other Post-Employment Benefits Liability and corresponding notes on pages 71-85 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County'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. Such information 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. The 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

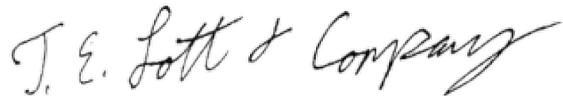
Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do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

Board of Supervisors
Lowndes County, Mississippi

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 14, 2023, on our consideration of Lowndes 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 the County'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 the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "J. E. Lott & Company".

Columbus, Mississippi
June 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOWNDES COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

The following discussion and analysis by Lowndes County (the County) is designed to provide and assist the reader with (a) an overview of the County's financial activities for the year ended September 30, 2022, (b) any significant financial issues, (c) changes in the County's financial position, and to (d) identify any significant deviations from the County's financial plan (the original budget). This discussion and analysis by management is designed to focus on the fiscal year being audited. Readers also might wish to view the financial statements and the notes to these statements to gain a better understanding of the County's financial picture.

The management discussion and analysis is a requirement of the Governmental Accounting Standards Board which issues the standards for auditing county governments. This requirement for management to write a discussion and analysis is only a part of an overall change in accounting requirements from GASB Statement No. 34. The overall intent of the changes is to make government financial statements more like business financial statements, which show economic gain and loss.

Using the Annual Report

The following discussion is intended to explain the County's basic financial statements which are comprised of 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a business-like overview of the County's financial activities.

The focus of the Statement of Net Position is designed to be similar to the bottom line for the County and its governmental and business-type activities. It presents financial information on all the County assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, readers can use the increases and decreases in net position as a possible indicator of the financial health of the County. Is it improving, staying the same or deteriorating?

Component Units are other governmental units over which the County (the Board of Supervisors, as a group) can exercise influence and/or be obligated to provide financial assistance. These units are presented as a separate column in the government-wide statements and as individual activities in the Statement of Activities.

LOWNDES COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

The Statement of Activities is focused on the gross and net cost of various activities. These include activities of government, business-type and component units which are provided by the government's general tax and other revenues. This statement is intended to summarize and simplify the reader's analysis of the cost of various government services.

Governmental activities of the County include general government (basic services), public safety (sheriff, emergency management and fire protection), public works (roads and bridges), health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, education, pension expense, other post-employment benefit (income) / expense, investment fees, bond issue costs, and interest on long-term debt. Included in basic services (general government) are costs of running the government, collecting taxes, appraising property and personal taxes, building inspection, supervisors, circuit clerk, chancery clerk and running the courts.

Fund Financial Statements. The focus is on Major Funds rather than fund types. A fund is used to group related accounts for financial purposes or legal compliance. The funds of the County are divided into governmental, proprietary and fiduciary funds.

Governmental funds account for basically the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide statements, governmental funds financial statements focus on current sources and uses. This is the manner in which the County's financial plan or budget is typically developed. Governmental funds include general, special revenue, debt service and capital project funds.

Financial information for governmental funds is presented in the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds. Both of these reports are reconciled to provide a comparison between governmental funds and governmental activities.

Proprietary Funds. These are business-type funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statement. Examples of enterprise funds are solid waste, electric departments and water and waste systems. Internal service funds account for various internal county functions such as self-insured health plans. Lowndes County does not use an enterprise fund. It uses an internal service fund for a self-insured health plan.

Fiduciary Funds. These funds are used to account for trust responsibilities of the government. These assets are usually restricted in purpose and do not represent discretionary assets, so they are not presented as part of the government-wide financial statements.

Notes to the Financial Statements. These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

LOWNDES COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

The County follows the Mississippi County Financial Accounting Manual to set up and maintain funds. The County adopts an annual operating budget for all governmental funds. As *required supplementary information*, this discussion and analysis includes a budgetary comparison schedule for the General Fund and each major special revenue fund that can be found in the Budgetary Comparison Schedule starting on page 73.

Government-Wide Financial Analysis

Statements of Net Position

The following statements reflect the condensed Statements of Net Position at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Non-Capital Assets	\$105,870,098	\$ 83,305,502
Capital Assets	<u>88,328,373</u>	<u>83,619,494</u>
Total Assets	<u>194,198,471</u>	<u>166,924,996</u>
Deferred Outflows of Resources	5,157,976	5,150,895
Current Liabilities	25,648,401	16,174,005
Long-Term Liabilities	<u>85,534,317</u>	<u>61,897,980</u>
Total Liabilities	<u>111,182,718</u>	<u>78,071,985</u>
Deferred Inflows of Resources	27,084,441	32,347,776
Net Position:		
Net Investment in Capital Assets	47,651,297	53,477,195
Restricted, expendable	45,555,747	40,987,307
Restricted, nonexpendable	976,291	1,138,298
Unrestricted	<u>(33,094,047)</u>	<u>(33,946,670)</u>
Total Net Position	<u>\$ 61,089,288</u>	<u>\$ 61,656,130</u>

LOWNDES COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

Additional information on unrestricted net position:

In connection with the implementation of the standards on accounting and financial reporting for pensions and post-employment benefits, management represents the following additional information:

Total unrestricted net position (deficit)	\$ (33,094,047)
Plus unrestricted deficit in net position resulting from recognition of GASB 68 and 71	33,151,502
Plus unrestricted deficit in net position resulting from recognition of GASB 75	<u>302,138</u>
Unrestricted net position, exclusive of the net pension liability and post-employment benefit liability effects	<u>\$ 359,593</u>

There are usually seven basic normal financial transactions that will affect the Statement of Net Position.

Net Result of Activities - This will either increase/decrease current assets and unrestricted assets. During fiscal year ("FY") 2022, the change in net position was a decrease of (\$566,842) from FY 2021.

Borrowing for Capital/Refunding - This will increase current assets and long-term debt. During 2022, the County borrowed \$20,327,690 for capital projects. Long-term debt increased by \$15.0 million, from FY 2021, net of principal repayments.

Spending Borrowed Proceeds on New Capital - This will reduce current assets and increase capital assets. This also will increase the amount invested in capital assets and related net debt, which will not change the net investment in capital assets. In 2022, the County spent \$6,085,453 of debt proceeds on capital projects.

Spending of Non-borrowed Current Assets on New Capital - This will reduce current assets, increase capital assets, reduce unrestricted assets, and increase net investment in capital assets. The County spent approximately \$1,672,000 of non-borrowed cash on new capital assets during 2022.

Principal Payment on Debt - This will reduce current assets, reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets. The County reduced principal on debt by approximately \$5.3 million in 2022.

Reduction of Capital Assets through Depreciation - This will reduce capital assets and net investment in capital assets. This is a non-cash expense. The County recorded depreciation of approximately \$2.9 million in FY 2022.

LOWNDES COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

GASB 68, together with related amendments from GASB 71, were implemented in fiscal year 2015 and GASB 75 was implemented in fiscal year 2018.

The accounting related to GASB 68 and 71 resulted in the recognition of a net pension liability in the amount of \$37,668,059 for FY 2022, an increase of approximately \$10.17 million from 2021.

The accounting related to GASB 75 resulted in the recognition of a post-employment benefit liability in the amount of \$260,460 for FY 2022, a decrease of approximately \$41,000 from 2021.

Changes in Net Position

Lowndes County's total revenues for the fiscal year ended September 30, 2022, were \$49.3 million, down \$4.2 million from the fiscal year ended September 30, 2021. The total cost for services provided by the County was \$49.8 million, as compared to \$44.6 million for the fiscal year ended September 30, 2021. The County had a decrease in change in net position from current year operations of approximately \$9.5 million.

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 8,170,092	\$ 8,336,222
Operating Grants	1,838,546	2,103,139
Capital Grants	4,436,770	1,328,178
General Revenues		
Property Taxes	28,780,600	28,782,699
In Lieu of Taxes	2,809,027	2,314,405
Road Bridge Privilege Taxes	767,108	789,807
Other Revenues	<u>2,470,653</u>	<u>9,889,013</u>
Total Revenues	<u>49,272,796</u>	<u>53,543,463</u>
Expenses:		
General Government	11,322,141	11,169,592
Public Safety	11,782,311	11,340,047
Public Works	15,905,005	10,418,948
Economic Development	2,312,904	5,294,994
Interest on Debt	918,281	1,239,409
Post-employment Benefits Income	(18,165)	(106,253)
Pension Expense	3,475,416	1,161,884
Other Expenses	<u>4,141,745</u>	<u>4,129,709</u>
Total Expenses	<u>49,839,638</u>	<u>44,648,330</u>
Change in Net Position	(566,842)	8,895,133
Net position, beginning	<u>61,656,130</u>	<u>52,760,997</u>
Net position, ending	<u>\$ 61,089,288</u>	<u>\$ 61,656,130</u>

LOWNDES COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

Governmental Activities:

The following table presents the costs of thirteen of the major services provided by the County during the fiscal year of 2022. These are General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, Education, Interest on Long-Term Debt, Other Post-Employment Benefit (Income) Expense, Pension Expense, Bond Issue Costs, and Investment Fees.

The table summarizes what some major services cost the taxpayers of Lowndes County during fiscal years 2022 and 2021:

	2022		
	Total Costs	Revenues	Net Costs
General Government	\$ 11,322,141	\$ 4,942,609	\$ 6,379,532
Public Safety	11,782,311	3,150,173	8,632,138
Public Works	15,905,005	6,320,356	9,584,649
Health and Welfare	411,385	-	411,385
Culture and Recreation	1,242,477	-	1,242,477
Conservation of Natural Resources	654,712	-	654,712
Economic Development and Assistance	2,312,904	32,270	2,280,634
Education	1,592,977	-	1,592,977
Interest on Long-Term Debt	918,281	-	918,281
Post-employment Benefits Income	(18,165)	-	(18,165)
Pension Expense	3,475,416	-	3,475,416
Investment Fees	198,319	-	198,319
Bond issue costs	41,875	-	41,875

	2021		
	Total Costs	Revenues	Net Costs
General Government	\$ 11,169,592	\$ 5,398,373	\$ 5,771,219
Public Safety	11,340,047	1,623,024	9,717,023
Public Works	10,418,948	3,259,951	7,158,997
Health and Welfare	448,659	-	448,659
Culture and Recreation	1,197,040	-	1,197,040
Conservation of Natural Resources	319,075	-	319,075
Economic Development and Assistance	5,294,994	1,486,191	3,808,803
Education	1,593,569	-	1,593,569
Interest on Long-Term Debt	1,239,409	-	1,239,409
Post-employment Benefits Income	(106,253)	-	(106,253)
Pension Expense	1,161,884	-	1,161,884
Investment Fees	188,898	-	188,898
Bond issue costs	382,468	-	382,468

LOWNDES COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

Financial Analysis of the County's Funds

Governmental Funds:

As of year-end, the governmental funds reported, as audited, a fund balance of \$59.6 million. This is an increase of approximately \$11.2 million from the prior year's fund balance of \$48.4 million.

The General Fund, the County's principal operating fund, had an ending fund balance of \$52.3 million, a \$9.0 million increase from the prior year.

Capital Assets and Debt Administration

Capital Assets:

As of September 30, 2022, Lowndes County had a total of \$179.6 million invested in a variety of capital assets. The largest investments are in roads and bridges (infrastructure) with a total of \$88.1 million (49%). Roads and bridges and other infrastructure are included, as required by GASB 34, in the County's financial records. GASB 34 also requires depreciation, a non-cash expense, to be recorded. Accumulated depreciation was \$91.3 million at September 30, 2022. The County's total capital assets, net of depreciation, are \$88.3 million. Last year the County had \$83.6 million in net capital assets. (See capital assets discussion on page 45.)

Debt:

At the end of the year (September 30, 2022), the County had \$54.3 million in outstanding long-term debt. This includes General Obligations Bonds, loans, capital lease purchases, compensated absences and bond premium and discount. This is \$15.0 million more than the prior year. Of the outstanding debt, \$6.7 million is due within one year. (See debt discussion beginning on page 61.)

The State of Mississippi limits the amount of debt counties can issue to 15% of total assessed value. During this year, Lowndes County is at 7.36%, well below its current limit.

Long-Term Debt As of September 30, 2022

	Balance October 1, 2021	Increases	Decreases	Adjustments	Balance September 30, 2022
Governmental Activities:					
General Obligation Bonds	\$ 30,878,000	\$ 14,750,000	\$ (4,386,000)	\$ -	\$41,242,000
Other Loans	7,240,691	5,121,571	(583,272)	-	11,778,990
Leases Payable	-	456,119	(363,692)	529,134	621,561
Capital Leases	529,134	-	-	(529,134)	-
Compensated Absences	597,729	71,548	-	-	669,277
Bond Premiums	47,604	-	(23,838)	-	23,766
Bond Discounts	(12,674)	-	3,339	-	(9,335)
Total Debt Payable	\$ 39,280,484	\$ 20,399,238	\$ (5,353,463)	\$ -	\$ 54,326,259

LOWNDES COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

Budget - Original vs. Final

The following is a review of the significant changes from the original budget to the final for the major governmental funds. The County's budget is a financial plan for the various departments and their managements to follow during the year. This plan is made in the summer before the fiscal year starts in October. These estimates and projections change as the year progresses. Some changes to the budget are made by budget amendment and the remainder is amended at the end of the year to reflect actual revenues received and expenditures made.

Budget Analysis Summary

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Between Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Between Final Budget and Actual</u>
General Fund					
Revenues	\$ 33,250,264	\$ 34,047,505	\$ 797,241	\$ 34,047,505	\$ -
Expenditures	31,831,123	31,733,322	97,801	31,733,322	-
Other financing sources and (uses)	1,043,500	11,081,547	10,038,047	11,537,666	456,119
Countywide Roads Fund					
Revenues	5,142,000	5,402,430	260,430	5,402,430	-
Expenditures	11,237,092	10,811,456	425,636	10,811,456	-
Other financing sources and (uses)	5,005,000	5,393,668	388,668	5,393,668	-
American Rescue Plan Fund					
Revenues	5,701,296	13,850	(5,687,446)	13,850	-
Expenditures	10,600	2,963	7,637	2,963	-

General Fund revenues were higher than budgeted expectations with revenues agreeing with the final budget. General Fund expenditures were less than budgeted expectations with expenditures agreeing with the final budget. The Countywide Roads Fund revenues were higher than budgeted expectations with revenues agreeing with the final budget. The Countywide Roads Fund expenditures were less than budgeted expectations with expenditures agreeing with the final budget. American Rescue Plan Fund revenues were less than expectations with revenues agreeing to final budget. American Rescue Plan Fund expenditures were less than expectations with expenditures agreeing to final budget.

Financial Contact

The County's financial statements and schedules are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the County's finances and to demonstrate the County's accountability and fiduciary responsibilities for the funds it receives and the services it provides. If you have questions about the report or need additional financial information, contact the County's Chief Financial Officer, Lloyd Price, on the second floor of the Tax/Administration Building, 1121 Main Street, P.O. Box 1364, Columbus, Mississippi 39703.

FINANCIAL STATEMENTS

LOWNDES COUNTY, MISSISSIPPI

Exhibit 1

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government	Component Units	
		Lowndes County Industrial Development Authority	Lowndes County Port Authority
	Governmental Activities		
ASSETS			
Cash	\$ 42,746,527	\$ 5,463,932	\$ 4,150,067
Investments	34,023,316	-	-
Property tax receivable	25,680,530	-	-
Fines receivable, net of allowance for uncollectibles of \$7,313,311	732,128	-	-
Loans receivable	665,835	-	-
Intergovernmental receivables	698,531	-	-
Leases receivable	1,300,169	197,780	2,287,608
Other receivables	23,062	121,859	61,494
Prepays and other assets	-	646	-
Capital assets:			
Land and construction in progress	23,084,616	3,071,068	1,013,844
Other capital assets, net	65,243,757	35,739,107	4,663,364
Total Assets	194,198,471	44,594,392	12,176,377
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,516,557	-	-
Deferred outflows related to other postemployment benefits	62,064	-	-
Deferred amount on refunding	579,355	-	-
Total deferred outflows of resources	5,157,976	-	-
LIABILITIES			
Claims payable	3,850,841	188,156	15,451
Intergovernmental payables	1,959,657	-	-
Unearned revenue	11,384,355	-	-
Accrued interest payable	335,837	231,502	-
Amounts held in custody for others	758,153	-	-
Other payables	639,097	1,000	-
Long-term liabilities:			
Due within one year:			
Capital debt	4,798,000	599,584	-
Non-capital debt	1,922,461	-	-
Long-term liabilities:			
Due in more than one year:			
Net pension liability	37,668,059	-	-
Total other postemployment benefits liability	260,460	-	-
Capital debt	36,458,431	17,582,623	-
Non-capital debt	11,147,367	-	-
Total Liabilities	\$ 111,182,718	\$ 18,602,865	\$ 15,451

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

LOWNDES COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Exhibit 1

	Primary Government	Component Units	
		Lowndes County Industrial Development Authority	Lowndes County Port Authority
	Governmental Activities		
<i>DEFERRED INFLOWS OF RESOURCES</i>			
Deferred inflows related to leases	\$ 1,300,169	\$ 197,780	\$ 2,287,608
Deferred inflows related to other postemployment benefits	103,742	-	-
Property tax for future reporting periods	25,680,530	-	-
Total deferred inflows of resources	<u>27,084,441</u>	<u>197,780</u>	<u>2,287,608</u>
<i>NET POSITION</i>			
Net investment in capital assets	47,651,297	20,627,968	5,677,208
Restricted:			
Expendable:			
General government	39,119,576	-	-
Public safety	868,498	-	-
Public works	3,092,476	-	-
Culture and recreation	149,941	-	-
Capital projects	2,325,256	-	-
Nonexpendable	976,291	-	-
Unrestricted	<u>(33,094,047)</u>	<u>5,165,779</u>	<u>4,196,110</u>
Total Net Position	<u>\$ 61,089,288</u>	<u>\$ 25,793,747</u>	<u>\$ 9,873,318</u>

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

LOWNDES COUNTY, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Lowndes County Industrial Development Authority	Lowndes County Port Authority
Governmental Activities:							
General government	\$ 11,322,141	\$ 4,843,348	\$ 99,261	\$ -	\$ (6,379,532)	\$ -	\$ -
Public safety	11,782,311	1,443,158	1,707,015	-	(8,632,138)	-	-
Public works	15,905,005	1,883,586	-	4,436,770	(9,584,649)	-	-
Health and welfare	411,385	-	-	-	(411,385)	-	-
Culture and recreation	1,242,477	-	-	-	(1,242,477)	-	-
Conservation of natural resources	654,712	-	-	-	(654,712)	-	-
Economic development and assistance	2,312,904	-	32,270	-	(2,280,634)	-	-
Education	1,592,977	-	-	-	(1,592,977)	-	-
Interest on long-term debt	918,281	-	-	-	(918,281)	-	-
Other postemployment benefit income	(18,165)	-	-	-	18,165	-	-
Pension expense	3,475,416	-	-	-	(3,475,416)	-	-
Investment fees	198,319	-	-	-	(198,319)	-	-
Bond issue costs	41,875	-	-	-	(41,875)	-	-
Total Governmental Activities	<u>49,839,638</u>	<u>8,170,092</u>	<u>1,838,546</u>	<u>4,436,770</u>	<u>(35,394,230)</u>	<u>-</u>	<u>-</u>
Component Units:							
Lowndes County Industrial Development Authority	2,808,654	1,303,039	-	-	-	(1,505,615)	-
Lowndes County Port Authority	631,009	900,720	-	902,016	-	-	1,171,727
Total Component Units	<u>3,439,663</u>	<u>2,203,759</u>	<u>-</u>	<u>902,016</u>	<u>-</u>	<u>(1,505,615)</u>	<u>1,171,727</u>
General Revenues:							
Property taxes					\$ 28,780,600	\$ 1,685,223	\$ -
Revenues in lieu of taxes					2,809,027	-	-
Road and bridge privilege taxes					767,108	-	-
Grants and contributions not restricted to specific programs					4,351,000	-	-
Unrestricted investment income (loss)					(3,671,311)	10,231	87,668
Gain (loss) on disposition of assets					504,773	(60,211)	-
Miscellaneous					1,286,191	56,765	-
Total General Revenues					<u>34,827,388</u>	<u>1,692,008</u>	<u>87,668</u>
Changes in Net Position					<u>(566,842)</u>	<u>186,393</u>	<u>1,259,395</u>
Net Position - Beginning					<u>61,656,130</u>	<u>25,607,354</u>	<u>8,613,923</u>
Net Position - Ending					<u>\$ 61,089,288</u>	<u>\$ 25,793,747</u>	<u>\$ 9,873,318</u>

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

LOWNDES COUNTY, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

Exhibit 3

	General Fund	Countywide Roads	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 20,866,452	\$ 1,137,489	\$ 11,398,205	\$ 9,256,279	\$ 42,658,425
Investments	34,023,316	-	-	-	34,023,316
Property tax receivable	20,602,420	2,312,000	-	2,766,110	25,680,530
Fines receivable, net of allowance for uncollectibles of \$7,313,311	732,128	-	-	-	732,128
Loans receivable	-	-	-	665,835	665,835
Intergovernmental receivables	694,549	-	-	3,982	698,531
Lease receivable	1,300,169	-	-	-	1,300,169
Other receivables	23,062	-	-	-	23,062
Advances to other funds	315,153	-	-	-	315,153
Due from other funds	-	112,371	-	72,116	184,487
Total Assets	78,557,249	3,561,860	11,398,205	12,764,322	106,281,636
LIABILITIES					
Liabilities:					
Claims payable	491,284	84,823	-	3,100,596	3,676,703
Intergovernmental payables	1,561,141	-	-	398,516	1,959,657
Unearned revenue	-	-	11,384,355	-	11,384,355
Advances from other funds	-	-	-	315,153	315,153
Due to other funds	184,487	-	-	-	184,487
Other payables	1,397,250	-	-	-	1,397,250
Total Liabilities	3,634,162	84,823	11,384,355	3,814,265	18,917,605
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	20,602,420	2,312,000	-	2,766,110	25,680,530
Unavailable revenue - leases	1,300,169	-	-	-	1,300,169
Unavailable revenue - fines	732,128	-	-	-	732,128
Total Deferred Inflows of Resources	22,634,717	2,312,000	-	2,766,110	27,712,827
Fund balances:					
Nonspendable:					
Advances	315,153	-	-	-	315,153
Economic development loans	-	-	-	661,138	661,138
Restricted:					
General government	38,948,400	-	-	216,813	39,165,213
Public safety	-	-	-	868,498	868,498
Public works	-	1,165,037	13,850	1,913,589	3,092,476
Culture and recreation	-	-	-	149,941	149,941
Capital projects	-	-	-	2,325,256	2,325,256
Economic development and assistance	-	-	-	48,712	48,712
Unassigned:	13,024,817	-	-	-	13,024,817
Total Fund Balances	52,288,370	1,165,037	13,850	6,183,947	59,651,204
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 78,557,249	\$ 3,561,860	\$ 11,398,205	\$ 12,764,322	\$106,281,636

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

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 59,651,204
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 \$91,276,243.	88,328,373
Other long-term assets, such as fines receivable, are not available to pay for current period expenditures and, therefore, are deferred in the funds.	732,128
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(54,326,259)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(37,668,059)
Other postemployment benefit obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(260,460)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(335,837)
Deferred amount on refunding.	579,355
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	4,516,557
Deferred outflows of resources related to other postemployment benefits	62,064
Deferred inflows of resources related to other postemployment benefits	(103,742)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	<u>(86,036)</u>
Total Net Position - Governmental Activities	<u>\$ 61,089,288</u>

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

LOWNDES COUNTY, MISSISSIPPI **Exhibit 4**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Countywide Roads	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 21,680,525	\$ 2,512,381	\$ -	\$ 3,051,087	\$ 27,243,993
Revenues in lieu of taxes	3,232,317	1,438,133	-	-	4,670,450
Road and bridge privilege taxes	-	767,108	-	-	767,108
Licenses, commissions and other revenue	982,623	-	-	14,583	997,206
Fines and forfeitures	471,355	-	-	49,965	521,320
Intergovernmental revenues	4,096,542	634,107	-	5,928,636	10,659,285
Charges for services	920,816	-	-	2,431,849	3,352,665
Interest income	668,652	-	13,850	3,305	685,807
Investment income	(4,357,118)	-	-	-	(4,357,118)
Miscellaneous revenues	1,267,515	15,426	-	25,632	1,308,573
Total Revenues	<u>28,963,227</u>	<u>5,367,155</u>	<u>13,850</u>	<u>11,505,057</u>	<u>45,849,289</u>
EXPENDITURES					
Current:					
General government	9,342,751	401,014	-	24,250	9,768,015
Public safety	10,622,113	-	-	2,382,103	13,004,216
Public works	367,051	10,402,835	2,963	4,076,383	14,849,232
Health and welfare	411,385	-	-	-	411,385
Culture and recreation	1,216,349	-	-	6,007,409	7,223,758
Conservation of natural resources	182,370	-	-	522,327	704,697
Economic development and assistance	1,696,050	-	-	616,854	2,312,904
Education	1,592,977	-	-	-	1,592,977
Debt service:					
Principal	5,251,640	9,967	-	71,357	5,332,964
Interest	751,313	23,140	-	-	774,453
Bond issue costs	41,875	-	-	-	41,875
Total Expenditures	<u>31,475,874</u>	<u>10,836,956</u>	<u>2,963</u>	<u>13,700,683</u>	<u>56,016,476</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,512,647)</u>	<u>(5,469,801)</u>	<u>10,887</u>	<u>(2,195,626)</u>	<u>(10,167,187)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term capital debt issued	14,750,000	-	-	-	14,750,000
Proceeds from long-term non-capital debt	456,119	5,000,000	-	121,571	5,577,690
Proceeds from sale of capital asset	250,398	393,668	-	-	644,066
Transfers in	-	-	-	4,352,135	4,352,135
Transfers out	(3,918,851)	-	-	-	(3,918,851)
Total Other Financing Sources (Uses)	<u>11,537,666</u>	<u>5,393,668</u>	<u>-</u>	<u>4,473,706</u>	<u>21,405,040</u>
Net change in fund balances	<u>9,025,019</u>	<u>(76,133)</u>	<u>10,887</u>	<u>2,278,080</u>	<u>11,237,853</u>
Fund Balances - Beginning	<u>43,263,351</u>	<u>1,241,170</u>	<u>2,963</u>	<u>3,905,867</u>	<u>48,413,351</u>
Fund Balances - Ending	<u>\$ 52,288,370</u>	<u>\$ 1,165,037</u>	<u>\$ 13,850</u>	<u>\$ 6,183,947</u>	<u>\$ 59,651,204</u>

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

**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**

Net Changes in Fund Balances - Governmental Funds	\$ 11,237,853
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 \$7,757,223 exceeded depreciation of \$2,909,051 in the current period.	4,848,172
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$504,773 and proceeds from the sale of capital assets of \$644,066 in the current period.	(139,293)
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.	3,271
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$5,332,964 was exceeded by debt of \$20,327,690.	(14,994,726)
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	(71,548)
The amount of decrease in accrued interest payable, net of the change in deferred amount on refunding	(164,327)
The accretion of bond discounts and premiums	20,499
Some items reported in the Statement of Activities relating to the implementation of GASB 68 and GASB 75 are not reported in the governmental funds. These activities include:	
Recording of other postemployment benefits income for the current period	18,165
Recording of pension expense for the current period	(3,475,416)
Recording of contributions made during the year	2,190,907
An internal service fund is used by management to charge the cost of insurance to individual funds. The net income is reported within governmental activities.	(40,399)
Change in Net Position of Governmental Activities	\$ (566,842)

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

LOWNDES COUNTY, MISSISSIPPI**Exhibit 5****STATEMENT OF NET POSITION - PROPRIETARY FUND****SEPTEMBER 30, 2022**

	Governmental Activities
	<u>Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>88,102</u>
Total Assets	<u>88,102</u>
LIABILITIES	
Current liabilities:	
Claims payable	<u>174,138</u>
Total Liabilities	<u>174,138</u>
NET POSITION (DEFICIT)	
Restricted	<u>(86,036)</u>
Total Net Position	\$ <u><u>(86,036)</u></u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION -
PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities
	<u>Internal Service Fund</u>
OPERATING REVENUES	
Premium income	\$ 2,918,427
Total Operating Revenues	<u>2,918,427</u>
OPERATING EXPENSES	
Claims payments	2,119,934
Administrative	<u>405,608</u>
Total Operating Expenses	<u>2,525,542</u>
Operating Income	<u>392,885</u>
Transfers out	<u>(433,284)</u>
Change in Net Position	(40,399)
Net Position - Beginning	<u>(45,637)</u>
Net Position - Ending	<u><u>\$ (86,036)</u></u>

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

LOWNDES COUNTY, MISSISSIPPI

Exhibit 7

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for premiums	\$ 2,918,427
Payments for claims	(2,046,552)
Payments to administrator for services	(405,608)
Net Cash Provided by Operating Activities	<u>466,267</u>
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds:	
Operating transfers out	(433,284)
Net Cash Used in Noncapital Financing Activities	<u>(433,284)</u>
Net Change in Cash and Cash Equivalents	32,983
Cash and Cash Equivalents at Beginning of Year	<u>55,119</u>
Cash and Cash Equivalents at End of Year	<u>\$ 88,102</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 392,885
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in claims payable	73,382
Total Adjustments	<u>73,382</u>
Net Cash Provided by Operating Activities	<u>\$ 466,267</u>

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

LOWNDES COUNTY, MISSISSIPPI**Exhibit 8****STATEMENT OF FIDUCIARY NET POSITION****SEPTEMBER 30, 2022**

	Custodial Funds
ASSETS	
Cash and investments	\$ 95,361
Intergovernmental receivables	<u>101,271</u>
Total Assets	<u><u>\$ 196,632</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 165,254
Intergovernmental payables	<u>31,378</u>
Total Liabilities	<u><u>\$ 196,632</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u><u>\$ -</u></u>

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

LOWNDES COUNTY, MISSISSIPPI**Exhibit 9****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 4,302,486
Licenses and fees collected for State	<u>1,608,505</u>
Total Additions	<u><u>\$ 5,910,991</u></u>
DEDUCTIONS	
Payments of tax to other governments	\$ 4,302,486
Payments of licenses and fees to State	<u>1,608,505</u>
Total Deductions	<u><u>\$ 5,910,991</u></u>
 Net increase (decrease) in fiduciary net position	 -
 Net Position - Beginning of year	 <u>-</u>
 Net Position - End of year	 <u><u>\$ -</u></u>

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

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

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

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

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

(b) Individual Component Unit Disclosure – Discretely Presented Component Units

The component units’ columns in the financial statements include the financial data of the following component units of the County. They are reported in separate columns to emphasize that they are legally separate from the County. A majority of the members of the governing bodies of these component units are appointed by the County’s Board of Supervisors.

- Lowndes County Port Authority
- Lowndes County Industrial Development Authority

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities of the County and its component units 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 component units. 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, 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 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 a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund balances, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Measurement Focus and Basis of Accounting

The Government-wide, and 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 non- operating. 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 non-operating.

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 sixty 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 liability is incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Measurement Focus and Basis of Accounting (Continued)

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.

Countywide Roads Fund - This fund is used to account for revenues from specific revenue sources that are restricted for construction and maintenance of County roads.

American Rescue Plan Fund – This fund is used to account for monies from The American Rescue Plan Act of 2021 that are to aid in the recovery of the effects associated with the COVID-19 pandemic.

The County reports the following major proprietary fund:

Self-Insurance Fund - This fund is used to account for premiums and claims related to employees' medical benefits. This includes premiums and claims for primary health coverage, as well as a bridge plan.

Additionally, the County reports the following fund types:

Governmental Fund Type

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Its revenues are primarily derived from property and other local taxes, charges for services and interest income. Its expenditures primarily relate to the operation and maintenance of the County.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects. Special revenue funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

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.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund Type

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service fund reports on self-insured programs for employee medical benefits.

Fiduciary Fund Type

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

(e) Account Classifications

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

(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. Any governmental securities the County invests in will be included in those investments referenced in Note 2.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

(h) Receivables

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

(i) Inter-fund 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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources. Inter-fund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

(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 governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital asset 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.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Capital Assets (Continued)

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all depreciable assets. 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:

<u>Description</u>	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A
Infrastructure	-	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
Intangible assets	*	*

* Intangible assets for the County represent right to use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

(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, accordingly, will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount on refunding - For current refundings and advance refundings 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.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Deferred Outflows/Inflows of Resources (Continued)

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

Deferred outflows related to other post-employment benefits - This amount represents the deferred outflows of resources reported by the County's other post-employment benefit plan. See Note 9 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.

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

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

Deferred inflows related to other post-employment benefits - This amount represents the deferred inflows of resources reported by the County's other post-employment benefit plan. See Note 9 for additional details.

Deferred inflows related to leases / unavailable revenue – leases – This amount represents lease contracts that are recognizable as receivables but the revenue is not recognizable until future periods.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension-related expenses, 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.

(m) Other Post-Employment Benefits

For purposes of measuring total other post-employment benefits liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and other post-employment benefit expenses, information is determined by an actuary. Other post-employment benefit expenses and benefit payments are recognized when due and payable in accordance with benefit terms. See Note 9 for additional details.

(n) Long-Term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on financed-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the term of the related debt using the effective interest 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, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Equity Classifications

Government-wide Financial Statements:

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

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

Government fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County.

Non-spendable 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.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Equity Classifications (Continued)

Fund Financial Statements (Continued)

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

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 non-spendable and is neither restricted nor committed.

Committed fund balance includes amounts constrained to specific purposes by the County Board of Supervisors. The committed amounts cannot be used for any other purpose unless the County Board of Supervisors takes action to remove or change the constraint.

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.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Property Tax Revenues

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

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

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

(q) Intergovernmental Revenues in Governmental Funds

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

(r) Compensated Absences

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

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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 its average imputed rate based on an average of all county debt to calculate the present value of lease payments when the rate implicit in the lease is not known.

(t) 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. The guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

(2) DEPOSITS AND INVESTMENTS

The carrying amount of the County's total deposits, not including component units, with financial institutions at September 30, 2022, was \$42,746,527 and the bank balance was \$39,450,030. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event 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 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.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(2) DEPOSITS AND INVESTMENTS (Continued)

In April 2013, Senate Bill 2702 was passed by the Mississippi Legislature authorizing the Board of Supervisors to establish a reserve and trust fund. House Bill 1508 was subsequently passed in 2014, which governs the nature and use of such investments. The proceeds received by the County as a result of the sale of hospital facilities owned by the County were allowed to be deposited into the fund to provide for the establishment of the reserve and trust fund. The proceeds were to provide for the investment of the assets of the trust fund and that the fund will be divided into a corpus component and an earning component. The corpus component is to remain inviolate except as otherwise provided in the bill. The earnings component is allowed to be transferred from the trust fund to the general fund of the County and shall be available for appropriation and spending by the Board of Supervisors of the County.

The money from the corpus of the trust can be expended by the County only under certain circumstances as defined by the bill. The investment balances at September 30, 2022, are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>
Cash and equivalents	\$ 1,555,681	4.57%
Equities	14,160,728	41.62%
Fixed income	18,306,907	53.81%

A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(2) DEPOSITS AND INVESTMENTS (Continued)

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the levels within the fair value hierarchy as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$15,716,409	\$ 18,306,907	\$ -	\$34,023,316

For the year ended September 30, 2022, the change in the investments of the County was as follows:

Interest	\$ 569,138
Dividends	357,929
Net decrease in the fair value of investments	(4,671,971)
Withdrawals	(1,200,670)
Investment fees/expenses	(198,319)
Other investment loss	<u>(43,076)</u>
	<u><u>\$(5,186,969)</u></u>

Interest Rate Risk. The County has approved an investment policy that is in accordance with that allowed by state law. Section 19-9-29, Miss. Code Ann. (1972) and House Bill 1508 define restrictions, if any, that exist with the County's current investments.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972), except as allowed by the previously-mentioned legislation. The County does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the County's investments, \$ -0- of underlying securities were held by the investment counterparty on behalf of the County, not in the name of the County.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(3) INTER-FUND TRANSACTIONS AND BALANCES

A summary of inter-fund balances at September 30, 2022, follows:

(a) Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other governmental funds	General fund	\$ 72,116
Countywide roads fund	General fund	<u>112,371</u>
		<u>\$ 184,487</u>

The receivables represent the tax revenue collected in September 2022, but not settled until October 2022. All inter-fund 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	\$ 315,153

The receivable represents loans to the fire department funds to purchase fire trucks and fire stations.

(c) Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other governmental funds	Self-insurance fund	\$ 433,284
Other governmental funds	General fund	<u>3,918,851</u>
		<u>\$ 4,352,135</u>

The principal purpose of interfund transfers is to provide funds for grant matching contributions or to pay for capital and operating needs. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(4) INTERGOVERNMENTAL RECEIVABLES

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

<u>Description</u>	<u>Amount</u>
Primary Government:	
State legislative tax credit	\$ 523,997
Other state receivables	86,839
Receivables from local governments	<u>87,695</u>
Total intergovernmental receivables	<u>\$ 698,531</u>
Fiduciary Fund:	
Other state receivables	\$ 25,486
Other local receivables	<u>75,785</u>
Total intergovernmental fiduciary receivables	<u>\$ 101,271</u>

(5) LOANS RECEIVABLE

Loans receivable at September 30, 2022, consisted of the following:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Mississippi Steel Processing	06-15-11	0.0	10-01-26	\$ 60,000
Nu Process Steel	07-18-18	0.0	08-01-33	<u>605,835</u>
				<u>\$ 665,835</u>

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(6) CAPITAL ASSETS

A summary of governmental activities capital assets activity for the year ended September 30, 2022, follows:

	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance September 30, 2022</u>
Non-depreciable capital assets:					
Land	\$ 16,195,074	\$ -	\$ (2,890)	\$ -	\$ 16,192,184
Construction in progress	<u>3,030,748</u>	<u>6,085,453</u>	<u>-</u>	<u>(2,223,769)*</u>	<u>6,892,432</u>
Total non-depreciable capital assets	19,225,822	6,085,453	(2,890)	(2,223,769)	23,084,616
Depreciable capital assets:					
Infrastructure	88,195,685	-	-	-	88,195,685
Buildings	38,834,428	110,880	-	-	38,945,308
Improvements other than buildings	4,411,965	-	-	2,223,769*	6,635,734
Mobile equipment	16,603,973	137,663	(895,730)	-	15,845,906
Other equipment	4,703,391	967,108	(523,754)	-	5,146,745
Intangible right to use: equipment	-	456,119	(178,635)	1,473,138**	1,750,622
Leased property under capital leases	<u>1,473,138</u>	<u>-</u>	<u>-</u>	<u>(1,473,138)**</u>	<u>-</u>
Total depreciable capital assets	<u>154,222,580</u>	<u>1,671,770</u>	<u>(1,598,119)</u>	<u>2,223,769</u>	<u>156,520,000</u>
Less accumulated depreciation for:					
Infrastructure	57,226,023	674,524	-	-	57,900,547
Buildings	13,873,297	716,532	-	-	14,589,829
Improvements other than buildings	1,588,329	265,434	-	-	1,853,763
Mobile equipment	12,810,552	631,487	(802,734)	-	12,639,305
Other equipment	3,428,966	484,057	(498,305)	-	3,414,718
Intangible right to use: equipment	-	137,017	(160,677)	901,741**	878,081
Leased property under capital leases	<u>901,741</u>	<u>-</u>	<u>-</u>	<u>(901,741)**</u>	<u>-</u>
Total accumulated depreciation	<u>89,828,908</u>	<u>2,909,051</u>	<u>(1,461,716)</u>	<u>-</u>	<u>91,276,243</u>
Total depreciable capital assets, net	<u>64,393,672</u>	<u>(1,237,281)</u>	<u>(136,403)</u>	<u>2,223,769</u>	<u>65,243,757</u>
Net capital assets - governmental activities	<u>\$ 83,619,494</u>	<u>\$ 4,848,172</u>	<u>\$ (139,293)</u>	<u>\$ -</u>	<u>\$ 88,328,373</u>

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(6) CAPITAL ASSETS (Continued)

- * Transfers represent construction-in-progress costs placed in service due to project completion during the year ended September 30, 2022.
 ** Transfers represent the implementation of GASB 87. Under the new guidance, leases that were formerly reported as capital leases are now intangible right to use assets.

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Horsepark Phase III Construction	\$ 259,201	September 2023
Baseball park	9,844,395	August 2023

Depreciation expense was charged to the following functions:

<u>Description</u>	<u>Amount</u>
Governmental activities:	
General government	\$ 747,683
Public safety	1,078,999
Public works	969,915
Conservation and natural resources	<u>112,454</u>
Total governmental activities depreciation expense	<u>\$ 2,909,051</u>

A summary of Lowndes County Port Authority's capital assets activity for the year ended September 30, 2022, follows:

	<u>Balance 10-01-21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Ending Balance 9-30-22</u>
<i>Nondepreciable capital assets:</i>					
Land	\$ 1,013,844	\$ -	\$ -	\$ -	\$ 1,013,844
Construction in progress	<u>192,120</u>	<u>361,228</u>	<u>-</u>	<u>(553,348)</u>	<u>-</u>
Total nondepreciable capital assets	1,205,964	361,228	-	(553,348)	1,013,844
<i>Depreciable capital assets:</i>					
Buildings and improvements	8,574,134	-	-	553,348	9,127,482
Infrastructure	3,134,933	-	-	-	3,134,933
Equipment	<u>2,484,748</u>	<u>549,898</u>	<u>-</u>	<u>-</u>	<u>3,034,646</u>
Total depreciable capital assets	14,193,815	549,898	-	553,348	15,297,061

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(6) CAPITAL ASSETS (Continued)

	Balance 10-01-21	Additions	Retirements	Completed Construction	Ending Balance 9-30-22
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	\$ 7,354,982	\$ 145,431	\$ -	\$ -	\$ 7,500,413
Infrastructure	1,832,498	128,150	-	-	1,960,648
Equipment	<u>1,064,767</u>	<u>107,869</u>	<u>-</u>	<u>-</u>	<u>1,172,636</u>
Total accumulated depreciation	<u>10,252,247</u>	<u>381,450</u>	<u>-</u>	<u>-</u>	<u>10,633,697</u>
Total depreciable capital assets, net	<u>3,941,568</u>	<u>168,448</u>	<u>-</u>	<u>553,348</u>	<u>4,663,364</u>
Governmental activities capital assets, net	<u>\$5,147,532</u>	<u>\$ 529,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,677,208</u>

The following is a summary of Lowndes County Industrial Development Authority's capital assets activity for the year ended September 30, 2022:

	Balance October 1, 2021	Additions	Retirements	Completed Construction	Balance September 30, 2022
<i>Non-depreciable capital assets:</i>					
Land	\$ 1,621,090	\$ -	\$ (60,211)	\$ -	\$ 1,560,879
Construction in progress	<u>1,437,014</u>	<u>73,175</u>	<u>-</u>	<u>-</u>	<u>1,510,189</u>
Total non- depreciable capital assets	3,058,104	73,175	(60,211)	-	3,071,068
<i>Depreciable capital assets:</i>					
Buildings and improvements	\$ 166,807	\$ 183,695	\$ -	\$ -	\$ 350,502
Water and sewer utility system	46,506,981	-	-	-	46,506,981
Infrastructure	1,094,849	-	-	-	1,094,849
Equipment	<u>9,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,393</u>
Total depreciable capital assets	47,778,030	183,695	-	-	47,961,725

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(6) CAPITAL ASSETS (Continued)

	Balance October 1, 2021	Additions	Retirements	Completed Construction	Balance September 30, 2022
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	\$ 72,308	\$ 3,336	\$ -	\$ -	\$ 75,644
Water and sewer utility system	10,143,164	1,228,021	-	-	11,371,185
Infrastructure	766,396	-	-	-	766,396
Equipment	<u>9,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,393</u>
Total accumulated depreciation	<u>10,991,261</u>	<u>1,231,357</u>	<u>-</u>	<u>-</u>	<u>12,222,618</u>
Total depreciable capital assets, net	<u>36,786,769</u>	<u>(1,047,662)</u>	<u>-</u>	<u>-</u>	<u>35,739,107</u>
Governmental activities capital assets, net	<u>\$ 39,844,873</u>	<u>\$ (974,487)</u>	<u>\$ (60,211)</u>	<u>\$ -</u>	<u>\$ 38,810,175</u>

(7) CLAIMS AND JUDGMENTS

The County is exposed to risk of loss relating to employee health coverage. Pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County maintains a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss.

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. The County pays the premium on a single coverage policy for its employees. Employees desiring lower and/or dependent coverage pay the additional \$2,500 annual 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:

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(7) CLAIMS AND JUDGMENTS (Continued)

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$125,000, and the aggregate policy covers all submitted claims in excess of \$3,102,785.

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 \$174,138. 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
2021	\$ 477,626	\$ 2,247,274	\$ 2,624,144	\$ 100,756
2022	100,756	2,005,788	1,932,406	174,138

The primary health insurance plan provided by the County requires each employee to meet a \$2,500 annual deductible. This policy covers the \$2,500 deductible, plus the 20% coinsurance required by the primary health insurance plan, up to an annual \$4,000 maximum. The County Board of Supervisors has extended this coverage to the employees of the following public entities:

- Lowndes County Port Authority
- Lowndes County District Attorney's Office
- Lowndes County Soil and Conservation District

(8) LEASES

The County is a lessee for various non-cancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County recognized a lease and an intangible right-to-use lease asset.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(8) LEASES (Continued)

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in lease expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses its average imputed rate as the discount rate for leases unless the rate that the lessor charges is known. The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded for the lease term.

The County, acting as Lessee, has entered into two leases for equipment. These leases have terms of one to five years. The County has used the rate explicit in each lease to measure the present value. Details of the lease obligations can be found in Note 11.

As Lessor:

The County, acting as the lessor, has two leases of county owned buildings for industrial and commercial use. These leases are for periods of five years.

The County uses its average imputed rate of 2.08% at lease inception to calculate the present value of lease rental payments since a rate implicit in the leases is not a part of the lease contract. This rate is based on the average interest rate of all County debt. The County's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the County.

The total amount of inflows recognized in the reporting period from these leases is \$321,994. The County has included in its financial statements at year-end the net present value of future lease payments as a lease receivable and as deferred inflows of resources. The amount of deferred inflows of resources related to leases for the fiscal year was \$1,300,169.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(8) LEASES (Continued)

Net Present Value of Future Rental Revenue – Leases at Balance Sheet Date September 30, 2022:

Year ended	Principal	Interest	Total
2023	\$ 331,737	\$ 34,263	\$ 366,000
2024	341,775	24,225	366,000
2025	352,117	13,883	366,000
2026	272,548	3,452	276,000
2027	<u>1,992</u>	<u>9</u>	<u>2,001</u>
	<u>\$ 1,300,169</u>	<u>\$ 75,832</u>	<u>\$ 1,376,001</u>

(9) OTHER POST-EMPLOYMENT BENEFITS

The County's Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the County's Board of Supervisors. As discussed in Note 7, the County self-insures a portion of this risk and purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan ("the Plan"). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a post-employment healthcare benefit reportable under GASB Statement No. 75 as a single employer defined benefit healthcare plan. GASB Statement No. 75 requires reporting on an accrual basis the liability associated with other post-employment benefits.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis and has no assets in a trust established solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Plan. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2022, retiree premiums were \$846 per month. At September 30, 2022, the County had 122 active participants that were not receiving benefits, and six retired participants that were receiving benefits.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(9) OTHER POST-EMPLOYMENT BENEFITS (Continued)

Other Post-Employment Liabilities, Benefit Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits

The following is a schedule of changes in TOL (See below for definition) for the year ended September 30, 2022.

Changes in the Total OPEB Liability

Total OPEB Liability as of September 30, 2021	\$ 301,846
Service costs	9,649
Interest	6,348
Difference between expected and actual experience	(1,762)
Changes of assumptions or other inputs	(37,131)
Benefit payments	<u>(18,490)</u>
Total OPEB Liability as of September 30, 2022	<u>\$ 260,460</u>

At September 30, 2022, the County reported a liability of \$260,460 for its total other post-employment benefits liability (TOL). The TOL was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date.

For the year ended September 30, 2022, the County recognized other post-employment benefit income of \$18,165. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between actual and expected experience	\$ 16,393	\$ 72,845
Changes of assumptions	<u>45,671</u>	<u>30,897</u>
	<u>\$ 62,064</u>	<u>\$ 103,742</u>

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(9) OTHER POST-EMPLOYMENT BENEFITS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in other post-employment benefits expense as follows:

Year Ending September 30:

2023	\$ (12,067)
2024	(11,383)
2025	(12,295)
2026	(5,933)
Thereafter	<u>-</u>
	<u>\$ (41,678)</u>

Actuarial Assumptions The total other post-employment benefit liability in the September 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Discount rate	3.82 percent
Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	3.82 percent, net of investment expense
Healthcare cost trends pre-65	7.00 percent, decreasing to an ultimate rate of 4.50 percent by 2031

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of the County's changes in Total Other Post-Employment Benefits Liability, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(9) OTHER POST-EMPLOYMENT BENEFITS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Both pre-retirement and post-retirement mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95 percent of male rates from age 18 to 60 scaled up to 110 percent from ages 61 to 75, scaled down to 101 percent for ages 77 to 119. For females, 84 percent of the female rates from ages 18 to 72 scaled up to 100 percent for ages 76 to 119. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

Post-disability mortality rates were based on the PubT.H-2010 Disabled Retiree Table used for disabled retirees with the following adjustments – 97 percent of male rates at all ages and 110 percent of female rates at all ages. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

Turnover, retirement and disability rates are based on the Mississippi Public Employees' Retirement Association demographic actuarial assumptions. Plan participation is based upon the enrollment experience of recent retirees, and 20 percent of future eligible retirees; 20 percent of future eligible retirees are assumed to elect coverage. No spouses are assumed to be covered.

The following chart details the retiree healthcare costs and contributions per capita assumptions. The average costs shown are normalized to age 65, and then age adjusted in calculating liabilities.

<u>Plan</u>	<u>Annual Costs</u>	<u>Annual Contributions</u>
Current	\$ 15,579	\$ 9,240

Healthcare cost trend rates are as follows:

2022	6.75%
2023	6.50%
2024	6.25%
2025	6.00%
2026	5.75%
2027	5.50%
2028	5.25%
2029	5.00%
2030	4.75%
2031 and beyond	4.50%

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(9) OTHER POST-EMPLOYMENT BENEFITS (Continued)

Age-related morbidity per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims is assumed to be:

<u>Participant Age</u>	<u>Annual Increase</u>
< 30	0.00%
30 - 34	1.00%
35 - 39	1.50%
40 - 44	2.00%
45 - 49	2.60%
50 - 54	3.30%
55 - 59	3.60%
60 - 64	4.20%
65 - 69 *	3.00%
70 - 74 *	2.50%
75 - 79 *	2.00%
80 - 84 *	1.00%
85 - 89 *	0.50%
90 and older *	0.00%

* These active employees over age 65 were not valued, but, where appropriate, were used in the development of claims' costs.

Sensitivity to the County's Total Other Post-Employment Benefits Liability (TOL) to Changes in the Discount Rate. The following presents the County's TOL calculated using the discount rate of 3.82 percent, as well as what the County's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.82 percent) or 1-percentage-point higher (4.82 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount</u>	<u>1% Increase</u>
	<u>(2.82%)</u>	<u>Rate</u>	<u>(4.82%)</u>
		<u>(3.82%)</u>	
County's TOL current	\$ <u>282,219</u>	\$ <u>260,460</u>	\$ <u>240,801</u>

On the prior period measurement date, a discount rate of 2.17 percent was used.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(9) OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity to the County's Total Other Post-Employment Benefits Liability (TOL) to Changes in the Healthcare Cost Trends. The following presents the County's TOL calculated using the healthcare cost trends rate of 7.00 percent, as well as what the County's TOL would be if it were calculated using a healthcare cost trends rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
County's TOL, current	\$ 235,802	\$ 260,460	\$ 289,703

(10) DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. Lowndes 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 Trustee's authority to determine contribution rates are established by Section 25-11-1 et. seq., (1972 as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(10) DEFINED BENEFIT PENSION PLAN (Continued)

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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions are paid to the designated beneficiary. 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 9.00% 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 \$2,190,907, \$2,141,437 and \$2,070,368, respectively, equal to the required contributions for each year.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(10) DEFINED BENEFIT PENSION PLAN (Continued)

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 \$37,668,059 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. At June 30, 2022, the County's proportion was 0.183 percent, which was an decrease of 0.003 percent from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$3,475,416. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 533,966
Net difference between projected and actual earnings on pension plan investments	1,831,109
Changes of assumptions	1,324,149
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	275,015
County contributions subsequent to the measurement date	<u>552,318</u>
Total	<u>\$ 4,516,557</u>

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(10) DEFINED BENEFIT PENSION PLAN (Continued)

\$552,318 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 related to pensions will be recognized in pension expense as follows:

Year Ending September 30:

2023	\$ 1,341,127
2024	1,043,499
2025	(464,358)
2026	2,043,971
Thereafter	-

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:

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 disabilities 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 TPL were based on the results of an actuarial experience study for the period 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.

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(10) DEFINED BENEFIT PENSION PLAN (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	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 Credit	2.00%	4.00%
Private Infrastructure	2.00%	4.00%
Cash Equivalents	1.00%	(0.10)%

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:

	1% Decrease <u>(6.55%)</u>	Discount Rate <u>(7.55%)</u>	1% Increase <u>(8.55%)</u>
County's proportionate share of the net pension liability	\$ 49,160,664	\$ 37,668,059	\$ 28,192,991

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

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(11) LONG-TERM DEBT

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates (%)</u>	<u>Final Maturity Date</u>
Governmental Activities:			
(a) <u>General Obligation Debt:</u>			
FNB Clarksdale Series 2013 refunding	\$ 2,455,000	2.75 - 4.00	7/2025
FNB Clarksdale Series 2014 refunding	1,545,000	2.50 - 2.75	7/2027
Bank Plus Series 2017 refunding	3,758,000	1.00 - 2.05	9/2028
Trustmark Series 2018 capital improvements	400,000	3.15	11/2023
Trustmark Series 2019 capital improvements	2,790,000	2.90	5/2031
US Bank Series 2021 A refunding	6,755,000	1.08	1/2031
US Bank Series 2021 B refunding	1,957,000	1.20	7/2030
US Bank Series 2021 C refunding	6,832,000	1.25	7/2027
Bankfirst Series 2022 capital improvements	<u>14,750,000</u>	2.60 – 3.78	1/2037
Total general obligation bonds	<u>\$ 41,242,000</u>		
(b) <u>Other Loans:</u>			
MDA Capital Improvement Loan	\$ 3,650,071	3.00	11/2034
MDA Capital Improvement Loan - 2017	610,531	2.18	8/2033
MDA Rail loan	60,000	3.50	9/2026
MDA Rail loan - 2016	636,270	2.57	5/2031
MDA Rail loan - 2022	1,342,085	1.50	1/2037
Capital Improvement Loan - 2019	490,000	2.37	1/2026
Community Bank – 2022	<u>4,990,033</u>	.98	11/2026
Total other loans	<u>\$ 11,778,990</u>		
(c) <u>Leases:</u>			
Intangible Right to Use Assets - equipment	<u>\$ 621,561</u>	2.08 - 2.99	12/1/2026

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(11) LONG-TERM DEBT (Continued)

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

Governmental Activities:

Year Ending September 30,	General Obligation Debt		Other Loans	
	Principal	Interest	Principal	Interest
2023	\$ 4,798,000	\$ 1,060,324	\$ 1,573,699	\$ 169,307
2024	4,892,000	788,398	1,612,689	142,164
2025	4,708,000	699,178	1,576,934	145,623
2026	4,981,000	751,316	1,676,440	112,167
2027	5,077,000	624,982	1,486,217	92,591
2028 - 2032	13,301,000	1,609,904	2,628,571	285,758
2033 - 2037	<u>3,485,000</u>	<u>192,974</u>	<u>1,224,440</u>	<u>40,287</u>
Total	<u>\$ 41,242,000</u>	<u>\$ 5,727,076</u>	<u>\$ 11,778,990</u>	<u>\$ 987,897</u>

Year ended	Leases		Total
	Principal	Interest	
2023	\$ 348,762	\$ 14,609	\$ 363,371
2024	81,984	4,896	86,880
2025	83,706	3,174	86,880
2026	85,464	1,416	86,880
2027	<u>21,645</u>	<u>75</u>	<u>21,720</u>
	<u>\$ 621,561</u>	<u>\$ 24,170</u>	<u>\$ 645,731</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, which 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 7.36% of the latest property assessments.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(11) LONG-TERM DEBT (Continued)

A summary of changes in long-term liabilities and obligations for the year ended September 30, 2022, follows:

	Balance 10/1/2021	Additions	Reductions	Adjustments	Balance 9/30/2022	Due Within One Year
Governmental						
Activities:						
Compensated						
absences	\$ 597,729	\$ 71,548	\$ -	\$ -	\$ 669,277	\$ -
General obligation						
bonds	30,878,000	14,750,000	(4,386,000)	-	41,242,000	4,798,000
Other loans	7,240,691	5,121,571	(583,272)	-	11,778,990	1,573,699
Leases payable	-	456,119	(363,692)	529,134	621,561	348,762
Capital leases	529,134	-	-	(529,134)	-	-
Bond premium	47,604	-	(23,838)	-	23,766	-
Bond discount	(12,674)	-	3,339	-	(9,335)	-
Total	<u>\$ 39,280,484</u>	<u>\$ 20,399,238</u>	<u>\$ (5,353,463)</u>	<u>\$ -</u>	<u>\$ 54,326,259</u>	<u>\$ 6,720,461</u>

Compensated absences will be paid from the General and Countywide Road Funds.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2022, \$20,465,000 of bonds outstanding were considered defeased.

Debt outstanding for Lowndes County Industrial Development Authority as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
USDA Rural Development Revenue Bond	\$ 6,803,722	2.125%	9/20/2043
USDA Rural Development Revenue Bond	109,268	4.000%	9/24/2025
USDA Rural Development Revenue Bond	1,304,322	2.500%	8/10/2041
USDA Rural Development Revenue Bond	<u>9,964,895</u>	2.875%	1/14/2048
Total General Obligation Bonds	<u>\$18,182,207</u>		

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(11) LONG-TERM DEBT (Continued)

The following is a schedule by years of the total payments due on this debt:

Years Ending September 30	General Obligation Bonds	
	Principal	Interest
2023	\$ 599,584	\$ 469,070
2024	615,102	453,552
2025	630,136	437,616
2026	607,646	421,249
2027	622,832	406,065
2028 - 2032	3,355,844	1,788,636
2033 - 2037	3,798,037	1,346,443
2038 - 2042	4,207,176	844,314
2043 - 2047	2,720,935	360,374
2048 - 2052	<u>1,024,915</u>	<u>44,456</u>
Total	<u>\$ 18,182,207</u>	<u>\$ 6,571,775</u>

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

	Balance October 1, 2021	Additions	Reductions	Adjustments	Balance September 30, 2022	Amount Due Within One Year
Governmental Activities: General Obligation bonds	\$ 18,767,713	\$ -	\$ (585,506)	\$ -	\$ 18,182,207	\$ 599,584
	<u>\$ 18,767,713</u>	<u>\$ -</u>	<u>\$ (585,506)</u>	<u>\$ -</u>	<u>\$ 18,182,207</u>	<u>\$ 599,584</u>

(12) DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

The following fund reported an accrual basis deficit in fund balances at September 30, 2022:

Fund	Deficit Amount
Self-funded Health Insurance Fund	\$ (86,036)

This deficit is the result of claims payable accruals or amounts due to other funds and are not cash basis deficit fund balances.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(13) CONTINGENCIES

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

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the 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.

Revenue Bond and Note Contingencies - The County issues revenue bonds and notes to provide funds for constructing and improving capital facilities of the Lowndes County Port Authority and the Lowndes County Industrial Development Authority. Revenue bonds and notes are reported as liabilities of these entities because such debt is payable primarily from their pledged revenues. However, the County remains contingently liable for the retirement of these bonds and notes because the full faith, credit and taxing power of the County is secondarily pledged in case of default. The principal amount of such debt outstanding at September 30, 2022, consisted of the following:

<u>Description</u>	<u>Balance at September 30, 2022</u>
Lowndes County Industrial Development Authority	\$ 18,182,207

(14) COMMITMENTS

In August 2017, Lowndes County entered into an agreement with East Mississippi Community College (EMCC) in order to assist EMCC with its debt service of project bonds. The County has committed to the following payments:

2023	\$ 1,270,569
2024	1,269,014
2025	1,270,829
2026	1,268,495
2027	<u>1,268,644</u>
	<u>\$ 6,347,551</u>

LOWNDES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(15) EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of \$(33,094,047) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$552,318 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 \$3,964,239 remaining balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years.

The \$62,064 deferred outflow of resources related to post-employment benefits at September 30, 2022, will be recognized in post-employment benefits expense over the next 5 years. The \$103,742 deferred inflow of resources related to post-employment benefits at September 30, 2022, will be recognized in post-employment benefits expense over the next 5 years.

The governmental activities' net investment in capital assets net position of \$47,651,297 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$579,355 of the \$5,157,976 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 9 years.

The \$1,300,169 balance of deferred inflow of resources related to lease receivables at September 30, 2022, includes the effect of deferring the recognition of rent income. The balance will be recognized as an increase in rent income and will increase the unrestricted net position over the next 5 years.

(16) JOINT VENTURES

The County participates in the following joint ventures:

The County is a participant with the City of Columbus in a joint venture, authorized by Section 61-3-5, Mississippi Code Ann. (1972), to operate Columbus/Lowndes Airport. The joint venture was created to provide airport facilities. The joint venture is governed by a seven-member Board of Commissioners. The County appropriated \$41,000 for airport maintenance in 2022.

The County is a participant with the Counties of Choctaw, Clay, Noxubee, Oktibbeha and Webster and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville and West Point in a joint venture, authorized by Section 17-17-307, Mississippi Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The County appoints 6 of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Post Office Box DN, Mississippi State, Mississippi 39762.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(16) JOINT VENTURES (continued)

The County is a participant with the City of Columbus in a joint venture, authorized by Section 39-3-8, Mississippi Code Ann. (1972), to operate the Lowndes County Library System. The joint venture was created to provide library services. Each member appoints five of the ten board members. The County's appropriation to the joint venture was \$371,900 in 2022. Complete financial statements for the Lowndes County Library System can be obtained from 314 North Seventh Street, Columbus, Mississippi 39701.

(17) JOINTLY GOVERNED ORGANIZATIONS

The County participates in the following jointly governed organizations:

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The County appoints one of the seven members of the Board of Commissioners. The County appropriated \$102,000 for support of the agency in 2022.

East Mississippi Community College operates in a district composed of the counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee and Oktibbeha. The County appoints two of the twelve members of the College Board of Trustees. The County appropriated \$325,000 for maintenance and support of the college in 2022 and \$1,267,977 in debt service assistance.

Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The County appoints four of the 28 members of the Board of Directors. The County contributes a small percentage of the district's total revenue. The County appropriated \$90,000 to the district in 2022.

Golden Triangle Regional Airport Authority operates in a district composed of the Counties of Lowndes and Oktibbeha and the Cities of Columbus, Starkville and West Point. The County appoints one of the five members of the Board of Commissioners. The County did not provide any financial support to the Authority in 2022.

Columbus-Lowndes Convention and Visitors Bureau operates in the City of Columbus and the surrounding areas in Lowndes County. The County appoints four members of the board of the Bureau. The County did not provide any support to the Bureau in 2022.

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The County appoints one of the nine board members. The County generally provides no financial support to the organization.

(18) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 14, 2023, the date the financial statements were available for distribution. No subsequent events have occurred that require disclosure in the notes to the financial statements.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(19) TAX ABATEMENTS

The following tables include information about taxes forgone or abated, whether in accordance with Mississippi state law or an agreement entered into with a specified entity.

Lowndes County Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Ad valorem taxes – general exemptions		Ad valorem taxes – general exemptions	
Purpose of abatement	Encourage Lowndes County economic development		Encourage Lowndes County economic development	
Tax being abated	Real property tax		Personal property tax	
Authority under which abatement agreements are entered into	MS §27-31-101 MS §27-31-105		MS §27-31-101 MS §27-31-105	
Criteria to be eligible to receive abatement	§27-31-101: Meet industry type criteria set by state law. §27-31-105: Additions to or expansions of facilities or properties or replacement of equipment used in connection with certain enterprises.		§27-31-101: Meet industry type criteria set by state law. §27-31-105: Additions to or expansions of facilities or properties or replacement of equipment used in connection with certain enterprises.	
How recipients' taxes are reduced	Through a reduction in the property's assessed value.		Through a reduction in the property's assessed value.	
How amount of abatement is determined	100% reduction of the county portion of the property tax.		100% reduction of the county portion of the property tax.	
Gross dollar amount, on accrual basis, by which the County's tax revenues were reduced as a result of abatement	2022	2021	2022	2021
	\$33,283	\$33,283	\$624,287	\$624,287

Lowndes County Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Ad valorem taxes – fee in lieu		Ad valorem taxes – fee in lieu	
Purpose of abatement	Encourage Lowndes County economic development		Encourage Lowndes County economic development	
Tax being abated	Real property tax		Personal property tax	
Authority under which abatement agreements are entered into	MS §27-31-104		MS §27-31-104	
Criteria to be eligible to receive abatement	§27-31-104: A private business minimum capital investment of One Hundred Million Dollars, or a qualified business meeting minimum criterion established by Mississippi Development Authority.		§27-31-104: A private business minimum capital investment of One Hundred Million Dollars, or a qualified business meeting minimum criterion established by Mississippi Development Authority.	
How recipients' taxes are reduced	Through a reduction in the property's assessed value.		Through a reduction in the property's assessed value.	
How amount of abatement is determined	Reduction of total assessed value by two-thirds.		Reduction of total assessed value by two-thirds.	
Gross dollar amount, on accrual basis, by which the County's tax revenues were reduced as a result of abatement	2022	2021	2022	2021
	\$500,410	\$258,963	\$5,332,082	\$4,629,597

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

LOWNDES COUNTY, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 21,490,360	\$ 21,647,799	\$ 21,647,799	\$ -
Revenues in lieu of taxes	3,147,604	3,207,652	3,207,652	-
Licenses, commissions and other revenue	1,030,500	1,044,548	1,044,548	-
Fines and forfeitures	550,000	468,550	468,550	-
Intergovernmental revenues	4,208,800	4,110,336	4,110,336	-
Charges for services	648,000	875,867	875,867	-
Interest income	1,250,000	1,256,178	1,256,178	-
Miscellaneous revenues	925,000	1,436,575	1,436,575	-
Total revenues	<u>33,250,264</u>	<u>34,047,505</u>	<u>34,047,505</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	9,768,151	9,547,859	9,547,859	-
Public safety	10,630,017	10,654,138	10,654,138	-
Public works	379,480	367,197	367,197	-
Health and welfare	406,750	419,885	419,885	-
Culture and recreation	1,313,417	1,219,716	1,219,716	-
Education	1,593,000	1,592,977	1,592,977	-
Conservation of natural resources	441,654	189,993	189,993	-
Economic development and assistance	1,677,654	1,738,604	1,738,604	-
Debt service:				
Principal	4,750,967	5,251,640	5,251,640	-
Interest	870,033	751,313	751,313	-
Total expenditures	<u>31,831,123</u>	<u>31,733,322</u>	<u>31,733,322</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ 1,419,141</u>	<u>\$ 2,314,183</u>	<u>\$ 2,314,183</u>	<u>\$ -</u>

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

LOWNDES COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues over (under)				
expenditures (brought forward)	\$ 1,419,141	\$ 2,314,183	\$ 2,314,183	\$ -
OTHER FINANCING SOURCES				
(USES)				
Proceeds from capital debt	-	14,750,000	14,750,000	-
Proceeds from non-capital debt	-	-	456,119	456,119
Proceeds from sale of capital assets	2,500	250,398	250,398	-
Transfers in	1,692,000	2,125,295	2,125,295	-
Transfers out	(651,000)	(6,044,146)	(6,044,146)	-
Total other financing sources and uses	<u>1,043,500</u>	<u>11,081,547</u>	<u>11,537,666</u>	<u>456,119</u>
Net Change in Fund Balance	2,462,641	13,395,730	13,851,849	456,119
Fund Balances - Beginning	<u>31,707,020</u>	<u>31,475,825</u>	<u>35,961,093</u>	<u>4,485,268</u>
Fund Balances - Ending	<u>\$ 34,169,661</u>	<u>\$ 44,871,555</u>	<u>\$ 49,812,942</u>	<u>\$ 4,941,387</u>

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

LOWNDES COUNTY, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)

COUNTYWIDE ROADS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,561,000	\$ 2,509,263	\$ 2,509,263	\$ -
Revenues in lieu of taxes	-	-	-	-
Road and bridge privilege taxes	1,950,000	2,206,061	2,206,061	-
Intergovernmental revenues	611,000	634,107	634,107	-
Miscellaneous revenues	20,000	52,999	52,999	-
Total revenues	<u>5,142,000</u>	<u>5,402,430</u>	<u>5,402,430</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	407,115	401,074	401,074	-
Public works	10,829,977	10,377,275	10,377,275	-
Debt service:				
Principal	-	9,967	9,967	-
Interest	-	23,140	23,140	-
Total expenditures	<u>11,237,092</u>	<u>10,811,456</u>	<u>10,811,456</u>	<u>-</u>
Revenues over (under) expenditures	<u>(6,095,092)</u>	<u>(5,409,026)</u>	<u>(5,409,026)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	5,000,000	5,000,000	5,000,000	-
Proceeds from sale of capital assets	5,000	393,668	393,668	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>5,005,000</u>	<u>5,393,668</u>	<u>5,393,668</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,090,092)</u>	<u>(15,358)</u>	<u>(15,358)</u>	<u>-</u>
Fund Balances - Beginning	<u>(40,810)</u>	<u>1,171,815</u>	<u>1,171,815</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ (1,130,902)</u></u>	<u><u>\$ 1,156,457</u></u>	<u><u>\$ 1,156,457</u></u>	<u><u>\$ -</u></u>

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

LOWNDES COUNTY, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)

AMERICAN RESCUE PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 5,690,696	\$ -	\$ -	\$ -
Interest income	10,600	13,850	13,850	-
Total revenues	<u>5,701,296</u>	<u>13,850</u>	<u>13,850</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	10,600	2,963	2,963	-
Total expenditures	<u>10,600</u>	<u>2,963</u>	<u>2,963</u>	<u>-</u>
Revenues over (under) expenditures	5,690,696	10,887	10,887	-
Net Change in Fund Balance	5,690,696	10,887	10,887	-
Fund Balances - Beginning	<u>2,963</u>	<u>2,963</u>	<u>2,963</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,693,659</u>	<u>\$ 13,850</u>	<u>\$ 13,850</u>	<u>\$ -</u>

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

LOWNDES COUNTY, MISSISSIPPI

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

LAST 10 FISCAL YEARS *

FOR THE YEARS ENDED SEPTEMBER 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 AND 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.183000%	0.186000%	0.180000%	0.180000%	0.184000%	0.172000%	0.176000%	0.178000%	0.178400%
County's proportionate share of the net pension liability (asset)	\$ 37,668,059	\$ 27,491,613	\$ 34,458,732	\$ 31,665,552	\$ 30,604,667	\$ 28,592,238	\$ 31,437,995	\$ 27,515,290	\$ 21,650,609
County's covered payroll	\$ 12,591,420	\$ 12,307,098	\$ 11,898,667	\$ 11,935,241	\$ 11,788,952	\$ 11,065,486	\$ 11,084,394	\$ 11,105,654	\$ 10,833,591
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	299.16%	223.38%	289.60%	265.33%	259.60%	258.39%	283.62%	247.76%	199.85%
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%	67.21%

* The amounts presented for each fiscal year were determined as of 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.

LOWNDES COUNTY, MISSISSIPPI

SCHEDULE OF COUNTY CONTRIBUTIONS

LAST 10 FISCAL YEARS *

FOR THE YEARS ENDED SEPTEMBER 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 AND 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,190,907	\$ 2,141,437	\$ 2,070,368	\$ 1,928,735	\$ 1,856,760	\$ 1,742,814	\$ 1,745,792	\$ 1,749,141	\$ 1,706,291
Contributions in relation to the contractually required contribution	<u>2,190,907</u>	<u>2,141,437</u>	<u>2,070,368</u>	<u>1,928,735</u>	<u>1,856,760</u>	<u>1,742,814</u>	<u>1,745,792</u>	<u>1,749,141</u>	<u>1,706,291</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 12,591,420	\$ 12,307,098	\$ 11,898,667	\$ 11,935,241	\$ 11,788,952	\$ 11,065,486	\$ 11,084,394	\$ 11,105,654	\$ 10,833,591
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%	15.75%

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

LOWNDES COUNTY, MISSISSIPPI

**SCHEDULE OF THE COUNTY'S CHANGES IN
TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY**

LAST 10 FISCAL YEARS *

FOR THE YEARS ENDED SEPTEMBER 30, 2022, 2021, 2020, 2019, 2018 AND 2017

	2022	2021	2020	2019	2018	2017
Service Cost at end of year	\$ 9,649	\$ 10,627	\$ 9,156	\$ 10,902	\$ 11,614	\$ 12,538
Interest	6,348	9,409	12,147	16,473	15,450	13,459
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(1,762)	(115,705)	34,609	(16,024)	-	-
Changes of assumptions or other inputs	(37,131)	43,426	22,144	34,048	(13,272)	(23,694)
Benefit payments	<u>(18,490)</u>	<u>(117,609)</u>	<u>(58,573)</u>	<u>(33,314)</u>	<u>(15,284)</u>	<u>(15,656)</u>
Net Change in Total OPEB Liability	(41,386)	(169,852)	19,483	12,085	(1,492)	(13,353)
Total OPEB Liability - Beginning	<u>301,846</u>	<u>471,698</u>	<u>452,215</u>	<u>440,130</u>	<u>441,622</u>	<u>454,975</u>
Total OPEB Liability - Ending	<u><u>\$ 260,460</u></u>	<u><u>\$ 301,846</u></u>	<u><u>\$ 471,698</u></u>	<u><u>\$ 452,215</u></u>	<u><u>\$ 440,130</u></u>	<u><u>\$ 441,622</u></u>
Covered employee - payroll	\$ 4,627,901	\$ 4,627,901	\$ 6,832,910	\$ 6,832,910	\$ 8,486,922	\$ 8,486,922
Total OPEB liability as a percentage of covered employee - payroll	5.63%	6.52%	6.90%	6.62%	5.19%	5.20%

* The amounts presented for each fiscal year were determined as of 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. 75 was implemented for the fiscal year ended September 30, 2017, 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.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

(A) Budgetary Information

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

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

(B) Basis of Presentation

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

(C) Budget/GAAP Reconciliation

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

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

LOWNDES COUNTY, MISSISSIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

(C) Budget/GAAP Reconciliation (Continued)

The following schedule reconciles the net change in fund balance on budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

	<u>General</u>	<u>Countywide Roads</u>	<u>American Rescue Plan</u>
Budget (cash basis)	\$ 13,851,849	\$ (15,358)	\$ 10,887
Increase (decrease):			
Net adjustment for revenue accruals	(5,084,278)	(35,275)	-
Net adjustment for expenditure accruals	257,448	(25,500)	-
Net adjustment for other financing sources and uses accruals	<u>-</u>	<u>-</u>	<u>-</u>
GAAP Basis	<u>\$ 9,025,019</u>	<u>\$ (76,133)</u>	<u>\$ 10,887</u>

(D) Pension Schedules

Changes of assumptions:

- 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.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

(D) Pension Schedules (Continued)

- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.
- 2019
 - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 3.00% to 2.75%.
 - The wage inflation assumption was reduced from 3.25% to 3.00%.
 - 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%.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

(D) Pension Schedules (Continued)

- 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 assumption was reduced from 3.75% to 3.25%.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 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 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.

Changes in benefit provisions:

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 proceeding year with a minimum rate of one percent and a maximum rate of five percent.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

(D) Pension Schedules (Continued)

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 the 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

(E) Other Post-Employment Benefits

The County does not have a special funding situation related to other post-employment benefits. No assets are accumulated in a trust, nor does the plan provide pay-related benefits.

Changes of assumptions:

- 2021
 - The salary increase assumption was reduced from 3.25% - 18.25% to 2.65% - 17.90%.
 - 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 from ages 18 to 60 scaled up to 110% for ages 61 to 75, and scaled down to 101% for ages 77 to 119.
 - For females, 84% of the female rates from ages 18 to 72 scaled up to 100% for ages 76 to 119.
 - Projection scale MP-2020 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, 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.

LOWNDES COUNTY, MISSISSIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

(E) Other Post-Employment Benefits (continued)

- 2019

- The salary increase assumption was reduced from 3.75% - 19.00% to 3.25% - 18.25%.
- 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.

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

LOWNDES COUNTY, MISSISSIPPI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE A -BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lowndes County, Mississippi 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 Lowndes County, Mississippi, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lowndes County, Mississippi.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the 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 the reimbursement.

NOTE C - INDIRECT COST RATE

Lowndes County, Mississippi has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

OTHER INFORMATION

LOWNDES COUNTY, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

(Unaudited)

<u>Position</u>	<u>Company</u>	<u>Bond</u>
Supervisor District 1	Hopkins Insurance Company	\$ 100,000
Supervisor District 2	Hopkins Insurance Company	100,000
Supervisor District 3	Hopkins Insurance Company	100,000
Supervisor District 4	Hopkins Insurance Company	100,000
Supervisor District 5	Hopkins Insurance Company	100,000
County Administrator	Hopkins Insurance Company	100,000
Chief Financial Officer	Hopkins Insurance Company	100,000
Chancery Clerk	Hopkins Insurance Company	100,000
Deputy Chancery Clerks (each)	Hopkins Insurance Company	25,000
Purchase Clerk	Hopkins Insurance Company	100,000
Assistant Purchase Clerk	Hopkins Insurance Company	50,000
Receiving Clerk	Hopkins Insurance Company	75,000
Assistant Receiving Clerk	Hopkins Insurance Company	50,000
Inventory Control Clerk	Hopkins Insurance Company	75,000
Accounting Clerks (each)	Hopkins Insurance Company	25,000
Accounts Payable Clerk	Hopkins Insurance Company	50,000
Road Manager	Hopkins Insurance Company	50,000
Constables (each)	Hopkins Insurance Company	50,000
Circuit Clerk	Hopkins Insurance Company	100,000
Deputy Circuit Clerks (each)	Hopkins Insurance Company	100,000
Sheriff	Hopkins Insurance Company	100,000
Sheriff's Deputies (each)	Hopkins Insurance Company	50,000
Justice Court Judges (each)	Hopkins Insurance Company	50,000
Justice Court Clerk	Hopkins Insurance Company	50,000
Deputy Justice Court Clerks (each)	Hopkins Insurance Company	50,000
Tax Collector-Assessor	Hopkins Insurance Company	100,000
Deputy Tax Collectors (each)	Hopkins Insurance Company	50,000
Deputy Tax Assessors (each)	Hopkins Insurance Company	25,000

SPECIAL REPORTS

INDEPENDENT AUDITORS' 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
Lowndes County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lowndes County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lowndes 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 Lowndes County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

COLUMBUS

221 Seventh St. North
P. O. Box 471
Columbus, MS 39703-0471
Tel: 662.328.5387
Fax: 662.329.4993

STARKVILLE

106 B South Washington St.
P. O. Box 80282
Starkville, MS 39759-0282
Tel: 662.323.1234
Fax: 662.323.1284

TUSCALOOSA

6834 Hwy. 69 South
Tuscaloosa, AL 35405
Tel: 205.759.4195
Fax: 205.759.1018

Members of the Board of Supervisors
Lowndes County, Mississippi

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

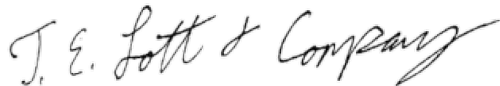
Report on Compliance and Other Matters

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

We also noted a certain matter, which we have reported to the management of Lowndes County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 14, 2023, included within this document.

Purpose of this Report

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



Columbus, Mississippi
June 14, 2023

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Members of the Board of Supervisors
Lowndes County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Lowndes County, Mississippi ("the County")'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 the County's major federal program for the year ended September 30, 2022. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County 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 the major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

COLUMBUS

221 Seventh St. North
P. O. Box 471
Columbus, MS 39703-0471
Tel: 662.328.5387
Fax: 662.329.4993

STARKVILLE

106 B South Washington St.
P. O. Box 80282
Starkville, MS 39759-0282
Tel: 662.323.1234
Fax: 662.323.1284

TUSCALOOSA

6834 Hwy. 69 South
Tuscaloosa, AL 35405
Tel: 205.759.4195
Fax: 205.759.1018

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 the County's federal programs.

Auditors' 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 the County'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 generally accepted auditing standards, *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 the County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the County'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 the County'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 the County'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.

Members of the Board of Supervisors
Lowndes County, Mississippi

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



Columbus, Mississippi
June 14, 2023

**INDEPENDENT ACCOUNTANTS' REPORT
ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL SYSTEM AND
PURCHASE CLERK SCHEDULES (REQUIRED BY SECTION 31-7-115, MISS. CODE ANN.
(1972))**

Members of the Board of Supervisors
Lowndes County, Mississippi

We have examined Lowndes County, Mississippi's ("the County") compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2022. The Board of Supervisors of the County 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 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 the County has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Lowndes County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

COLUMBUS

221 Seventh St. North
P. O. Box 471
Columbus, MS 39703-0471
Tel: 662.328.5387
Fax: 662.329.4993

STARKVILLE

106 B South Washington St.
P. O. Box 80282
Starkville, MS 39759-0282
Tel: 662.323.1234
Fax: 662.323.1284

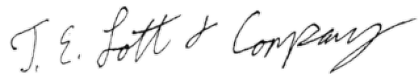
TUSCALOOSA

6834 Hwy. 69 South
Tuscaloosa, AL 35405
Tel: 205.759.4195
Fax: 205.759.1018

Members of the Board of Supervisors
Lowndes County, Mississippi

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

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

A handwritten signature in cursive script that reads "J. E. Lott & Company".

Columbus, Mississippi
June 14, 2023

SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

					Reasons for Accepting Other than the
<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Lowest Bid</u>

Our tests did not identify any purchases not made from the lowest bidder for fiscal year 2022.

LOWNDES COUNTY, MISSISSIPPI

Schedule 2

SCHEDULE OF EMERGENCY PURCHASES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reasons for Emergency Purchase</u>
-------------	---------------------------	------------------------	---------------	-------------------------------------------

Our tests did not identify any emergency purchases for fiscal year 2022.

**SCHEDULE 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>
-------------	---------------------------	------------------------	---------------

Our tests did not identify any noncompetitive purchases in 2022.

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

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

Members of the Board of Supervisors
Lowndes County, Mississippi

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

In addition, for areas not considered material to Lowndes 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 14, 2023, on the financial statements of Lowndes 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 the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified an immaterial instance of noncompliance. Our finding, recommendation, and your response are disclosed below:

Central Office

2022-001 Bond issuance costs paid to attorney were in excess of state statute.

Repeat Finding No.

COLUMBUS

221 Seventh St. North
P. O. Box 471
Columbus, MS 39703-0471
Tel: 662.328.5387
Fax: 662.329.4993

STARKVILLE

106 B South Washington St.
P. O. Box 80282
Starkville, MS 39759-0282
Tel: 662.323.1234
Fax: 662.323.1284

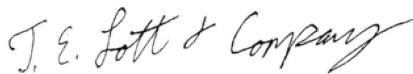
TUSCALOOSA

6834 Hwy. 69 South
Tuscaloosa, AL 35405
Tel: 205.759.4195
Fax: 205.759.1018

Criteria	<i>Section 19-3-47(1)(c), Mississippi Code Annotated (1972)</i> , provides that for each bond issue the amount payable to the Board Attorney for issuance expenses is limited to a percentage of the face value of the bonds issued.
Condition	Lowndes County issued the Series 2023 GO Bonds for a face value of \$14,750,000 during the year ended September 30, 2022. Payments to the Board attorney exceeded the statutory limit by \$2,500.
Cause	The administration and board attorney failed to review state statutes in relation to bond issuances for limits on fees charged.
Effect	Failure to adhere to state law could lead to loss of public funds.
Recommendation	The Administration should strengthen controls to ensure that all fees paid adhere to <i>Section 19-3-47(1)(c), Mississippi Code Annotated (1972)</i> . The Administration should attempt to be reimbursed for the overpayment.
Official Response	I agree. The funds were reimbursed to the County during 2023.

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

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



Columbus, Mississippi
June 14, 2023

LOWNDES COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2022

SECTION 1: SUMMARY OF AUDIT RESULTS

Financial Statements:

1. Type of auditors' report issued:
 - a. Governmental activities Unmodified
 - b. Aggregate discretely presented component units Unmodified
 - c. General fund Unmodified
 - d. Countywide roads fund Unmodified
 - e. American Rescue Plan Unmodified
 - f. Aggregate remaining fund information Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified No
 - b. Significant deficiencies identified that are not considered to be material weaknesses None reported
3. Noncompliance material to the financial statements noted No

Federal Awards:

1. Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported
2. Type of auditors' report issued on compliance for major federal programs:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
3. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

LOWNDES COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2022

4. Identification of major federal programs:

<u>Federal Assistance Listing Number (s)</u>	<u>Name of Federal Program or Cluster</u>
97.044	Assistance to Firefighters Grant

5. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

6. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

7. Prior fiscal year audit finding(s) which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? ☐ Yes ☒ No

SECTION 2: FINANCIAL STATEMENT FINDINGS

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

Section 3: Findings and Questioned Costs for Federal Awards

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