

# RANKIN COUNTY, MISSISSIPPI

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

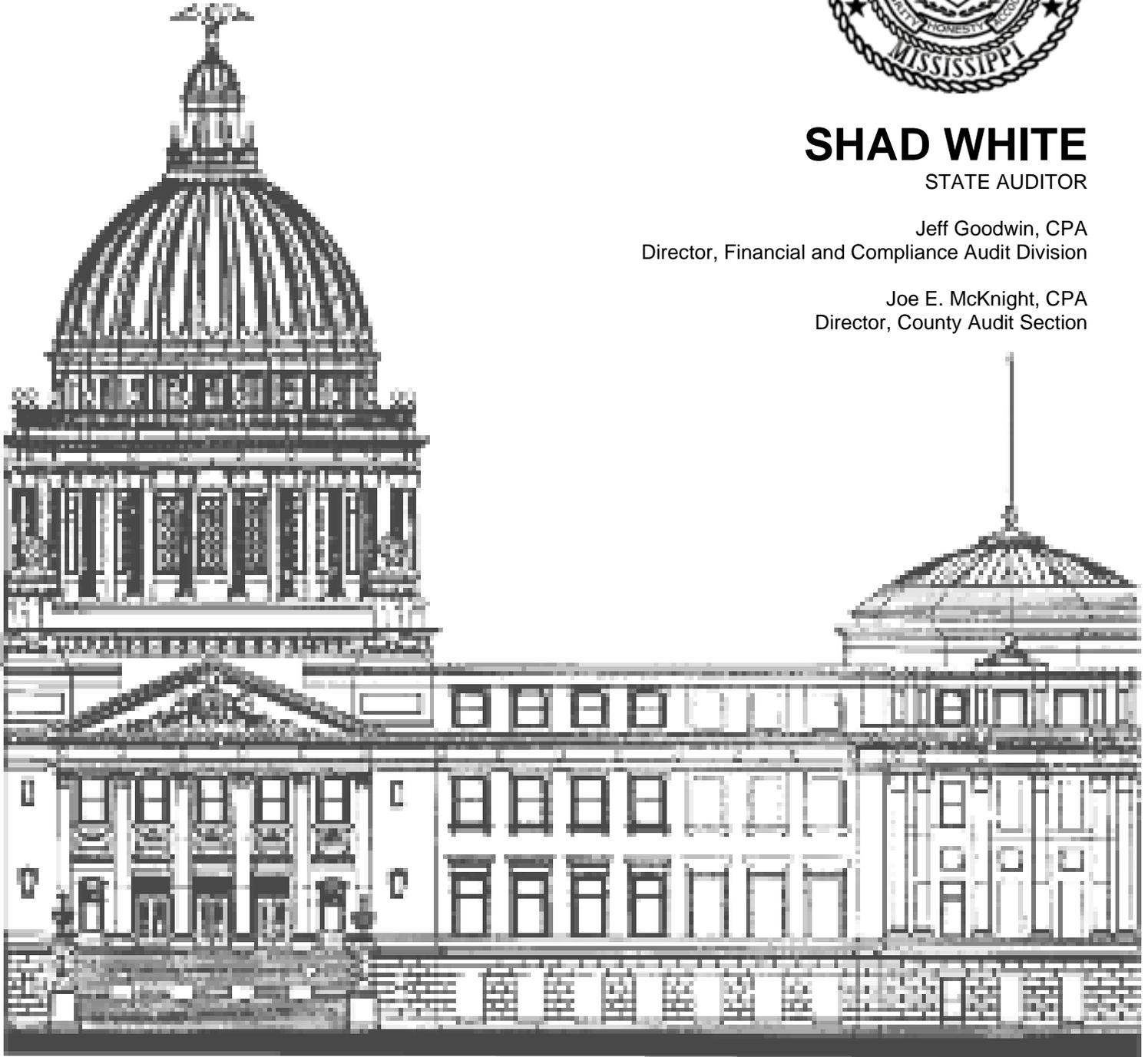


## SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA  
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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

**Shad White**  
AUDITOR

April 22, 2024

Members of the Board of Supervisors  
Rankin County, Mississippi

Dear Board Members:

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

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

Respectfully submitted,

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

Shad White



RANKIN COUNTY

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RANKIN COUNTY

FINANCIAL SECTION

RANKIN COUNTY

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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Rankin County, Mississippi

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

***Adverse, Qualified, and Unmodified Opinions***

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

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

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

***Qualified Opinion on Governmental Activities***

In our opinion, except for the effects of the matters described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Governmental Activities of Rankin County, Mississippi, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Qualified Opinion on the General Fund***

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we been able to examine evidence to determine the net realizable value of the fines receivable reported in the General Fund as described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our audit, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of Rankin County, Mississippi, as of September 30, 2022, and the 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.

*Unmodified Opinions on American Rescue Plan Fund, County Unit Road Maintenance Fund, and Aggregate Remaining Fund Information*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the American Rescue Plan Fund, the County Unit Road Maintenance Fund, and the Aggregate Remaining Fund Information of Rankin County, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

***Basis for Adverse, Qualified, and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions.

*Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units, Qualified Opinion on Governmental Activities and Qualified Opinion on General Fund*

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Circuit Court and Justice Court or the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Circuit Court and Justice Court fines receivable aging schedules at September 30, 2022. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported on in the General Fund at \$ 3,138,427, as of September 30, 2022. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

As discussed in Note 10 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

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

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

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

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

### **Supplementary Information**

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

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

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024 on our consideration of Rankin County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rankin County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rankin County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 22, 2024

RANKIN COUNTY

FINANCIAL STATEMENTS

RANKIN COUNTY

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RANKIN COUNTY  
Statement of Net Position  
September 30, 2022

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 104,855,134
Investments	24,279,926
Accrued interest receivable	102,034
Property tax receivable	55,732,033
Accounts receivable (net of allowance for uncollectibles of \$1,583,140)	419,119
Fines receivable (net of allowance for uncollectibles of \$12,546,810)	3,138,427
Lease receivable	547,311
Intergovernmental receivables	2,515,464
Other receivables	201,268
Capital assets:	
Land and construction in progress	19,507,906
Other capital assets, net	214,039,585
Total Assets	<u>425,338,207</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	9,539,904
Total Deferred Outflows of Resources	<u>9,539,904</u>
<b>LIABILITIES</b>	
Claims payable	2,270,467
Intergovernmental payables	5,410,396
Accrued interest payable	422,401
Unearned revenue	28,283,006
Amounts held in custody for others	980,737
Claims and judgments payable	218,715
Long-term liabilities	
Due within one year:	
Leases payable	122,424
Capital debt	7,265,171
Due in more than one year:	
Leases payable	204,539
Capital debt	64,298,561
Non-Capital debt	1,829,575
Net pension liability	67,313,645
Total Liabilities	<u>178,619,637</u>

RANKIN COUNTY  
Statement of Net Position  
September 30, 2022

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	25,956
Deferred inflows related to leases	553,635
Deferred revenues - property taxes	<u>55,732,033</u>
Total Deferred Inflows of Resources	<u>56,311,624</u>
<b>NET POSITION</b>	
Net investment in capital assets	161,656,796
Restricted for:	
Expendable:	
General government	1,086,126
Public safety	7,012,434
Public works	42,315,787
Health and welfare	1,450,775
Culture and recreation	563,478
Debt service	12,380,721
Unemployment compensation	168,953
Unrestricted	<u>(26,688,220)</u>
Total Net Position	<u>\$ 199,946,850</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 20,005,750	7,611,344	977,203		(11,417,203)
Public safety	28,197,343	3,293,342	2,643,778	97,500	(22,162,723)
Public works	30,865,664	6,582,052	2,393,191	14,333,860	(7,556,561)
Health and welfare	1,159,772		106,946	137,704	(915,122)
Culture and recreation	71,363				(71,363)
Conservation of natural resources	395,868				(395,868)
Economic development and assistance	898,385				(898,385)
Interest on long-term debt	2,265,188				(2,265,188)
Pension expense	6,784,701				(6,784,701)
Total Governmental Activities	\$ 90,644,034	17,486,738	6,121,118	14,569,064	(52,467,114)
General revenues:					
Property taxes				\$ 54,025,180	
Road & bridge privilege taxes				2,239,670	
Grants and contributions not restricted to specific programs				5,552,977	
Unrestricted interest income				567,983	
Miscellaneous				4,111,999	
Total General Revenues				66,497,809	
Changes in Net Position					14,030,695
Net Position - Beginning, as previously reported					185,821,879
Prior period adjustments					94,276
Net Position - Beginning, as restated					185,916,155
Net Position - Ending				\$	199,946,850

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

RANKIN COUNTY  
 Balance Sheet - Governmental Funds  
 September 30, 2022

Exhibit 3

	Major Funds				
	General Fund	American Rescue Plan Fund	County Unit Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 28,923,285	28,671,999	13,449,938	32,228,362	103,273,584
Investments	6,677,922		6,809,382	10,792,622	24,279,926
Accrued interest receivable	28,063		28,616	45,355	102,034
Property tax receivable	33,426,199		8,517,539	13,788,295	55,732,033
Accounts receivable (net of allowance for uncollectibles of \$1,583,140)				419,119	419,119
Fines receivable (net of allowance for uncollectibles of \$12,546,810)	3,138,427				3,138,427
Lease receivable	547,311				547,311
Intergovernmental receivables	2,345,470		1,408	168,586	2,515,464
Other receivables	104,371			8,957	113,328
Due from other funds	7,500	2,359	450,417	850,333	1,310,609
Advances to other funds			58,191		58,191
<b>Total Assets</b>	<b>\$ 75,198,548</b>	<b>28,674,358</b>	<b>29,315,491</b>	<b>58,301,629</b>	<b>191,490,026</b>
<b>LIABILITIES</b>					
Liabilities:					
Claims payable	\$ 504,130	379,244	623,301	763,792	2,270,467
Intergovernmental payables	5,410,396				5,410,396
Due to other funds	1,303,109			7,500	1,310,609
Advances from other funds				58,191	58,191
Unearned revenue		28,283,006			28,283,006
Amounts held in custody for others	980,737				980,737
<b>Total Liabilities</b>	<b>8,198,372</b>	<b>28,662,250</b>	<b>623,301</b>	<b>829,483</b>	<b>38,313,406</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property taxes	33,426,199		8,517,539	13,788,295	55,732,033
Unavailable revenue - solid waste fees				419,119	419,119
Unavailable revenue - fines	3,138,427				3,138,427
Leases	553,635				553,635
<b>Total Deferred Inflows of Resources</b>	<b>37,118,261</b>	<b>0</b>	<b>8,517,539</b>	<b>14,207,414</b>	<b>59,843,214</b>
<b>Fund balances:</b>					
Restricted for:					
General government				1,086,126	1,086,126
Public safety				7,012,434	7,012,434
Public works		12,108	20,174,651	21,709,909	41,896,668
Culture and recreation				563,478	563,478
Debt service				12,803,122	12,803,122
Unemployment compensation				168,953	168,953
Unassigned	29,881,915			(79,290)	29,802,625
<b>Total Fund Balances</b>	<b>29,881,915</b>	<b>12,108</b>	<b>20,174,651</b>	<b>43,264,732</b>	<b>93,333,406</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 75,198,548</b>	<b>28,674,358</b>	<b>29,315,491</b>	<b>58,301,629</b>	<b>191,490,026</b>

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

RANKIN COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2022

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 93,333,406
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 \$239,100,846.	233,547,491
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,557,546
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(73,720,270)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(67,313,645)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(422,401)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	9,539,904
Deferred inflows of resources related to pensions	(25,956)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	<u>1,450,775</u>
Total Net Position - Governmental Activities	\$ <u><u>199,946,850</u></u>

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

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

	Major Funds				Total Governmental Funds
	General Fund	American Rescue Plan Fund	County Unit Road Maintenance Fund	Other Governmental Funds	
<b>REVENUES</b>					
Property taxes	\$ 31,891,350		8,185,352	13,948,478	54,025,180
Road and bridge privilege taxes			2,239,670		2,239,670
Licenses, commissions and other revenue	5,480,513		1,733	132,388	5,614,634
Fines and forfeitures	876,078			383,173	1,259,251
Intergovernmental revenues	7,110,018	1,836,077	3,861,330	13,435,734	26,243,159
Charges for services	844,167			8,269,962	9,114,129
Interest income	174,238	9,421	151,087	232,356	567,102
Miscellaneous revenues	1,263,209		1,881,336	91,836	3,236,381
Total Revenues	<u>47,639,573</u>	<u>1,845,498</u>	<u>16,320,508</u>	<u>36,493,927</u>	<u>102,299,506</u>
<b>EXPENDITURES</b>					
Current:					
General government	20,379,955			485,845	20,865,800
Public safety	23,885,816			6,380,794	30,266,610
Public works		893,493	15,774,678	18,916,474	35,584,645
Health and welfare	1,159,771				1,159,771
Culture and recreation	61,074			6,603	67,677
Conservation of natural resources	383,276				383,276
Economic development and assistance	302,031			596,354	898,385
Debt service:					
Principal	95,508		970,939	6,036,618	7,103,065
Interest	7,979		61,978	3,028,624	3,098,581
Total Expenditures	<u>46,275,410</u>	<u>893,493</u>	<u>16,807,595</u>	<u>35,451,312</u>	<u>99,427,810</u>
Excess of Revenues over (under) Expenditures	<u>1,364,163</u>	<u>952,005</u>	<u>(487,087)</u>	<u>1,042,615</u>	<u>2,871,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued			549,000	266,808	815,808
Leases issued	328,544			105,177	433,721
Proceeds from sale of capital assets	82,269		1,252,322	152,750	1,487,341
Transfers in	812,152		140,342	1,509,949	2,462,443
Transfers out	(978,360)	(942,583)		(500,000)	(2,420,943)
Total Other Financing Sources and Uses	<u>244,605</u>	<u>(942,583)</u>	<u>1,941,664</u>	<u>1,534,684</u>	<u>2,778,370</u>
Net Changes in Fund Balances	<u>1,608,768</u>	<u>9,422</u>	<u>1,454,577</u>	<u>2,577,299</u>	<u>5,650,066</u>
Fund Balances - Beginning, as previously reported	28,281,147	2,686	18,720,074	40,687,433	87,691,340
Prior period adjustments	(8,000)				(8,000)
Fund Balances - Beginning, as restated	<u>28,273,147</u>	<u>2,686</u>	<u>18,720,074</u>	<u>40,687,433</u>	<u>87,683,340</u>
Fund Balances - Ending	\$ <u>29,881,915</u>	<u>12,108</u>	<u>20,174,651</u>	<u>43,264,732</u>	<u>93,333,406</u>

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

## RANKIN COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 5,650,066
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 \$14,184,607 exceeded depreciation of \$9,617,211 in the current period.	4,567,396
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 \$470,912 and the proceeds from the sale of \$1,487,341 in the current period.	(1,016,429)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	1,408,549
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	90,175
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 \$7,103,065 exceeded debt proceeds of \$1,249,529.	5,853,536
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	(187,967)
The amount of increase in accrued interest payable	(57,937)
The amortization of bond premiums	905,682
The amortization of bond discounts	(14,352)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(6,784,701)
Recording of contributions made during the year	4,153,971

RANKIN COUNTY

Exhibit 4-1

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

Amount

An Internal Service Fund is used by management to charge the cost of insurance  
to individual funds. The net revenue (expense) is reported within governmental  
activities.

(537,294)

Change in Net Position of Governmental Activities

\$ 14,030,695

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

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

Exhibit 5

	Governmental Activities
	<u>Self-insurance Internal Service Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,581,550
Other receivables	<u>87,940</u>
Total Current Assets	<u>1,669,490</u>
Total Assets	<u>1,669,490</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims and judgments payable	<u>218,715</u>
Total Current Liabilities	<u>218,715</u>
Total Liabilities	<u>218,715</u>
<b>NET POSITION</b>	
Restricted for:	
Health and welfare	<u>1,450,775</u>
Total Net Position	<u>\$ 1,450,775</u>

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

RANKIN COUNTY

Exhibit 6

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

	Governmental Activities
	<u>Self-insurance Internal Service Fund</u>
Operating Revenues	
Premiums	\$ 4,623,970
Miscellaneous	<u>404,706</u>
Total Operating Revenues	<u>5,028,676</u>
Operating Expenses	
Claims payments	4,760,875
Administrative	<u>764,476</u>
Total Operating Expenses	<u>5,525,351</u>
Operating Income (Loss)	<u>(496,675)</u>
Nonoperating Revenues (Expenses)	
Interest income	<u>881</u>
Net Nonoperating Revenue (Expenses)	<u>881</u>
Net Income (Loss) Before Transfers	(495,794)
Transfers out	(41,500)
Changes in Net Position	<u>(537,294)</u>
Net Position - Beginning	<u>1,988,069</u>
Net Position - Ending	<u>\$ 1,450,775</u>

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

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

Exhibit 7

	<u>Governmental Activities</u>
	<u>Self-insurance Internal Service Fund</u>
Cash Flows From Operating Activities	
Receipts for premiums	\$ 4,623,970
Payments for claims	(4,706,750)
Payments to administrator for services	(764,476)
Other operating cash receipts	404,706
Net Cash Provided (Used) by Operating Activities	<u>(442,550)</u>
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds:	
Operating transfers out	(41,500)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(41,500)</u>
Cash Flows From Investing Activities	
Interest on deposits	881
Net Cash Provided (Used) by Investing Activities	<u>881</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(483,169)
Cash and Cash Equivalents at Beginning of Year	<u>2,064,719</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,581,550</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(496,675)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in other receivables	13,077
Increase (decrease) in claims and judgments liability	41,048
Total Adjustments	<u>54,125</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (442,550)</u>

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

RANKIN COUNTY  
Statement of Fiduciary Net Position  
September 30, 2022

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ <u>538,803</u>
Total Assets	\$ <u><u>538,803</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ <u>538,803</u>
Total Net Position	\$ <u><u>538,803</u></u>

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

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

Exhibit 9

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Tax collections for other governments	\$ 19,752,340
Other taxes and fees collected for other governments	530,921
Licenses and fees collected for State	<u>986,229</u>
Total Additions	<u>21,269,490</u>
<b>DEDUCTIONS</b>	
Payments of tax to other governments	19,641,054
Payment of other taxes and fees to other governments	484,442
Payment of licenses and fees to State	<u>976,314</u>
Total Deductions	<u>21,101,810</u>
Net increase (decrease) in fiduciary net position	167,680
Net Position - Beginning	<u>371,123</u>
Net Position - Ending	<u>\$ 538,803</u>

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

RANKIN COUNTY

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RANKIN COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

## RANKIN COUNTY

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

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

#### Fund Financial Statements:

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

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

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

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

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

The County reports the following major Governmental Funds:

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

## RANKIN COUNTY

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

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

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

#### GOVERNMENTAL FUND TYPES

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

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

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

#### PROPRIETARY FUND TYPE

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

#### FIDUCIARY FUND TYPE

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

#### D. Account Classifications.

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

#### E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

#### F. Receivables.

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

#### G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and

RANKIN COUNTY

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

payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

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

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

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

The term "depreciation" includes the amortization of intangible assets.

I. Deferred Outflows/Inflows of Resources.

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

## RANKIN COUNTY

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

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 11 for additional details.

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

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

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

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

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

#### J. Leases.

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

The County uses the Federal Prime Borrowing Rate when the rate implicit in the lease is not known. The rate used to measure leases of 16<sup>th</sup> section real property was 4.00% in accordance with *Section 29-3-113, Mississippi Code of 1972 Annotated*.

#### K. Long-term Liabilities.

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

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

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

RANKIN COUNTY

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

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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.

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

## RANKIN COUNTY

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

enabling legislation.

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

#### Fund Balance Flow Assumption:

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

#### O. Property Tax Revenues:

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

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

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

#### P. 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.

#### Q. Changes in Accounting Standards.

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

RANKIN COUNTY

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

(2) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets, net.	\$ 102,276
To correct prior year errors in petty cash.	<u>(8,000)</u>
Total prior period adjustments	<u>\$ 94,276</u>

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
General Fund:	
To correct prior year errors in petty cash.	<u>\$ (8,000)</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$105,393,937, and the bank balance was \$108,146,454. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

RANKIN COUNTY

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

Investments:

Investments balances at September 30, 2022, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
Money market securities	Less than 1 year	1	\$ 675,591	AAAm
Agency obligations	More than 1 year	1	79,670	Not rated
U.S. Treasury bills	Less than 1 year	1	492,980	Not rated
U.S. Treasury notes and bonds	Less than 1 year	1	240,343	Aaa
U.S. Treasury notes and bonds	More than 1 year	1	1,202,742	Aaa
Agency mortgage pass-through obligations	More than 1 year	2	4,122,093	Not rated
Agency mortgage pass-through obligations	Less than 1 year	2	5,635	Not rated
Collateralized mortgage obligations	More than 1 year	2	4,341,877	Not rated
Asset backed securities	More than 1 year	2	981,343	Not rated
Asset backed securities	Less than 1 year	2	86,433	Not rated
Municipal obligations	More than 1 year	2	5,780,795	Aa3/Aa2/Baa2
Municipal obligations	Less than 1 year	2	848,863	Not rated
Small business administration loans	More than 1 year	2	1,966,796	Not rated
Small business administration loans	Less than 1 year	2	46,806	Not rated
International debt	Less than 1 year	2	135,371	Withdrawn rating
International debt	More than 1 year	2	374,036	Not rated
Corporate debt	Less than 1 year	2	359,384	Withdrawn rating
Corporate debt	More than 1 year	2	<u>2,539,168</u>	Aaa/Not rated
Total			<u>\$ 24,279,926</u>	

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. Level 1 inputs include U.S. government and agency securities, foreign government debt, listed equities and money market securities. Level 2 inputs include corporate bonds (investment grade, high yield), mortgage-backed securities, bank loans, loan commitments, less liquid listed equities, municipal bonds and certain OTC derivatives.

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

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

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

RANKIN COUNTY

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

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in agency mortgage pass-through obligations, collateralized mortgage obligations, municipal obligations, corporate debt, U.S. Treasury notes and bonds, and small business administration loans. These investments are 88.36% of the County's total investments.

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Percentage of total investments</u>
Agency mortgage pass-through obligations	Various	\$ 4,127,728	17.00%
Collateralized mortgage obligations	Various	4,341,877	17.88%
Municipal obligations	Various	6,629,658	27.31%
Corporate debt	Various	2,898,552	11.94%
U.S. Treasury notes and bonds	Various	1,443,085	5.94%
Small business administration loans	Various	2,013,602	8.29%
Total		\$ <u>21,454,502</u>	<u>88.36%</u>

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 7,500
American Rescue Plan Fund	General Fund	2,359
County Unit Road Maintenance Fund	General Fund	450,417
Other Governmental Funds	General Fund	850,333
Total		\$ <u>1,310,609</u>

The majority of the receivables represent the tax revenue collected in September, 2022, but not settled until October, 2022. All other receivables are to correct errors in posting revenue during the year. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

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

The amount due to the County Unit Road Maintenance Fund is for debt service payments made out of the incorrect fund in fiscal year 2020.

RANKIN COUNTY

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	American Rescue Plan Fund	\$ 776,802
General Fund	Internal Service Fund	35,350
County Unit Road Maintenance Fund	American Rescue Plan Fund	137,362
County Unit Road Maintenance Fund	Internal Service Fund	2,980
Other Governmental Funds	American Rescue Plan Fund	28,419
Other Governmental Funds	General Fund	978,360
Other Governmental Funds	Other Governmental Funds	500,000
Other Governmental Funds	Internal Service Fund	<u>3,170</u>
Total		<u>\$ 2,462,443</u>

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

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 2,014,703
Reimbursement for housing prisoners	91,338
Rural fire truck acquisition assistance program grant reimbursement	90,000
Judges' salary reimbursements	73,477
Youth and drug court reimbursement	39,431
Zero to three grant reimbursement	36,781
City of Florence	35,865
Solid waste tire grant reimbursement	33,511
Office of juvenile justice and delinquency prevention grant reimbursement	26,448
Edward Byrne memorial justice assistance grant reimbursement	20,118
High intensity drug trafficking area grant reimbursement	15,733
Department of Public Safety grant reimbursement	15,635
Other various grant reimbursements	<u>22,424</u>
Total Governmental Activities	<u>\$ 2,515,464</u>

RANKIN COUNTY

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

(6) Capital Assets.

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

**Governmental activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 5,078,099	160,000			5,238,099
Construction in progress	8,076,811	7,124,307		(931,311)	14,269,807
Total non-depreciable capital assets	<u>13,154,910</u>	<u>7,284,307</u>	<u>0</u>	<u>(931,311)</u>	<u>19,507,906</u>
<u>Depreciable capital assets:</u>					
Infrastructure	289,106,218	1,867,250			290,973,468
Buildings	102,251,327			716,687	102,968,014
Improvements other than buildings	10,459,201			9,405,004	19,864,205
Mobile equipment	20,795,208	3,760,764	2,044,939	2,562,524	25,073,557
Furniture and equipment	13,323,635	838,565	390,726	55,992	13,827,466
Leased property under capital leases	11,706,074			(11,706,074)	0
Intangible right-to-use land		128,075			128,075
Intangible right-to-use buildings		117,099			117,099
Intangible right-to-use equipment		188,547			188,547
Total depreciable capital assets	<u>447,641,663</u>	<u>6,900,300</u>	<u>2,435,665</u>	<u>1,034,133</u>	<u>453,140,431</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	161,226,013	4,105,714			165,331,727
Buildings	37,067,238	1,625,943			38,693,181
Improvements other than buildings	4,894,745	737,841		2,189,624	7,822,210
Mobile equipment	14,403,431	2,235,592	1,041,980	492,918	16,089,961
Furniture and equipment	10,619,471	798,987	377,256	9,431	11,050,633
Leased property under capital leases	2,691,427			(2,691,427)	0
Intangible right-to-use land		13,390			13,390
Intangible right-to-use buildings		39,033			39,033
Intangible right-to-use equipment		60,711			60,711
Total accumulated depreciation	<u>230,902,325</u>	<u>9,617,211</u>	<u>1,419,236</u>	<u>546</u>	<u>239,100,846</u>
Total depreciable capital assets, net	<u>216,739,338</u>	<u>(2,716,911)</u>	<u>1,016,429</u>	<u>1,033,587</u>	<u>214,039,585</u>
Governmental activities capital assets, net	<u>\$ 229,894,248</u>	<u>4,567,396</u>	<u>1,016,429</u>	<u>102,276</u>	<u>233,547,491</u>
Total capital assets, net, excluding intangible right-to-use assets			\$	233,226,904	
Intangible right-to-use assets, net				<u>320,587</u>	
Total capital assets, net, as reported in the statement of net position			\$	<u>233,547,491</u>	

RANKIN COUNTY

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

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
General government	\$ 1,758,106
Public safety	2,720,703
Public works	5,122,125
Culture and recreation	3,686
Conservation of natural resources	<u>12,591</u>
 Total governmental activities depreciation expense	 \$ <u><u>9,617,211</u></u>

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>
Puckett Fire Department #2 - Johns	\$ 45,000	December, 2023
Sheriff's Department Wood Shop	150,000	December, 2024
Mill Creek Projects 18 & 22	50,000	December, 2024
Stormwater - Richland/Mill Creek improvements	1,350,000	December, 2025
ARPA-Stormwater projects (various)	28,000,000	December, 2025
Andrew Chapel Road	750,000	December, 2023
Andrew Jackson Circle	200,000	December, 2024
Gunter Road - widening	3,000,000	December, 2024
Florence/Byram Parkway (Gunter Road - extension)	3,000,000	December, 2025
Old Pearson Road	50,000	December, 2023
South Pearson Road bridge	50,000	December, 2024
Spillway Road - widening	200,000	December, 2023

As of September 30, 2022, the County had the following commitments:

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

## RANKIN COUNTY

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

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

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

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

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

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

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

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

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

## RANKIN COUNTY

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

On January 14, 2022, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Refuge Town Center project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

On June 2, 2022, the Rankin County Board of Supervisors entered into an agreement with the City of Brandon to pledge to the City, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Orleans Way project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of County tax revenues shall not exceed fifty percent of the debt service on the TIF bonds and is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

#### (7) Claims and Judgments.

##### Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

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

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

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2022, the amount of these liabilities was \$218,715. An analysis of claims activities is presented below:

RANKIN COUNTY

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2020 - 2021	\$ 97,119	4,290,010	(4,209,462)	177,667
2021 - 2022	\$ 177,667	4,801,923	(4,760,875)	218,715

(8) Leases.

The County is a lessee for various non-cancellable leases of buildings and 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.

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 depreciation and amortization 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 the historical federal prime borrowing as the discount rate for leases unless the rate that the lessor charges is known. For leases in effect for the fiscal year, the Federal Prime Borrowing Rate ranged from 3.25% to 5.50% and was used to calculate the present value of lease payments when the rate implicit in the lease was not known. The rate used to measure leases of 16<sup>th</sup> section real property was 4.00% in accordance with *Section 29-3-113, Mississippi Code of 1972 Annotated*.

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 from the lease term.

As Lessee:

**Lease Assets**

	Balance 10/1/2021	Additions	Amortization	Balance 9/30/2022
Intangible right-to-use land	\$	128,075	13,390	114,685
Intangible right-to-use buildings		117,099	39,033	78,066
Intangible right-to-use equipment		188,547	60,711	127,836
Total	\$ 0	433,721	113,134	320,587

See Note 6 for further details regarding intangible right-to-use assets, which represents leased assets.

RANKIN COUNTY

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

**Lease Liabilities**

	Balance 10/1/2021	Additions	Principal Payments	Balance 9/30/2022
Tax Collector Building	\$	117,099	40,313	76,786
Land		128,075	15,450	112,625
Postage machine lease		25,657	6,540	19,117
Copier leases		162,890	44,455	118,435
Total	\$ 0	433,721	106,758	326,963

Rankin County entered into a lease agreement with A & M Contractors, Inc. for the lease of a building owned by A & M Contractors, Inc. for use as the County Tax Collector's office. The lease stipulated that the lessee would pay \$3,600 per month in lease payments commencing August 1, 2019 for a term of five years (60 months).

Rankin County entered into a lease agreement with Rankin County School District for the lease of land owned by Rankin County School District for placement of the Central Mississippi Regional Library, commencing September 1, 1988 for a term of forty years (480 months). The lease stipulated that the lessee would pay annual lease payments, in advance, in an amount equal to the appraised value of annual lease payments for the property in effect at the time of payment. The lease also stipulated that a reappraisal of the property and adjustment of said lease payments would occur every seven years during the term of the lease, beginning on the commencement date. The latest reappraisal of the property occurred on August 5, 2016 with an adjusted lease payment of \$4,200 to be paid annually.

Rankin County entered into a lease agreement with Anne B. Wilson (holding power of attorney for Lila Berry) for the lease of land owned by Lila Berry (P.O.A. Anne B. Wilson) for placement of an E911 tower, referred to as Monterey Tower. The lease stipulated that the lessee would pay \$6,000 per year, in advance, in lease payments commencing December 12, 2003 for a term of twenty-five years (300 months).

Rankin County entered into a lease agreement with Jimmy and Betty Rhodes for the lease of land owned by Jimmy and Betty Rhodes for placement of an E911 tower, referred to as Crossroads Tower. The lease stipulated that the lessee would pay \$4,500 per year, in advance, in lease payments commencing January 5, 2017 for a term of twenty years (240 months).

Rankin County entered into a lease agreement with Rankin County School District for the lease of land owned by Rankin County School District for placement of an E911 tower, referred to as Cato Tower. The lease commenced July 8, 2008 for a term of forty years (480 months). The lease stipulated that the lessee would pay annual lease payments, in advance, in an amount equal to the appraised value of annual lease payments for the property in effect at the time of payment. The lease also stipulated that a reappraisal of the property and adjustment of said lease payments would occur every seven years during the term of the lease, beginning on the commencement date. The latest reappraisal of the property occurred on July 8, 2022 with an adjusted lease payment of \$375 to be paid annually.

Rankin County entered into a lease agreement with Rankin County School District for the lease of land owned by Rankin County School District for placement of an E911 tower, referred to as Leesburg Tower. The lease commenced October 12, 2007 for a term of forty years (480 months). The lease stipulated that the lessee would pay annual lease payments, in advance, in an amount equal to the appraised value of annual lease payments for the property in effect at the time of payment. The lease also stipulated that a reappraisal of the property and adjustment of said lease payments would occur every seven years during the term of the lease, beginning on the commencement date. The latest reappraisal of the property occurred on October 1, 2021 with an adjusted lease payment of \$375 to be paid annually.

RANKIN COUNTY

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

Rankin County entered into a lease agreement with Pitney Bowes Global Financial Services, LLC for the lease of a postage machine owned by Pitney Bowes Global Financial Services, LLC for use in the Board of Supervisors' office. The lease stipulated that the lessee would pay approximately \$608 per month in lease payments commencing May 29, 2020 for a term of five years (60 months). Rankin County makes payments on this lease quarterly at approximately \$1,824 per quarter.

Rankin County entered into various leases of copiers with Ricoh USA, Inc. and Southern Duplicating, Inc. Each lease has its own fixed lease payment and term. The measurement of these copier leases is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate and variable payments that are fixed in substance.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Tax Collector Building	3.25%	60 months	08/2019	07/2024	\$ 3,600	76,786
Land - CMRLS	4.00%	12 years	08/2016	07/2028	350 *	18,698
Land - Monterey tower	3.25%	25 years	12/2003	11/2028	500 *	32,235
Land - Crossroads tower	3.25%	20 years	01/2017	12/2036	375 *	49,976
Land - Cato tower	4.00%	26 years	07/2022	07/2048	31 *	5,858
Land - Leesburg tower	4.00%	26 years	10/2021	10/2047	31 **	5,858
Postage machine lease	3.25%	60 months	05/2020	05/2025	608 **	19,117
Copier lease	3.25%	36 months	07/2021	06/2024	1,274	25,966
Copier lease	3.25%	36 months	08/2021	07/2024	301	6,420
Copier lease	3.25%	36 months	04/2021	03/2024	1,683	29,528
Copier lease	3.25%	36 months	02/2022	01/2025	1,141	34,678
Copier lease	3.50%	36 months	05/2022	04/2025	326	9,662
Copier lease	4.00%	36 months	06/2022	05/2025	194	5,884
Copier lease	3.25%	36 months	03/2022	02/2025	226	6,297
Total					\$ 10,640	326,963

\*Lease payment is made annually, but is shown monthly for reporting purposes.

\*\*Lease payment is made quarterly, but is shown monthly for reporting purposes.

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2023	\$ 122,424	9,219
2024	100,614	5,353
2025	27,209	3,244
2026	12,815	2,635
2027	13,265	2,186
2028 - 2032	25,670	6,581
2033 - 2037	18,884	2,867
2038 - 2042	2,742	1,008
2043 - 2047	3,340	410
Total	\$ 326,963	33,503

RANKIN COUNTY

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

As Lessor:

On December 18, 1996, Rankin County entered into a lease agreement with Health Management Associates, Inc. (Merit Health Rankin) for the lease of certain property formerly known as the Rankin Medical Center in Brandon, Mississippi, owned by the County for the purpose of a hospital. The lease stipulated that the lessee would pay \$140,000 per year in lease payments commencing January 1, 2003 for a term of twenty-four years. At the end of the lease term, with mutual agreement by both parties, the lease may be renewed for an undisclosed number of years. The County is to receive \$140,000 in lease payments annually with an interest rate of 3.25%.

On August 1, 2022, Rankin County entered into a lease agreement with South Central Community Action Agency for the lease of a building owned by the County for the purpose of a human resources agency. The lease stipulated that the lessee would pay \$1,400 per month in lease payments commencing August 1, 2022 for a term of one year. The lease stipulated that the lease agreement would be automatically extended in one-year increments until terminated by one of the parties with a 5% increase to the monthly rent amount each year upon automatic renewal. The County is reasonably certain that the lessee will not terminate the lease for one additional term beginning August 1, 2023, but cannot form a reasonable expectation as to whether the lessee will terminate the lease or allow it to renew beyond July 2024. For the reasons disclosed above, this lease was presented with a two year term. The County is to receive \$1,400 in lease payments monthly, for payments one through twelve, with an interest rate of 5.50%. The County is to receive \$1,470 in lease payments monthly, for payments thirteen through twenty-four, with an interest rate of 5.50%.

Remaining amounts to be received associated with these leases are as follows:

Year Ending September 30	Principal	Interest
2023	\$ 138,865	18,075
2024	141,528	13,172
2025	131,325	8,675
2026	135,593	4,407
Total	\$ 547,311	44,329

RANKIN COUNTY

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

(9) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
2012 Refunding	\$ 5,455,000	2.00/3.00%	12/2023
2017 GO Bond	24,800,000	3.00/5.00%	03/2032
2019 MDB Rankin County - MS GO Bond Project	<u>26,750,000</u>	3.00/5.00%	08/2034
Total General Obligation Bonds	<u>\$ 57,005,000</u>		
B. Limited Obligation Bonds:			
Series 2014 A	\$ 590,000	3.30%	12/2029
Series 2014 B	<u>1,955,000</u>	4.50%	12/2029
Total Limited Obligation Bonds	<u>\$ 2,545,000</u>		
C. Financed Purchases:			
911 equipment	\$ 1,281,740	2.44%	03/2025
John Deere 670G motor grader	171,392	3.02%	04/2023
Kenworth W900L lowboy truck	106,330	1.80%	04/2024
Kenworth K370 with durapatcher	145,747	1.62%	01/2024
Etnyre chip spreader	248,961	1.25%	07/2025
Kenworth T370	107,936	1.15%	09/2024
2022 Kenworth T370 dump truck	108,235	1.15%	10/2024
(2) 2022 Kenworth T370 dump trucks	220,499	1.29%	12/2024
2023 Kenworth T480 tandem dump truck	159,000	3.43%	03/2025
2022 Caterpillar hydraulic excavator	<u>252,114</u>	2.14%	04/2026
Total Financed Purchases	<u>\$ 2,801,954</u>		
D. Other Loans:			
Promissory Note: Road Maintenance Facility	<u>\$ 980,000</u>	3.14%	08/2033

RANKIN COUNTY

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

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

**Governmental Activities:**

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 6,055,000	2,626,825	275,000	101,648
2024	4,850,000	2,420,000	285,000	89,858
2025	4,400,000	2,242,500	295,000	77,648
2026	4,600,000	2,022,500	310,000	64,875
2027	4,800,000	1,792,500	325,000	51,458
2028 - 2032	26,700,000	5,107,500	1,055,000	68,349
2033 - 2037	5,600,000	420,000		
Total	\$ <u>57,005,000</u>	<u>16,631,825</u>	<u>2,545,000</u>	<u>453,836</u>

<u>Year Ending September 30</u>	<u>Financed Purchases</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 860,171	55,494	75,000	30,733
2024	895,933	36,767	75,000	28,381
2025	885,273	17,569	80,000	26,029
2026	160,577	1,906	85,000	23,520
2027			85,000	20,854
2028 - 2032			475,000	62,093
2033 - 2037			105,000	3,293
Total	\$ <u>2,801,954</u>	<u>111,736</u>	<u>980,000</u>	<u>194,903</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, the amount of outstanding debt was equal to 3.04 percent (3.04%) of the latest property assessments.

RANKIN COUNTY

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

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

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments*	Balance Sept. 30, 2022	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 1,641,608	187,967			1,829,575	
General obligation bonds	61,755,000		4,750,000		57,005,000	6,055,000
Less:						
Discounts	(18,882)		(14,352)		(4,530)	
Add:						
Premiums	9,141,990		905,682		8,236,308	
Limited obligation bonds	2,810,000		265,000		2,545,000	275,000
Capital leases	3,897,453			(3,897,453)		
Financed purchases		815,808	1,911,307	3,897,453	2,801,954	860,171
Leases payable		433,721	106,758		326,963	122,424
Other loans	1,050,000		70,000		980,000	75,000
Total	\$ 80,277,169	1,437,496	7,994,395	0	73,720,270	7,387,595

\*Adjustments are for the reclassification of capital leases to financed purchases due to the implementation of GASB 87.

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

(10) Other Postemployment Benefits.

Plan Description

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

(11) Defined Benefit Pension Plan.

*General Information about the Pension Plan*

Plan Description. Rankin County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* and may be amended only by

## RANKIN COUNTY

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

the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**Benefits Provided.** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**Contributions.** At September 30, 2022, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$4,153,971, \$3,696,279 and \$3,632,908, respectively, equal to the required contributions for each year.

#### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2022, the County reported a liability of \$67,313,645 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2022 net pension liability was 0.327025 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.00908 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$6,784,701. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

RANKIN COUNTY

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 939,312	
Net difference between projected and actual earnings		
on pension plan investments	3,812,060	
Changes of assumptions	2,263,475	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,430,288	25,956
County contributions subsequent to the measurement date	<u>1,094,769</u>	
Total	<u>\$ 9,539,904</u>	<u>25,956</u>

\$1,094,769 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2023	\$ 2,739,704
2024	2,194,676
2025	(167,823)
2026	<u>3,652,622</u>
Total	<u>\$ 8,419,179</u>

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 disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

RANKIN COUNTY

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

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

<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 Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	<u>1.00</u>	(0.10)
Total	<u>100.00 %</u>	

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
County's proportionate share of the net pension liability	\$ 87,851,182	67,313,645	50,381,491

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

RANKIN COUNTY

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

(12) Deficit Fund Balances of Individual Funds.

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

<u>Fund</u>	<u>Deficit Amount</u>
Garbage and Solid Waste Fund	\$ 79,290

(13) Contingencies.

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

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

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$26,688,220) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$1,094,769 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 \$8,445,135 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$25,956 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three years.

The governmental activities' unrestricted net position of \$(26,688,220) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$553,635 balance of deferred inflows of resources related to leases at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next four years.

(15) Joint Venture.

The County participates in the following joint venture:

Rankin County is a participant with Scott, Simpson and Smith Counties in a joint venture authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$2,070,572 in fiscal year 2022. Complete financial statements for the Central Mississippi Regional Library System can be obtained from 3470 Hwy 80 East, Pearl, MS 39208.

## RANKIN COUNTY

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

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Warren and Yazoo. The Rankin County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$31,469 for support of the district in fiscal year 2022.

East Central Community Action Agency, Inc. operates in a district composed of the Counties of Leake, Neshoba, Rankin, Scott and Smith. The Rankin County Board of Supervisors appoints two of the 30 board members. The County provides a modest amount of support when matching funds are required for federal grants. The County provided no support for the district in fiscal year 2022.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Rankin County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$4,630,932 for maintenance and improvement of the college and \$ 3,233,195 for the Vo-Tech in fiscal year 2022.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Rankin County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$337,000 for support of the commission in fiscal year 2022.

(17) Tax Abatements.

As of September 30, 2022, Rankin County provides tax exempt status to a recycling company, a communications company, various wholesale companies, various medical supply companies, various warehouse storage facilities, various manufacturing companies, various real estate companies, and an electric power association subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under *Sections 27-31-101, 27-31-51, 27-31-15(2) and 27-31-105* of the *Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2022 totaled \$1,499,454.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Rankin County evaluated the activity of the County through April 22, 2024 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

RANKIN COUNTY

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

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

<u>Issue</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/15/2022		4.33%	\$ 159,000	Financed purchase	Ad valorem taxes
04/10/2023		4.53%	117,582	Financed purchase	Ad valorem taxes
04/10/2023		4.53%	117,582	Financed purchase	Ad valorem taxes
04/10/2023		4.53%	314,911	Financed purchase	Ad valorem taxes
04/10/2023		4.62%	276,701	Financed purchase	Ad valorem taxes
06/16/2023		4.64%	115,991	Financed purchase	Ad valorem taxes

Rankin County entered into various leases for copiers subsequent to September 30, 2022 as follows:

1/1/2023	7.50%	309/month	Copier lease	Ad valorem taxes
2/1/2023	7.50%	305/month	Copier lease	Ad valorem taxes
3/1/2023	7.75%	365/month	Copier lease	Ad valorem taxes
3/1/2023	7.75%	336/month	Copier lease	Ad valorem taxes
3/1/2023	7.75%	35/month	Copier lease	Ad valorem taxes
3/1/2023	7.75%	260/month	Copier lease	Ad valorem taxes
4/1/2023	8.00%	536/month	Copier lease	Ad valorem taxes
4/1/2023	8.00%	336/month	Copier lease	Ad valorem taxes
4/1/2023	8.00%	243/month	Copier lease	Ad valorem taxes
5/1/2023	8.00%	298/month	Copier lease	Ad valorem taxes
5/1/2023	8.00%	28/month	Copier lease	Ad valorem taxes
5/1/2023	8.00%	28/month	Copier lease	Ad valorem taxes
7/1/2023	8.25%	219/month	Copier lease	Ad valorem taxes
7/1/2023	8.25%	334/month	Copier lease	Ad valorem taxes
10/1/2023	8.50%	328/month	Copier lease	Ad valorem taxes
11/1/2023	8.50%	229/month	Copier lease	Ad valorem taxes
4/1/2024	8.50%	402/month	Copier lease	Ad valorem taxes
4/1/2024	8.50%	291/month	Copier lease	Ad valorem taxes
4/1/2024	8.50%	243/month	Copier lease	Ad valorem taxes
4/1/2024	8.50%	371/month	Copier lease	Ad valorem taxes

RANKIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

RANKING COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 32,246,311	31,860,981	31,860,981	
Licenses, commissions and other revenue	4,790,800	5,300,236	5,300,236	
Fines and forfeitures	675,000	835,816	835,816	
Intergovernmental revenues	6,639,000	7,001,522	7,001,522	
Charges for services	946,600	900,331	900,331	
Interest income	400,000	154,003	154,003	
Miscellaneous revenues	573,200	1,295,268	1,295,268	
Total Revenues	<u>46,270,911</u>	<u>47,348,157</u>	<u>47,348,157</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	19,270,996	19,225,741	19,225,741	
Public safety	23,053,001	23,402,927	23,402,927	
Health and welfare	1,293,320	1,159,984	1,159,984	
Culture and recreation	67,200	60,952	60,952	
Conservation of natural resources	463,657	398,370	398,370	
Economic development and assistance	310,326	302,031	302,031	
Total Expenditures	<u>44,458,500</u>	<u>44,550,005</u>	<u>44,550,005</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>1,812,411</u>	<u>2,798,152</u>	<u>2,798,152</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		23,250	23,250	
Transfers in	1,715,000	1,722,311	1,722,311	
Transfers out	(3,500,000)	(2,705,477)	(2,705,477)	
Total Other Financing Sources and Uses	<u>(1,785,000)</u>	<u>(959,916)</u>	<u>(959,916)</u>	<u>0</u>
Net Change in Fund Balance	27,411	1,838,236	1,838,236	0
Fund Balances - Beginning	<u>39,000,000</u>	<u>26,499,850</u>	<u>26,499,850</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 39,027,411</u>	<u>28,338,086</u>	<u>28,338,086</u>	<u>0</u>

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

RANKIN COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 American Rescue Plan Fund  
 For the Year Ended September 30, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$	15,079,786	15,079,786	
Interest income		9,422	9,422	
Total Revenues	<u>0</u>	<u>15,089,208</u>	<u>15,089,208</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works		554,738	554,738	
Total Expenditures	<u>0</u>	<u>554,738</u>	<u>554,738</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>14,534,470</u>	<u>14,534,470</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out		(944,942)	(944,942)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(944,942)</u>	<u>(944,942)</u>	<u>0</u>
Net Change in Fund Balance	0	13,589,528	13,589,528	0
Fund Balances - Beginning	<u>15,000,000</u>	<u>15,082,471</u>	<u>15,082,471</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 15,000,000</u>	<u>28,671,999</u>	<u>28,671,999</u>	<u>0</u>

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

RANKIN COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 County Unit Road Maintenance Fund  
 For the Year Ended September 30, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 8,030,000	8,184,611	8,184,611	
Road and bridge privilege taxes	2,260,000	2,241,373	2,241,373	
Licenses, commissions and other revenue	2,200	1,733	1,733	
Fines and forfeitures	1,400,000	2,583,860	2,583,860	
Intergovernmental revenues	1,442,000	1,276,061	1,276,061	
Interest income	140,000	143,326	143,326	
Miscellaneous revenues	50,400	14,085	14,085	
Total Revenues	<u>13,324,600</u>	<u>14,445,049</u>	<u>14,445,049</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	15,550,952	12,367,339	12,367,339	
Debt service:				
Principal	682,710	1,027,931	1,027,931	
Interest		61,567	61,567	
Total Expenditures	<u>16,233,662</u>	<u>13,456,837</u>	<u>13,456,837</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(2,909,062)</u>	<u>988,212</u>	<u>988,212</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,486,616	1,252,322	1,252,322	
Total Other Financing Sources and Uses	<u>1,486,616</u>	<u>1,252,322</u>	<u>1,252,322</u>	<u>0</u>
Net Change in Fund Balance	(1,422,446)	2,240,534	2,240,534	0
Fund Balances - Beginning	<u>19,000,000</u>	<u>18,332,769</u>	<u>18,332,769</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 17,577,554</u>	<u>20,573,303</u>	<u>20,573,303</u>	<u>0</u>

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.327025%	0.317945%	0.312624%	0.313208%	0.309056%	0.300000%	0.280000%	0.280000%
County's proportionate share of the net pension liability (asset)	\$ 67,313,645	46,993,660	60,520,374	55,099,467	51,405,195	49,870,182	50,014,992	43,282,478
Covered payroll	\$ 22,513,443	21,140,085	20,819,622	20,398,462	19,736,159	19,144,540	18,281,327	17,701,963
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.99%	222.30%	290.69%	270.12%	260.46%	260.49%	273.73%	244.50%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,153,971	3,696,279	3,632,908	3,319,507	3,128,346	3,015,265	2,877,734	2,788,056
Contributions in relation to the contractually required contribution	<u>4,153,971</u>	<u>3,696,279</u>	<u>3,632,908</u>	<u>3,319,507</u>	<u>3,128,346</u>	<u>3,015,265</u>	<u>2,877,734</u>	<u>2,788,056</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>						
Covered payroll	\$ 23,873,394	21,242,983	20,878,782	20,541,504	19,862,513	19,144,540	18,271,327	17,701,943
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%

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

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

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RANKIN COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>		
	General	American	County
	Fund	Rescue Plan	Unit Road
	Fund	Fund	Maintenance
	Fund	Fund	Fund
Budget (Cash Basis)	\$ 1,838,236	13,589,528	2,240,534
Increase (Decrease)			
Net adjustments for revenue accruals	(231,180)	(13,243,710)	2,564,801
Net adjustments for expenditure accruals	<u>1,712</u>	<u>(336,396)</u>	<u>(3,350,758)</u>
GAAP Basis	<u>\$ 1,608,768</u>	<u>9,422</u>	<u>1,454,577</u>

## RANKIN COUNTY

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

#### Pension Schedules

##### A. Changes of assumptions.

###### 2015

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

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

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

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

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

###### 2016

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

###### 2017

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

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

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

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

###### 2019

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

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

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

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

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

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

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

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

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

RANKIN COUNTY

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

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Changes in benefit provisions.

2016

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

RANKIN COUNTY

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

C. Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

RANKIN COUNTY

SUPPLEMENTARY INFORMATION

RANKIN COUNTY

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture Passed-through the Mississippi Department of Health WIC Special supplemental nutrition program for women, infants and children	10.557	SG-2001/5MS700704	\$ <u>137,707</u>
Total U.S. Department of Agriculture			<u>137,707</u>
U.S. Department of Justice Drug court discretionary grant program (Direct Award)	16.585	N/A	<u>94,960</u>
U.S. Department of Justice - Office of Justice Programs/ Passed-through the Mississippi Department of Public Safety Edward Byrne memorial justice assistance grant program	16.738	20DC1611	142,063
Edward Byrne memorial justice assistance grant program	16.738	21DC1611	<u>20,118</u>
Subtotal			<u>162,181</u>
Total U.S. Department of Justice			<u>257,141</u>
U.S. Department of the Treasury Coronavirus state and local fiscal recovery funds (Direct Award)*	21.027	N/A	<u>1,836,077</u>
Total U.S. Department of the Treasury			<u>1,836,077</u>
U.S. Department of Health and Human Services Passed-through the ZERO TO THREE: National Center for Infants, Toddlers and Families Maternal and child health federal consolidated programs	93.110	2021120127	<u>144,377</u>
Total U.S. Department of Health and Human Services			<u>144,377</u>
Executive Office of the President Passed-through the Mississippi Department of Public Safety - Bureau of Narcotics High intensity drug trafficking areas program	95.001	G21-GC0003A	21,969
High intensity drug trafficking areas program	95.001	G22-GC0003A	<u>28,701</u>
Subtotal			<u>50,670</u>
Total Executive Office of the President			<u>50,670</u>

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance (Presidentially declared disasters)	97.036	FEMA-4598-DR-MS	<u>17,436</u>
Total U.S. Department of Homeland Security			<u>17,436</u>
Total Expenditures of Federal Awards			<u>\$ 2,443,408</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Rankin County under programs of the federal government for the year ended September 30, 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 Rankin County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Rankin County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

\* Denotes major federal award program

RANKIN COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2022

Operating Expenditures, Cash Basis:

Salaries	\$	44,867
Solid waste disposal fee		7,427,624
Professional fees, legal advertising and other fees		16,372
Postage and box rent		48,470
Telephone and utilities		<u>239</u>
Solid Waste Cash Basis Operating Expenditures		7,537,572
Full Cost Expenses:		
Indirect administrative costs		<u>59,435</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>7,597,007</u></u>

RANKIN COUNTY

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RANKIN COUNTY

OTHER INFORMATION

RANKIN COUNTY

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

Name	Position	Company	Bond
Jared Morrison	Supervisor District 1	Western Surety	\$200,000
Daniel Cross	Supervisor District 2	Western Surety	\$200,000
Bradley Calhoun	Supervisor District 3	Western Surety	\$100,000
Steve Gaines	Supervisor District 4	Western Surety	\$200,000
Jay Bishop	Supervisor District 5	Western Surety	\$200,000
Keith Hicks	County Administrator	Western Surety	\$100,000
Larry Swales	Chancery Clerk	RLI	\$100,000
Brigette Herring	Purchase Clerk	Western Surety	\$100,000
Rachel Knight	Assistant Purchase Clerk	Western Surety	\$50,000
Ann Bowman	Receiving Clerk	Western Surety	\$75,000
Blanket Bond	Assistant Receiving Clerks (24)	Western Surety	\$50,000
Kim Griffith	Inventory Control Clerk	Western Surety	\$75,000
Mike Harrison	Road Manager	Western Surety	\$50,000
Robert Hancock	Constable	Western Surety	\$50,000
Barry Bean	Constable	Western Surety	\$50,000
Gary Windham	Constable	Western Surety	\$50,000
Rebecca Boyd	Circuit Clerk	Western Surety	\$100,000
Blanket Bond	Deputy Circuit Clerks (11)	Western Surety	\$50,000
Bryan Bailey	Sheriff	Western Surety	\$100,000
Richard Redfern	Justice Court Judge	Western Surety	\$50,000
Whitney Adams	Justice Court Judge	Western Surety	\$50,000
Joshua McCrory	Justice Court Judge	Western Surety	\$50,000
Levoy Agnew IV	Justice Court Judge	Western Surety	\$50,000
Jessica Massey	Justice Court Clerk	Western Surety	\$50,000
Blanket Bond	Justice Court Clerk and Deputy Justice Court Clerks (6)	Western Surety	\$50,000
Caroline Gilbert	Tax Collector	Western Surety	\$100,000
Blanket Bond	Deputy Tax Collectors (26)	Western Surety	\$50,000
John Sullivan	Tax Assessor	Western Surety	\$50,000
Blanket Bond	Deputy Tax Assessors (21)	Western Surety	\$10,000
Amie Mondello	Deputy Chancery Clerk	Western Surety	\$100,000
Lynn Means	Deputy Chancery Clerk	Western Surety	\$50,000
Ben Thomas	Deputy Chancery Clerk	Western Surety	\$50,000
Jessica Flood	Deputy Chancery Clerk	Western Surety	\$100,000
Constance Jones	Deputy Chancery Clerk	Western Surety	\$50,000
Catherine Le	Deputy Chancery Clerk	Western Surety	\$50,000
Whitney McCoy	Deputy Chancery Clerk	Western Surety	\$50,000
Jared Lal	Deputy Chancery Clerk	Western Surety	\$50,000

RANKIN COUNTY

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RANKIN COUNTY

SPECIAL REPORTS

RANKIN COUNTY

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

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

Members of the Board of Supervisors  
Rankin County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 22, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is also qualified on the governmental activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. Additionally, our report includes a qualified opinion on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Circuit Court and Justice Court fines receivable, net, and the aging of these receivables at September 30, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002 and 2022-003 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

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

We noted certain matters that we reported to the management of Rankin County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 22, 2024, included within this document.

### **Rankin County's Responses to Findings**

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

### **Purpose of this Report**

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 22, 2024



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

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

Members of the Board of Supervisors  
Rankin County, Mississippi

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

***Opinion on the Major Federal Program***

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

In our opinion, Rankin County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rankin County, Mississippi's 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 Rankin County, Mississippi's compliance with the compliance requirements referred to above.

***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 Rankin County, Mississippi's federal programs.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rankin County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rankin County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rankin County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

JOE E. MCKNIGHT CPA  
Director, County Audit Section

April 22, 2024

RANKIN COUNTY

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

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

Members of the Board of Supervisors  
Rankin County, Mississippi

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

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

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

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

**Receiving Clerk and Assistant Receiving Clerks.**

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

**Repeat Finding** Yes

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

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

**Views of Responsible Official(s)**

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

**Auditor's Note**

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

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

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

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

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



JOE E. MCKNIGHT, CPA  
 Director, County Audit Section

April 22, 2024

RANKIN COUNTY  
Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2022

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
06/02/2022	Toner for ballots	\$ 8,545	Hart InterCivic, Inc.	Only vendor able to supply toner in time for election day
07/22/2022	Base asphalt mix	209,927	APAC-Mississippi	Public safety
07/22/2022	Surface asphalt mix	122,081	APAC-Mississippi	Public safety
08/24/2022	Traffic signs	7,827	Custom Products Corporation	Flooding
08/26/2022	On-road diesel	2,612	Waring Oil Company	Flooding
08/26/2022	Gasoline	9,814	Capital Oil, Inc.	Flooding
08/29/2022	Rental of excavator	11,201	Puckett Machinery, Inc.	Flooding

## RANKIN COUNTY

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

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
12/06/2021	Court recording equipment	\$	6,758	Stenograph, LLC
01/11/2022	Forensic software		32,058	Grayshift, LLC
01/14/2022	TASER brand weapons		6,646	Axon Enterprises
02/07/2022	Polygraph system		6,238	Lafayette Instrument
02/08/2022	Election equipment		362,807	Hart InterCivic, Inc,
02/08/2022	Election license upgrade		9,025	Hart InterCivic, Inc,
05/16/2022	EMS equipment		16,500	Zoll Media Corporation
05/16/2022	In-field recording system		89,805	Motorola Solutions
06/16/2022	Voting equipment memory		13,250	Hart InterCivic, Inc,
08/02/2022	Forensic equipment		8,684	Magnet Forensics, Inc.

RANKIN COUNTY

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

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

Members of the Board of Supervisors  
Rankin County, Mississippi

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

In addition, for areas not considered material to Rankin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 22, 2024, on the financial statements of Rankin County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

**Board of Supervisors and Sheriff.**

1. The County should strengthen controls over the use of the credit cards to ensure compliance.

**Repeat Finding** No

**Criteria** *Section 19-25-13, Mississippi Code of 1972 Annotated*, states that the board of supervisors may acquire one or more credit cards that may be used by the sheriff and his deputies to pay expenses incurred by them when traveling in or out of state in the performance of their official duties. The chancery clerk or county purchase clerk shall maintain complete records of all credit card numbers and all receipts and other documents relating to the use of those credit cards. The sheriff shall furnish receipts for the use of the credit cards each month to the chancery clerk or purchase clerk who shall submit a written report monthly to the board of supervisors, which report shall include an itemized list of all expenditures and use of the credit cards for the month, and the expenditures may be allowed for payment by the county

in the same manner as other items on the claims docket. The issuance of a credit card to a sheriff or his deputy under the provisions of this section shall not be construed to authorize the sheriff or deputy sheriff to use the credit card to make any expenditure that is not otherwise authorized by law.

**Condition** During testing of the County's credit cards, it was noted that there were two instances where credit cards were used by the Sheriff's Department to make unauthorized purchases.

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

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

**Recommendation** The County should implement procedures to ensure that credit cards are being used for authorized and allowable purchases.

**Views of Responsible Official(s)**

I have been notified of the findings and understand now why the expenses are not allowed on the sheriff's office credit cards. I apologize for the errors and I have already taken steps to prevent this from happening again. I have informed all of the sheriff's office administration of the rules on the credit cards. Administration including myself understand that credit cards can only be used for travel, meals and lodging on approved training. I also informed administration that I would have to approve the cards being used during emergencies and natural disasters.

**Circuit Clerk.**

**2.** The Circuit Clerk understated fees subject to the cap on the Annual Financial Report.

**Repeat Finding** No

**Criteria** *Section 9-1-43(1), Mississippi Code of 1972 Annotated*, limits the compensation of the Circuit Clerk to \$97,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the Clerk into the County's General Fund on or before April 15th for the preceding calendar year.

**Condition** Based on test work performed, it was noted that the Clerk retired June 30, 2022, but failed to correctly complete the Annual Financial Report as required for being a retiree for one-half of the calendar year. This resulted in fees subject to the cap being understated by \$50,217 for the 2022 calendar year.

**Cause** The Circuit Clerk did not comply with state law.

**Effect** Failure to properly complete the Annual Financial Report resulted in additional over the salary cap fees being owed to the County's General Fund.

**Recommendation** The Circuit Clerk should settle the additional \$50,217 that is over the salary cap to the County's General Fund and ensure that future fees reported on the Annual Financial Report are complete and accurate.

**Views of Responsible Official(s)**

The funds have been received by the County and the issue has been corrected.

**Auditor's Note** The Circuit Clerk settled \$50,217 to the County's General Fund on October 25, 2023, as evidenced by receipt warrant number 50140.

**Circuit Clerk and Deputy Circuit Clerks.**

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

**Repeat Finding** Yes

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

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

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

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

**Recommendation** The County should cancel the blanket bond and obtain individual bonds for each Deputy Circuit Clerk. Additionally, the County should ensure that all Deputy Circuit Clerks are bonded in accordance with state law.

**Views of Responsible Official(s)**

Rankin County's Deputy Circuit Clerks are bonded, under a blanket bond, in the amount required by *Mississippi Code Annotated Section 9-7-123*. In addition to specifically finding that a deputy justice court clerk may be bonded under a blanket bond, *MS AG Op., Lamar* (Feb. 26, 2016), the Mississippi Attorney General has consistently opined that, in the context of county employees who are required to be bonded, a blanket bond is sufficient. *MS AG Op., Meadows* (Jan. 24, 1997); *MS AG Op., Howard* (Aug. 23, 2002); *MS AG Op., Lamar* (Feb. 26, 2016). In addition, *Section 9-7-123* does not expressly require use of an "individual" bond. Accordingly, in reliance on the aforementioned Attorney General's opinions, Rankin County believes it is in compliance with *Section 9-7-123*.

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

**Justice Court Clerk and Deputy Justice Court Clerks.**

4. The Justice Court Clerk and all Deputy Justice Court Clerks should be bonded as required by state statute.

**Repeat Finding** Yes

**Criteria** *Section 9-11-29(2), Mississippi Code of 1972 Annotated*, requires that the Justice Court Clerk and each Deputy Justice Court Clerk be bonded for a minimum of \$50,000. Furthermore, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new

bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

<b>Condition</b>	As reported in the prior four years' audit reports, the Justice Court Clerk and all the Deputy Justice Court Clerks are bonded for an indefinite time period under a blanket bond for \$50,000.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.
<b>Recommendation</b>	The County should cancel the blanket bond and obtain individual bonds for the Justice Court Clerk and each Deputy Justice Court Clerk. Additionally, the County should ensure that the Justice Court Clerk and all Deputy Justice Court Clerks are bonded in accordance with state law.

**Views of Responsible Official(s)**

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

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

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

<b>Repeat Finding</b>	Yes
<b>Criteria</b>	<i>Section 27-1-3, Mississippi Code of 1972 Annotated</i> , requires that each Deputy Tax Assessor shall give bond in an amount not less than \$10,000 for the faithful discharge of his duties. Also, <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> , requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
<b>Condition</b>	As reported in the prior four years' audit reports, the Deputy Tax Assessors are bonded for an indefinite time period under a blanket bond for \$10,000.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.

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

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

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

**Tax Collector and Deputy Tax Collectors.**

6. Deputy Tax Collectors should be bonded as required by state statute.

**Repeat Finding** Yes

**Criteria** *Section 27-1-9(a), Mississippi Code of 1972 Annotated*, requires each Deputy Tax Collector to be bonded for an amount not less than \$50,000. Also, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

**Condition** As reported in the prior four years’ audit reports, the Deputy Tax Collectors are bonded for an indefinite time period under a blanket bond for \$50,000.

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

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

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

**Views of Responsible Official(s)** Rankin County deputy tax collectors are bonded, under a blanket bond, in the amount required by *Mississippi Code Annotated Section 9-11-29*. The Mississippi Attorney General has consistently opined that, in the context of county employees who are required to be bonded, a blanket bond is sufficient. *MS AG Op., Meadows* (Jan. 24, 1997); *MS AG Op., Howard* (Aug. 23, 2002); *MS AG Op., Lamar* (Jan. 26, 2009); *MS AG Op., Lamar* (Feb. 26, 2016). *Section 27-1-9* does not expressly require use of an “individual” bond. Accordingly, in reliance on the aforementioned Attorney General’s opinions, Rankin County believes it is in compliance with *Section 27-1-9*.

**Auditor’s Note** The *Mississippi Attorney General Opinion 2016 WL 1072881* states, “It should be noted that the blanket bond will list each position covered under the bond, including the deputy

circuit court clerks covered.” Therefore, a blanket bond is considered sufficient if each employee’s name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 22, 2024

RANKIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RANKIN COUNTY

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RANKIN COUNTY

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

Section 1: Summary of Auditor's Results

**Financial Statements:**

- 1. Type of auditor's report issued on the financial statements:
  - Governmental activities Qualified
  - Aggregate discretely presented component units Adverse
  - General Fund Qualified
  - American Rescue Plan Fund Unmodified
  - County Unit Road Maintenance Fund Unmodified
  - Aggregate remaining fund information Unmodified
- 2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes
  - b. Significant deficiency identified? None Reported
- 3. Noncompliance material to the financial statements noted? No

**Federal Awards:**

- 4. Internal control over major federal programs:
  - a. Material weakness identified? No
  - b. Significant deficiency identified? None Reported
- 5. Type of auditor's report issued on compliance for the major federal program: Unmodified
- 6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
- 7. Identification of major federal programs:
  - a. ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds
- 8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
- 9. Auditee qualified as low-risk auditee? No
- 10. Prior fiscal year audit finding and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

RANKIN COUNTY

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

<b>2022-001.</b>	<u>Liability for postemployment benefits not recorded and note disclosure for postemployment benefits not reported.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Rankin County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage to active employees and retirees through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement No. 75 as a single-employer defined benefit health care plan. GASB Statement No. 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.
<b>Condition</b>	As reported in the prior four years' audit reports, the County does not issue a publicly available financial report for its health insurance plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures that are required by accounting principles generally accepted in the United States of America.
<b>Cause</b>	This was caused by a lack of resources.
<b>Effect</b>	The failure to follow Generally Accepted Accounting Principles resulted in a qualified opinion on the Governmental Activities' opinion unit.
<b>Recommendation</b>	The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.
<b>Circuit Clerk.</b>	
<b>Material Weakness</b>	
<b>2022-002.</b>	<u>The Circuit Court Clerk should ensure effective controls over fines receivable.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal control over fines receivable should include maintaining adequate subsidiary records to substantiate the total fines receivable balance.
<b>Condition</b>	Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable for Circuit Court fines and the aging of fines receivable at September 30, 2022. The following deficiencies were noted:  a. The subsidiary records for fines receivable maintained by the Circuit Clerk's office did not properly distinguish between the amount of fines owed and the amount of restitution owed for judgments in which there was both a fine and a restitution amount owed.

RANKIN COUNTY

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

- b. The Circuit Clerk's office incorrectly posted fines receivable balances into the accounting software for judgments in which there was both a fine and a restitution amount owed by including restitution owed in the fines receivable total.

The extent to which these errors misstate the Circuit Court fines receivable balance is not known.

<b>Cause</b>	The Circuit Clerk lacked the necessary controls over fines receivable.
<b>Effect</b>	The Independent Auditor's Report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable.
<b>Recommendation</b>	The Circuit Clerk should establish procedures documenting the existence and valuation of Circuit Court fines receivable, including the aging schedule of fines receivable as of September 30 <sup>th</sup> .
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.

**Justice Court Clerk.**

**Material Weakness**

**2022-003.** The Justice Court Clerk should ensure effective controls over fines receivable.

**Repeat Finding** No

**Criteria** An effective system of internal control over fines receivable should include maintaining adequate subsidiary records to substantiate the total fines receivable balance.

**Condition** Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable for Justice Court fines and the aging of fines receivable at September 30, 2022. The Justice Court implemented a new accounting system and the new reports generated for the aging of fines receivable included errors that went undetected by the Justice Court Clerk. When comparing reports from the old accounting system to the new accounting system total fines receivable decreased significantly. The extent to which these errors misstate the Justice Court fines receivable balance is not known.

**Cause** The Justice Court Clerk failed to detect errors in the new accounting system for fines receivable.

**Effect** The Independent Auditor's Report includes a qualified opinion on the General Fund because we were not able to satisfy ourselves as to the fair presentation of the Justice Court fines receivable.

**Recommendation** The Justice Court Clerk should establish procedures documenting the existence and valuation of Justice Court fines receivable, including the aging schedule of fines receivable as of September 30<sup>th</sup>.

RANKIN COUNTY

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

**Views of Responsible  
Official(s)**

See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

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

RANKIN COUNTY

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

RANKIN COUNTY

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# BOARD OF SUPERVISORS

*"Government of the People"*

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

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

## CORRECTIVE ACTION PLAN

March 26, 2024

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

Gentlemen:

Rankin County respectfully submits the following Corrective Action Plan for the year ended September 30, 2022.

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

### SECTION 2: FINANCIAL STATEMENT FINDINGS

- 2022-001. Corrective Action Planned: Rankin County had 14 retirees covered under the BCBS health insurance plan at the end of FY22. Management continues to review the feasibility of acquiring actuarial services that would be required to prepare a post-employment benefit liability and related note disclosures.
- Anticipated Completion Date: Unknown
- Name of Contact Person Responsible for Corrective Action: Keith Hicks, County Administrator
- 2022-002. Corrective Action Planned: We have contacted Data Systems Management to correct the software issue to split out restitution from the fines amount.
- Anticipated Completion Date: November 30, 2023
- Name of Contact Person Responsible for Corrective Action: Michelle Adcock, Circuit Clerk
- 2022-003. Corrective Action Planned: Report has been fixed. New system updated. Will comply.
- Anticipated Completion Date: September 30, 2023
- Name of Contact Person Responsible for Corrective Action: Jessica Massey, Justice Court Clerk

**SECTION 3: FEDERAL AWARD FINDINGS**

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

Sincerely yours,



Steve Gains  
Board President  
Rankin County, Mississippi  
(601) 825-1475



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### Summary Schedule of Prior Audit Findings

March 26, 2024

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

Gentlemen:

Rankin County respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2022.

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

#### **SECTION 2: FINANCIAL STATEMENT FINDINGS**

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

NOT CORRECTED. Repeated as 2019-001, 2020-001, 2021-001, and 2022-001.

#### **SECTION 3: FEDERAL AWARD FINDINGS**

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

Sincerely yours,

Steve Gains  
Board President  
Rankin County, Mississippi  
(601) 825-1475