

# PEARL RIVER COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2020



## SHAD WHITE

STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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









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

**Shad White**  
AUDITOR

June 3, 2022

Members of the Board of Supervisors  
Pearl River County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Pearl River 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 Pearl River County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Pearl River 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



# PEARL RIVER COUNTY

## TABLE OF CONTENTS

|   |    |
|---|----|
| FINANCIAL SECTION.....  | 1  |
| INDEPENDENT AUDITOR'S REPORT.....   | 3  |
| FINANCIAL STATEMENTS.....   | 7  |
| Statement of Net Position .....   | 9  |
| Statement of Activities.....  | 10 |
| Balance Sheet - Governmental Funds.....   | 11 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net<br>Position.....  | 12 |
| Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Governmental Funds.....   | 13 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund<br>Balances of Governmental Funds to the Statement of Activities.....   | 14 |
| Statement of Fiduciary Assets and Liabilities .....   | 15 |
| Notes to Financial Statements .....   | 17 |
| REQUIRED SUPPLEMENTARY INFORMATION .....  | 39 |
| Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General<br>Fund.....   | 41 |
| Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) –<br>Countywide Road Fund .....  | 42 |
| Schedule of the County's Proportionate Share of the Net Pension Liability .....   | 43 |
| Schedule of County Contributions .....  | 44 |
| Notes to the Required Supplementary Information.....  | 45 |
| SUPPLEMENTARY INFORMATION.....  | 49 |
| Schedule of Expenditures of Federal Awards.....   | 51 |
| OTHER INFORMATION .....   | 53 |
| Schedule of Surety Bonds for County Officials.....  | 55 |
| SPECIAL REPORTS.....  | 57 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of the Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ..... | 59 |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on<br>Internal Control Over Compliance Required by Uniform Guidance .....   | 61 |
| Independent Accountant's Report on Central Purchasing System, Inventory Control<br>System and Purchase Clerk Schedules (Required By Section 31-7-115, Miss.<br>Code Ann. (1972)) .....  | 63 |
| Limited Internal Control and Compliance Review Management Report.....   | 69 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....   | 73 |





PEARL RIVER COUNTY

FINANCIAL SECTION

PEARL RIVER COUNTY

(This page left blank intentionally.)



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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Pearl River County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi, (the County) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units***

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

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Pearl River County, Mississippi, as of September 30, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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

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

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

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2022 on our consideration of Pearl River 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 Pearl River 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 Pearl River County, Mississippi's internal control over financial reporting and compliance.

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 3, 2022

PEARL RIVER COUNTY

(This page left blank intentionally.)

PEARL RIVER COUNTY

FINANCIAL STATEMENTS

PEARL RIVER COUNTY

(This page left blank intentionally.)



PEARL RIVER COUNTY  
Statement of Net Position  
September 30, 2020

Exhibit 1

|   | Primary Government<br>Governmental<br>Activities |
|---|--|
| <b>ASSETS</b>   |  |
| Cash  | \$ 17,387,734                                    |
| Restricted assets - investments                                       | 463,093  |
| Property tax receivable   | 17,443,500                                       |
| Fines receivable (net of allowance for uncollectibles of \$3,244,496) | 1,369,747  |
| Intergovernmental receivables   | 1,464,152  |
| Other receivables   | 58,917   |
| Capital assets:   |  |
| Land and construction in progress                                     | 1,762,581  |
| Other capital assets, net   | 93,750,153                                       |
| Total Assets  | <u>133,699,877</u>                               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |  |
| Deferred outflows related to pensions                                 | 3,749,943  |
| Total Deferred Outflows of Resources                                  | <u>3,749,943</u>                                 |
| <b>LIABILITIES</b>  |  |
| Claims payable  | 630,977  |
| Intergovernmental payables  | 887,664  |
| Accrued interest payable  | 53,806   |
| Other payables  | 108,388  |
| Long-term liabilities   |  |
| Due within one year:  |  |
| Capital debt  | 1,972,016  |
| Due in more than one year:  |  |
| Capital debt  | 16,747,239                                       |
| Non-capital debt  | 1,823,060  |
| Net pension liability   | 28,803,241                                       |
| Total Liabilities   | <u>51,026,391</u>                                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |  |
| Deferred revenues - property taxes                                    | 17,443,500                                       |
| Total Deferred Inflows of Resources                                   | <u>17,443,500</u>                                |
| <b>NET POSITION</b>   |  |
| Net investment in capital assets                                      | 76,793,479                                       |
| Restricted for:   |  |
| Expendable:   |  |
| General government  | 3,715,305  |
| Public safety   | 584,805  |
| Public works  | 3,443,495  |
| Health and welfare  | 1,028,159  |
| Culture and recreation  | 118,354  |
| Conservation of natural resources                                     | 84,653   |
| Debt service  | 242,306  |
| Unrestricted  | (17,030,627)                                     |
| Total Net Position  | <u>\$ 68,979,929</u>                             |

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

PEARL RIVER COUNTY  
Statement of Activities  
For the Year Ended September 30, 2020

Exhibit 2

| Functions/Programs   | Expenses      | Program Revenues        |  |  | Net (Expense) Revenue<br>and Changes in Net<br>Position |
|--|---------------|-------------------------|--|--|---|
|  |               | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government<br>Governmental<br>Activities        |
| Primary government:  |               |                         |  |  |   |
| Governmental activities:                                     |               |                         |  |  |   |
| General government   | \$ 9,729,111  | 1,775,038               | 829,427                                  |  | (7,124,646)   |
| Public safety  | 8,915,609     | 1,242,791               | 1,693,862                                |  | (5,978,956)   |
| Public works   | 4,344,212     |                         | 1,469,084                                | 1,833,937                              | (1,041,191)   |
| Health and welfare   | 5,917,011     |                         | 76,240                                   |  | (5,840,771)   |
| Culture and recreation                                       | 479,403       |                         |  |  | (479,403)   |
| Education  | 218,368       |                         |  |  | (218,368)   |
| Conservation of natural resources                            | 191,863       |                         |  |  | (191,863)   |
| Economic development and assistance                          | 201,198       |                         |  |  | (201,198)   |
| Interest on long-term debt                                   | 696,458       |                         |  |  | (696,458)   |
| Pension expense  | 3,372,298     |                         |  |  | (3,372,298)   |
| Total Governmental Activities                                | \$ 34,065,531 | 3,017,829               | 4,068,613                                | 1,833,937                              | (25,145,152)  |
| General revenues:  |               |                         |  |  |   |
| Property taxes   |               |                         |  | \$                                     | 18,780,245  |
| Road & bridge privilege taxes                                |               |                         |  |  | 809,064   |
| Grants and contributions not restricted to specific programs |               |                         |  |  | 901,159   |
| Unrestricted interest income                                 |               |                         |  |  | 442,714   |
| Miscellaneous  |               |                         |  |  | 6,913,299   |
| Total General Revenues                                       |               |                         |  |  | 27,846,481  |
| Changes in Net Position                                      |               |                         |  |  | 2,701,329   |
| Net Position - Beginning, as previously reported             |               |                         |  |  | 66,186,041  |
| Prior period adjustment                                      |               |                         |  |  | 92,559  |
| Net Position - Beginning, as restated                        |               |                         |  |  | 66,278,600  |
| Net Position - Ending  |               |                         |  | \$                                     | 68,979,929  |

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

PEARL RIVER COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2020

Exhibit 3

|   | Major Funds   |            |            |           | Other        | Total        |
|---|---------------|------------|------------|-----------|--------------|--------------|
|   | General       | Countywide | Courthouse | Hospital  | Governmental | Governmental |
|   | Fund          | Road       | Annex Bldg | Support   | Funds        | Funds        |
|   | Fund          | Fund       | Fund       | Fund      |              |              |
| <b>ASSETS</b>   |               |            |            |           |              |              |
| Cash  | \$ 8,580,334  | 1,329,135  | 1,806,435  | 796,637   | 4,875,193    | 17,387,734   |
| Restricted assets - investments                                       |               |            | 238,083    | 225,010   |              | 463,093      |
| Property tax receivable   | 13,048,000    | 1,732,000  |            | 363,000   | 2,300,500    | 17,443,500   |
| Fines receivable (net of allowance for uncollectibles of \$3,244,496) | 1,369,747     |            |            |           |              | 1,369,747    |
| Intergovernmental receivables   | 1,418,159     |            |            |           | 45,993       | 1,464,152    |
| Other receivables   | 58,917        |            |            |           |              | 58,917       |
| Due from other funds  |               | 100,873    |            | 6,512     | 61,973       | 169,358      |
| Advances to other funds   |               | 161,885    |            |           |              | 161,885      |
| Total Assets  | \$ 24,475,157 | 3,323,893  | 2,044,518  | 1,391,159 | 7,283,659    | 38,518,386   |
| <b>LIABILITIES</b>  |               |            |            |           |              |              |
| Liabilities:  |               |            |            |           |              |              |
| Claims payable  | \$ 254,131    | 220,063    | 19,943     |           | 136,840      | 630,977      |
| Intergovernmental payables  | 887,664       |            |            |           |              | 887,664      |
| Due to other funds  | 169,358       |            |            |           |              | 169,358      |
| Advances from other funds   | 161,885       |            |            |           |              | 161,885      |
| Other payables  | 108,388       |            |            |           |              | 108,388      |
| Total Liabilities   | 1,581,426     | 220,063    | 19,943     | 0         | 136,840      | 1,958,272    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                 |               |            |            |           |              |              |
| Unavailable revenue - property taxes                                  | 13,048,000    | 1,732,000  |            | 363,000   | 2,300,500    | 17,443,500   |
| Unavailable revenue - fines   | 1,369,747     |            |            |           |              | 1,369,747    |
| Total Deferred Inflows of Resources                                   | 14,417,747    | 1,732,000  | 0          | 363,000   | 2,300,500    | 18,813,247   |
| <b>Fund balances:</b>   |               |            |            |           |              |              |
| Restricted for:   |               |            |            |           |              |              |
| General government  |               |            | 2,024,575  |           | 1,690,730    | 3,715,305    |
| Public safety   |               |            |            |           | 584,805      | 584,805      |
| Public works  |               | 1,371,830  |            |           | 2,071,665    | 3,443,495    |
| Health and welfare  |               |            |            | 1,028,159 |              | 1,028,159    |
| Culture and recreation  |               |            |            |           | 118,354      | 118,354      |
| Conservation of natural resources                                     |               |            |            |           | 84,653       | 84,653       |
| Debt service  |               |            |            |           | 296,112      | 296,112      |
| Unassigned  | 8,475,984     |            |            |           |              | 8,475,984    |
| Total Fund Balances   | 8,475,984     | 1,371,830  | 2,024,575  | 1,028,159 | 4,846,319    | 17,746,867   |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances    | \$ 24,475,157 | 3,323,893  | 2,044,518  | 1,391,159 | 7,283,659    | 38,518,386   |

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

## PEARL RIVER COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2020

|   | <u>Amount</u>               |
|---|-----------------------------|
| Total Fund Balance - Governmental Funds   | \$ 17,746,867               |
| 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 \$108,277,330. | 95,512,734                  |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.  | 1,369,747                   |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.  | (20,542,315)                |
| Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.  | (28,803,241)                |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.   | (53,806)                    |
| Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:  | <u>3,749,943</u>            |
| Total Net Position - Governmental Activities  | \$ <u><u>68,979,929</u></u> |

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

## PEARL RIVER COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2020

Exhibit 4

|   | Major Funds   |            |             |           | Other        | Total        |
|---|---------------|------------|-------------|-----------|--------------|--------------|
|   | General       | Countywide | Courthouse  | Hospital  | Governmental | Governmental |
|   | Fund          | Road       | Annex Bldg  | Support   | Funds        | Funds        |
|   | Fund          | Fund       | Fund        | Fund      |              |              |
| <b>REVENUES</b>                                 |               |            |             |           |              |              |
| Property taxes                                  | \$ 14,148,913 | 1,773,728  |             | 379,271   | 2,478,333    | 18,780,245   |
| Road and bridge privilege taxes                 |               | 809,064    |             |           |              | 809,064      |
| Licenses, commissions and other revenue         | 1,014,541     |            |             |           | 269,291      | 1,283,832    |
| Fines and forfeitures                           | 564,769       |            |             |           | 12,558       | 577,327      |
| Intergovernmental revenues                      | 2,896,521     | 1,028,687  |             |           | 2,878,501    | 6,803,709    |
| Charges for services                            | 494,844       |            |             |           | 571,639      | 1,066,483    |
| Interest income                                 | 243,007       | 30,689     | 56,671      | 11,193    | 101,154      | 442,714      |
| Miscellaneous revenues                          | 755,609       | 55,578     |             | 6,019,836 | 82,276       | 6,913,299    |
| Total Revenues                                  | 20,118,204    | 3,697,746  | 56,671      | 6,410,300 | 6,393,752    | 36,676,673   |
| <b>EXPENDITURES</b>                             |               |            |             |           |              |              |
| Current:  |               |            |             |           |              |              |
| General government                              | 9,138,491     |            | 2,012,433   |           | 857,935      | 12,008,859   |
| Public safety                                   | 7,280,623     |            |             |           | 2,038,169    | 9,318,792    |
| Public works                                    | 138,683       | 3,360,872  |             |           | 4,476,092    | 7,975,647    |
| Health and welfare                              | 570,127       |            |             | 5,347,864 |              | 5,917,991    |
| Culture and recreation                          | 447,484       |            |             |           | 33,138       | 480,622      |
| Education                                       | 218,368       |            |             |           |              | 218,368      |
| Conservation of natural resources               | 146,633       |            |             |           | 45,230       | 191,863      |
| Economic development and assistance             | 218,948       |            |             |           |              | 218,948      |
| Debt service:                                   |               |            |             |           |              |              |
| Principal                                       | 226,992       | 400,000    |             | 200,000   | 1,416,083    | 2,243,075    |
| Interest  | 14,470        | 62,500     | 433,949     | 109,373   | 81,310       | 701,602      |
| Total Expenditures                              | 18,400,819    | 3,823,372  | 2,446,382   | 5,657,237 | 8,947,957    | 39,275,767   |
| Excess of Revenues over<br>(under) Expenditures | 1,717,385     | (125,626)  | (2,389,711) | 753,063   | (2,554,205)  | (2,599,094)  |
| <b>OTHER FINANCING SOURCES (USES)</b>           |               |            |             |           |              |              |
| Long-term capital debt issued                   | 183,330       |            |             |           | 509,500      | 692,830      |
| Proceeds from sale of capital assets            | 450           |            |             |           | 549,524      | 549,974      |
| Transfers in                                    |               |            |             |           | 1,066,207    | 1,066,207    |
| Transfers out                                   | (1,010,307)   |            |             |           | (55,900)     | (1,066,207)  |
| Total Other Financing Sources and Uses          | (826,527)     | 0          | 0           | 0         | 2,069,331    | 1,242,804    |
| Net Changes in Fund Balances                    | 890,858       | (125,626)  | (2,389,711) | 753,063   | (484,874)    | (1,356,290)  |
| Fund Balances - Beginning                       | 7,585,126     | 1,497,456  | 4,414,286   | 275,096   | 5,331,193    | 19,103,157   |
| Fund Balances - Ending                          | \$ 8,475,984  | 1,371,830  | 2,024,575   | 1,028,159 | 4,846,319    | 17,746,867   |

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

## PEARL RIVER 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, 2020

|  | <u>Amount</u>       |
|--|---------------------|
| Net Changes in Fund Balances - Governmental Funds  | \$ (1,356,290)      |
| 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 \$8,003,873 exceeded depreciation of \$2,542,302 in the current period.  | 5,461,571           |
| In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$760,081 and the proceeds from the sale of \$549,974 in the current period.  | (1,310,055)         |
| 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.   | 90,187              |
| 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 \$2,243,075 exceeded debt proceeds of \$692,830.  | 1,550,245           |
| 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.  | (104,628)           |
| The amount of increase in accrued interest payable.  | (30)                |
| The amortization of bond premiums.   | 6,470               |
| The amortization of bond discounts.  | (1,296)             |
| Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:   |                     |
| Recording of pension expense for the current period  | (3,372,298)         |
| Recording of contributions made during the year  | <u>1,737,453</u>    |
| Change in Net Position of Governmental Activities  | \$ <u>2,701,329</u> |

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

PEARL RIVER COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2020

Exhibit 5

|                            | <u>Agency<br/>Funds</u>    |
|----------------------------|----------------------------|
| Assets                     |                            |
| Cash                       | \$ <u>1,081,375</u>        |
| Total Assets               | \$ <u><u>1,081,375</u></u> |
| Liabilities                |                            |
| Intergovernmental Payables | \$ <u>1,081,375</u>        |
| Total Liabilities          | \$ <u><u>1,081,375</u></u> |

PEARL RIVER COUNTY

(This page left blank intentionally.)



## PEARL RIVER COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2020

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

##### A. Financial Reporting Entity.

Pearl River 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 Pearl River 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.

- Carriere Fire District
- Crossroads Fire District
- Henleyfield Fire District
- McNeil Fire District
- Nicholson Fire District
- Derby/Whitesand Fire District
- North Central Fire District
- Steephollow Fire District
- Pearl River County Hospital
- Pearl River Economic Development 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-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 interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

## PEARL RIVER COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2020

The Statement of Net Position presents the financial condition of the governmental 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. 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 and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

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

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.

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

Courthouse Annex Building Fund - This fund is used to account for the construction costs of the courthouse annex building project.

## PEARL RIVER COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2020

Hospital Support Fund - This fund is used to account for loan and lease payments received from Pearl River County Hospital, which are used for the payment of related bond principal and interest.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

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

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

### H. Restricted Assets.

Assets required to be held and/or used as specified in bond indentures, bond resolutions, trust agreements, board resolutions and donor specifications have been reported as restricted assets. Certain resources and revenues associated with the County's revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "administrative expense" fund is used to provide for, to the extent of monies available, all expenses of the developer or the County (not otherwise paid or provided for out of proceeds of the sale of certificates) incidental to the certificates and required to be paid by either of them in order to comply with the terms of the certificates or the trust indenture. The "base rental" fund is used to accumulate base rental payments until transfer of funds to the interest account and the principal account in amounts of interest and principal then due. The "debt service reserve" fund is used to report resources set aside to subsidize potential deficiencies from the County's operation that could adversely affect debt service payments. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

### I. 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, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

PEARL RIVER COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2020

J. Deferred Outflows/Inflows of Resources.

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

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

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 lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

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

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,

## PEARL RIVER COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2020

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, restricted 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 either by an external party or imposed by law through a constitutional provision or enabling legislation.

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

## PEARL RIVER COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2020

#### 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.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

### (2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

| Explanation  | Amount           |
|--|------------------|
| To correct prior year errors in capital assets, net. | \$ <u>92,559</u> |

### (3) Deposits and Investments.

#### Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$18,469,109, and the bank balance was \$18,870,778. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

#### Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the Pearl River County courthouse annex building project and the Pearl River County Hospital and Nursing Home.

Investments balances at September 30, 2020, are as follows:

| Investment Type                              | Maturities         | Fair Value Level | Fair Value        | Rating |
|--|--------------------|------------------|-------------------|--------|
| Hancock Horizon Government Money Market Fund | Less than one year | 1                | \$ <u>463,093</u> | AAA    |

The investment in the Hancock Horizon Government Money Market Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

The County categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs include U.S. government and agency securities, foreign government debt, listed equities and money market securities.



# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

**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, Miss. Code Ann. (1972) 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, Miss. Code Ann. (1972). 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.

**Concentration of Credit Risk.** The County places no limit on the amount the County may invest in any one issuer. All of the County's investments are in the Hancock Horizon Government Money Market Fund and are reported in the Courthouse Annex Building Fund and the Hospital Support Fund.

### (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2020:

#### A. Due From/To Other Funds:

| <u>Receivable Fund</u>   | <u>Payable Fund</u> | <u>Amount</u>     |
|--------------------------|---------------------|-------------------|
| Countywide Road Fund     | General Fund        | \$ 100,873        |
| Hospital Support Fund    | General Fund        | 6,512             |
| Other Governmental Funds | General Fund        | 61,973            |
| Total                    |                     | <u>\$ 169,358</u> |

The receivables represent the tax revenue collected in September, 2020, but not settled until October, 2020. 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>     |
|------------------------|---------------------|-------------------|
| Countywide Road Fund   | General Fund        | \$ <u>161,885</u> |

The purpose of the advance was to reclassify road and bridge privilege taxes that were improperly recorded in the General Fund in prior years.

#### C. Transfers In/Out:

| <u>Transfers In</u>      | <u>Transfers Out</u>     | <u>Amount</u>       |
|--------------------------|--------------------------|---------------------|
| Other Governmental Funds | General Fund             | \$ 1,010,307        |
| Other Governmental Funds | Other Governmental Funds | 55,900              |
| Total                    |                          | <u>\$ 1,066,207</u> |

PEARL RIVER COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2020

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

| <u>Description</u>                                   | <u>Amount</u>              |
|--|----------------------------|
| <b>Governmental Activities:</b>                      |                            |
| Legislative tax credit                               | \$ 299,212                 |
| Reimbursement for housing prisoners                  | 65,315                     |
| Coronavirus relief fund reimbursement                | 998,410                    |
| Emergency management performance grant reimbursement | 50,223                     |
| Victims of crime act grant reimbursement             | 30,946                     |
| Various reimbursement grants                         | <u>20,046</u>              |
| Total Governmental Activities                        | \$ <u><u>1,464,152</u></u> |

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

| <b>Governmental activities:</b>        | Balance<br>Oct. 1, 2019 | Additions        | Deletions        | Adjustments*       | Balance<br>Sept. 30, 2020 |
|--|-------------------------|------------------|------------------|--------------------|---------------------------|
| <u>Non-depreciable capital assets:</u> |                         |                  |                  |                    |                           |
| Land                                   | \$ 1,728,430            |                  |                  |                    | 1,728,430                 |
| Construction in progress               | <u>5,550,049</u>        | <u>2,016,951</u> |                  | <u>(7,532,849)</u> | <u>34,151</u>             |
| Total non-depreciable capital assets   | <u>7,278,479</u>        | <u>2,016,951</u> | <u>0</u>         | <u>(7,532,849)</u> | <u>1,762,581</u>          |
| <u>Depreciable capital assets:</u>     |                         |                  |                  |                    |                           |
| Infrastructure                         | 148,260,967             | 4,777,905        |                  |                    | 153,038,872               |
| Buildings                              | 29,541,479              |                  |                  | 7,532,849          | 37,074,328                |
| Improvements other than buildings      | 1,413,096               |                  | 1,386,165        |                    | 26,931                    |
| Mobile equipment                       | 4,995,934               | 109,675          | 5,134            | 131,014            | 5,231,489                 |
| Furniture and equipment                | 3,211,636               | 562,012          | 22,363           | (5,890)            | 3,745,395                 |
| Leased property under capital leases   | <u>2,948,952</u>        | <u>537,330</u>   | <u>444,800</u>   | <u>(131,014)</u>   | <u>2,910,468</u>          |
| Total depreciable capital assets       | <u>190,372,064</u>      | <u>5,986,922</u> | <u>1,858,462</u> | <u>7,526,959</u>   | <u>202,027,483</u>        |

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

|   | Balance<br>Oct. 1, 2019 | Additions | Deletions | Adjustments* | Balance<br>Sept. 30, 2020 |
|---|-------------------------|-----------|-----------|--------------|---------------------------|
| <u>Less accumulated depreciation for:</u>   |                         |           |           |              |                           |
| Infrastructure                              | 91,036,091              | 1,064,717 |           |              | 92,100,808                |
| Buildings                                   | 6,973,151               | 721,976   |           |              | 7,695,127                 |
| Improvements other than buildings           | 415,071                 | 1,078     | 402,135   |              | 14,014                    |
| Mobile equipment                            | 3,893,202               | 155,111   | 4,621     | 35,935       | 4,079,627                 |
| Furniture and equipment                     | 2,782,884               | 170,771   | 21,555    | (22,146)     | 2,909,954                 |
| Leased property under capital leases        | 1,281,485               | 428,649   | 120,096   | (112,238)    | 1,477,800                 |
| Total accumulated depreciation              | 106,381,884             | 2,542,302 | 548,407   | (98,449)     | 108,277,330               |
| Total depreciable capital assets, net       | 83,990,180              | 3,444,620 | 1,310,055 | 7,625,408    | 93,750,153                |
| Governmental activities capital assets, net | \$ 91,268,659           | 5,461,571 | 1,310,055 | 92,559       | 95,512,734                |

\*Adjustments are for the reclassification of completed construction in progress and paid-off capital leases to mobile equipment. Other adjustments were made to correct prior year errors in capital assets.

Depreciation expense was charged to the following functions:

|  | Amount       |
|--|--------------|
| <b>Governmental activities:</b>                    |              |
| General government                                 | \$ 655,273   |
| Public safety                                      | 471,323      |
| Public works                                       | 1,413,002    |
| Culture and recreation                             | 2,704        |
| Total governmental activities depreciation expense | \$ 2,542,302 |

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

| Description of Commitment                      | Remaining<br>Financial<br>Commitment | Expected Date of<br>Completion |
|--|--------------------------------------|--------------------------------|
| Renovations of old courthouse                  | \$ 1,859,656                         | December, 2021                 |
| Bridge #028 Rehabilitation - Troy Dedeaux Road | 386,876                              | June, 2021                     |

### (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, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

### (8) Operating Leases.

#### As Lessor:

On January 31, 2020, Pearl River County entered into a lease agreement with the Forrest County Board of Supervisors and Forrest County General Hospital. Pearl River County leased the premises of the Pearl River County Hospital for the purpose of operating health care facilities including a Hospital, Nursing Home and the Pearl River Family Clinic.

The lease term commenced on February 1, 2020 and will continue for twelve consecutive years, expiring on January 31, 2032. The annual rental payment shall be \$700,000 payable in twelve equal installments in advance on the first day of each month for the month's rental. The monthly rental payments are intended to assist the County in making timely payments on the Hospital Improvement, Series 2012, Limited Obligation Bonds.

The Lessee, upon commencement of the lease, shall make a prepaid rent payment of \$5,500,000. The payment is intended to assist the Lessor in paying off, satisfying and eliminating liabilities and debts related to the leased property.

The lease contains two options to renew for an additional and consecutive ten years each, for a total of twenty years after the initial term. The Lessee shall give written notice to Lessor as to whether the Lessee will exercise its option to renew and extend the lease at least one hundred eighty days prior to the expiration of the initial lease term. The annual rental payments during renewal terms shall be \$1,200,000 payable in twelve equal installments in advance of the first day of the month for the month's rental.

The County received income from property leased under a non-cancellable operating lease. Total income from such lease was \$5,966,667 for the year ended September 30, 2020. The future minimum lease receivable for this lease is as follows:

| <u>Year Ending September 30</u> | <u>Amount</u>       |
|---------------------------------|---------------------|
| 2021                            | \$ 700,000          |
| 2022                            | 700,000             |
| 2023                            | 700,000             |
| 2024                            | 700,000             |
| 2025                            | 700,000             |
| 2026 - 2030                     | 3,500,000           |
| 2031 - 2035                     | <u>933,333</u>      |
| Total Minimum Payments Required | <u>\$ 7,933,333</u> |

#### As Lessee:

On July 1, 2020, Pearl River County entered into a non-cancellable operating lease agreement with Northridge Real Estate, LLC for the purpose of leasing a building for county offices. The operating lease stipulated that the Lessee would pay \$850 per month in rental payments commencing July 1, 2020 for a term of five years.

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$2,550 for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

PEARL RIVER COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2020

| <u>Year Ending September 30</u> |    | <u>Amount</u>        |
|---------------------------------|----|----------------------|
| 2021                            | \$ | 10,200               |
| 2022                            |    | 10,200               |
| 2023                            |    | 10,200               |
| 2024                            |    | <u>7,650</u>         |
| Total Minimum Payments Required | \$ | <u><u>38,250</u></u> |

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

| <u>Classes of Property</u>           |    | <u>Governmental<br/>Activities</u> |
|--------------------------------------|----|------------------------------------|
| Mobile equipment                     | \$ | 2,354,943                          |
| Furniture and equipment              |    | <u>555,525</u>                     |
| Total                                |    | 2,910,468                          |
| Less: Accumulated depreciation       |    | <u>(1,477,800)</u>                 |
| Leased Property Under Capital Leases | \$ | <u><u>1,432,668</u></u>            |

The following is a schedule by years of the total payments due as of September 30, 2020:

| <u>Year Ending September 30</u> | <u>Governmental Activities</u> |                      |
|---------------------------------|--------------------------------|----------------------|
|                                 | <u>Principal</u>               | <u>Interest</u>      |
| 2021                            | \$ 704,909                     | 34,221               |
| 2022                            | 229,003                        | 21,293               |
| 2023                            | 407,089                        | 8,213                |
| 2024                            | <u>95,941</u>                  | <u>1,255</u>         |
| Total                           | \$ <u><u>1,436,942</u></u>     | <u><u>64,982</u></u> |

## PEARL RIVER COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2020

## (10) Long-term Debt.

Debt outstanding as of September 30, 2020, consisted of the following:

| Description and Purpose                         | Amount<br>Outstanding | Interest<br>Rate | Final<br>Maturity<br>Date |
|---|-----------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>                 |                       |                  |                           |
| A. General Obligation Bonds:                    |                       |                  |                           |
| General Obligation Refunding Bonds, Series 2011 | \$ 1,293,205          | 3.625-4.625%     | 04/2022                   |
| Courthouse Construction Bonds, Series 2018      | <u>11,044,000</u>     | 3.95%            | 11/2040                   |
| Total General Obligation Bonds                  | <u>\$ 12,337,205</u>  |                  |                           |
| B. Limited Obligation Bonds:                    |                       |                  |                           |
| Hospital Improvements, Series 2012              | <u>\$ 3,190,000</u>   | 2.00-3.75%       | 07/2032                   |
| C. Capital Leases:                              |                       |                  |                           |
| (1) 2016 Ford Explorer                          | \$ 2,487              | 1.99%            | 03/2021                   |
| (5) 2016 Ford F-150 trucks                      | 14,034                | 1.99%            | 03/2021                   |
| (1) Avaya phone system                          | 69,391                | 2.02%            | 11/2021                   |
| (5) 2016 Ford Taurus police vehicles            | 8,735                 | 2.09%            | 12/2020                   |
| (1) 2017 Dodge Caravan                          | 2,426                 | 2.37%            | 01/2021                   |
| (3) Ford Enforcer sedans                        | 10,502                | 2.35%            | 03/2021                   |
| (1) 2017 Ford Transit van                       | 4,822                 | 2.30%            | 03/2021                   |
| (1) Election system                             | 206,856               | 3.94%            | 05/2024                   |
| (4) Dodge Durango                               | 139,398               | 2.34%            | 05/2024                   |
| (1) Dodge Durango                               | 32,969                | 2.34%            | 06/2024                   |
| (1) 2016 Ford F-150                             | 2,808                 | 1.99%            | 03/2021                   |
| (5) 2017 Western Star dump trucks               | 103,835               | 2.02%            | 06/2021                   |
| (1) 2017 Ford F-150 truck                       | 5,589                 | 2.44%            | 06/2021                   |
| (1) 2018 310L backhoe loader                    | 68,227                | 2.17%            | 04/2021                   |
| (3) 2018 310L backhoe loader                    | 210,481               | 2.18%            | 04/2021                   |
| (4) 2018 Dodge Ram trucks                       | 55,122                | 3.56%            | 09/2022                   |
| (1) Excavator                                   | 108,560               | 3.81%            | 10/2023                   |
| (1) Kubota loader                               | 63,728                | 3.94%            | 04/2024                   |
| (1) Excavator                                   | 81,743                | 3.44%            | 12/2023                   |
| (1) Excavator                                   | 81,743                | 3.44%            | 12/2023                   |
| (1) Excavator                                   | 81,743                | 3.44%            | 12/2023                   |
| (1) Excavator                                   | <u>81,743</u>         | 3.44%            | 12/2023                   |
| Total Capital Leases                            | <u>\$ 1,436,942</u>   |                  |                           |
| D. Other Loans:                                 |                       |                  |                           |
| Short Term Note, Series 2019                    | \$ 1,600,000          | 3.125%           | 04/2024                   |
| Promissory Note                                 | <u>155,000</u>        | 5.25%            | 10/2029                   |
| Total Other Loans                               | <u>\$ 1,755,000</u>   |                  |                           |

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

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

### Governmental Activities:

| Year Ending September 30 | General Obligation Bonds |                  | Limited Obligation Bonds |                |
|--------------------------|--------------------------|------------------|--------------------------|----------------|
|                          | Principal                | Interest         | Principal                | Interest       |
| 2021                     | \$ 645,000               | 465,863          | 210,000                  | 104,623        |
| 2022                     | 648,205                  | 446,213          | 215,000                  | 99,373         |
| 2023                     | 398,000                  | 428,378          | 215,000                  | 93,460         |
| 2024                     | 414,000                  | 412,341          | 225,000                  | 87,010         |
| 2025                     | 431,000                  | 395,652          | 230,000                  | 80,260         |
| 2026 - 2030              | 2,428,000                | 1,703,517        | 1,290,000                | 284,225        |
| 2031 - 2035              | 2,958,000                | 1,173,229        | 805,000                  | 49,259         |
| 2036 - 2040              | 3,605,000                | 527,226          |                          |                |
| 2041 - 2045              | 810,000                  | 15,996           |                          |                |
| Total                    | \$ <u>12,337,205</u>     | <u>5,568,415</u> | <u>3,190,000</u>         | <u>798,210</u> |

| Year Ending September 30 | Other Loans         |                |
|--------------------------|---------------------|----------------|
|                          | Principal           | Interest       |
| 2021                     | \$ 412,107          | 57,849         |
| 2022                     | 412,758             | 44,698         |
| 2023                     | 413,445             | 31,512         |
| 2024                     | 414,168             | 18,289         |
| 2025                     | 14,930              | 5,027          |
| 2026 - 2030              | 87,592              | 12,189         |
| Total                    | \$ <u>1,755,000</u> | <u>169,564</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, 2020, the amount of outstanding debt was equal to 2.87% of the latest property assessments.

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

|                                 |               |           |            |                | Amount due |
|---------------------------------|---------------|-----------|------------|----------------|------------|
|                                 | Balance       |           |            | Balance        | within one |
|                                 | Oct. 1, 2019  | Additions | Reductions | Sept. 30, 2020 | year       |
| <b>Governmental Activities:</b> |               |           |            |                |            |
| Compensated absences            | \$ 1,718,432  | 104,628   |            | 1,823,060      |            |
| General obligation bonds        | 13,107,205    |           | 770,000    | 12,337,205     | 645,000    |
| Less:                           |               |           |            |                |            |
| Discounts                       | (1,649)       |           | (791)      | (858)          |            |
| Add:                            |               |           |            |                |            |
| Premiums                        | 13,528        |           | 6,470      | 7,058          |            |
| Limited obligation bonds        | 3,390,000     |           | 200,000    | 3,190,000      | 210,000    |
| Less:                           |               |           |            |                |            |
| Discounts                       | (6,597)       |           | (505)      | (6,092)        |            |
| Capital leases                  | 1,772,187     | 537,830   | 873,075    | 1,436,942      | 704,909    |
| Other loans                     | 2,000,000     | 155,000   | 400,000    | 1,755,000      | 412,107    |
| Total                           | \$ 21,993,106 | 797,458   | 2,248,249  | 20,542,315     | 1,972,016  |

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

### (11) Defined Benefit Pension Plan.

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

**Plan Description.** Pearl River 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 Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**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,



# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

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, 2020, 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, 2020 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, 2020, 2019 and 2018 were \$1,737,453, \$1,507,276 and \$1,407,280, 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, 2020, the County reported a liability of \$28,803,241 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.148786 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.008348 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$3,372,298. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> |
|---|---|
| Differences between expected and actual experience  | \$ 249,539                                |
| Net difference between projected and actual earnings<br>on pension plan investments   | 1,579,272                                 |
| Changes of assumptions  | 152,042                                   |
| Changes in the proportion and differences between the<br>County's contributions and proportionate share of<br>contributions | 1,305,961                                 |
| County contributions subsequent to the measurement<br>date  | <u>463,129</u>                            |
| Total   | <u>\$ 3,749,943</u>                       |

\$463,129 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, 2021. Other amounts reported as deferred outflows of resources and deferred

PEARL RIVER COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2020

inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending September 30 | Amount       |
|--------------------------|--------------|
| 2021                     | \$ 1,191,004 |
| 2022                     | 992,516      |
| 2023                     | 722,053      |
| 2024                     | 381,241      |
| Total                    | \$ 3,286,814 |

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2020, using the following actuarial assumptions, applied to all periods in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.75 percent  |
| Salary increases          | 3.00 – 18.25 percent, including inflation                                 |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

| Asset Class          | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic Equity      | 27.00 %           | 4.90                                   |
| International Equity | 22.00             | 4.75                                   |
| Global Equity        | 12.00             | 5.00                                   |
| Fixed Income         | 20.00             | 0.50                                   |
| Real Estate          | 10.00             | 4.00                                   |
| Private Equity       | 8.00              | 6.25                                   |
| Cash                 | 1.00              | 0.00                                   |
| Total                | 100.00 %          |  |

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

Discount Rate. The discount rate used to measure the total pension liability was 7.75 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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

|  | 1%<br>Decrease<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1%<br>Increase<br>(8.75%) |
|--|---------------------------|-------------------------------------|---------------------------|
| County's proportionate share of<br>the net pension liability | \$ 37,282,256             | 28,803,241                          | 21,804,646                |

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

### (12) Contingencies.

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

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

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

The governmental activities' unrestricted net position amount of (\$17,030,627) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$463,129 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, 2021. The \$3,286,814 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years.

### (14) Joint Ventures.

The County participates in the following joint ventures:

Pearl River County is a participant with the Cities of Picayune and Poplarville in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Pearl River County Library System. The library system was created to provide free library service to all the people in the County. The library system is governed by a board of trustees consisting of ten members. Pearl River County appoints five members,

## PEARL RIVER COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2020

Picayune appoints four and Poplarville appoints one. The library system is funded by each governmental entity on a previously agreed to proportional basis. The County's appropriation to the joint venture was \$287,000 in fiscal year 2020. Complete financial statements for the Pearl River County Library System can be obtained from the Margaret Reed Crosby Memorial Library located at 900 Goodyear Blvd., Picayune, MS 39466.

Pearl River County is a participant with the City of Poplarville in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Poplarville/Pearl River County Airport. The joint venture was created to provide airport service to the area. The airport is governed by a five-member board of commissioners appointed as follows: Pearl River County, two; Poplarville, two; and jointly, one. The County did not appropriate any funds during fiscal year 2020. Complete financial statements can be obtained from Highway 53 South, Poplarville, MS 39470.

#### (15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

Region XIII Commission for Mental Health and Mental Retardation operates in a district composed of the Counties of Hancock, Harrison, Pearl River, and Stone. The governing body is a four-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties. The County appropriated \$232,000 for support of the agency in fiscal year 2020.

Pearl River Valley Opportunity, Inc., operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Pearl River County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each county provides a modest amount of financial support when matching funds are required for federal grants. The County appropriated \$40,000 for support of the agency in fiscal year 2020.

Southeast Mississippi Air Ambulance District provides air ambulance service to the Counties of Covington, Forrest, Greene, Jefferson Davis, Lamar, Marion, Pearl River, Perry and Walthall. The Pearl River County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$150,000 for support of the district in fiscal year 2020.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Pearl River County Board of Supervisors appoints two of the 16 members of the college board of trustees. The County appropriated \$1,810,660 for maintenance and support of the college in fiscal year 2020.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Pearl River County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$48,500 for support of the district in fiscal year 2020.

# PEARL RIVER COUNTY

## Notes to the Financial Statements For the Year Ended September 30, 2020

### (16) Tax Abatements.

As of September 30, 2020, Pearl River County provides tax exempt status to two manufacturing facilities 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 Section 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County to create jobs. The amount of taxes abated during fiscal year 2020 totaled \$211,839.

### (17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Pearl River County evaluated the activity of the County through June 3, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2020, the County issued the following debt obligations:

| Issue      | Date | Interest Rate | Issue<br>Amount | Type of Financing   | Source of Financing |
|------------|------|---------------|-----------------|---|---------------------|
| 12/21/2020 |      | 2.34%         | \$ 745,180      | Capital lease   | Ad valorem taxes    |
| 12/21/2020 |      | 2.34%         | 462,859         | Capital Lease   | Ad valorem taxes    |
| 12/30/2020 |      | 2.26%         | 50,000          | Promissory note   | Ad valorem taxes    |
| 04/14/2021 |      | 2.34%         | 106,752         | Capital Lease   | Ad valorem taxes    |
| 05/03/2021 |      | 2.46%         | 259,800         | Capital Lease   | Ad valorem taxes    |
| 05/12/2021 |      | 2.41%         | 70,132          | Capital Lease   | Ad valorem taxes    |
| 05/27/2021 |      | 3.25%         | 11,464,000      | General Obligation<br>Refunding Bonds, Series<br>2021                   | Ad valorem taxes    |
| 06/10/2021 |      | 0.75%-2.20%   | 3,024,000       | Limited Obligation Hospital<br>Refunding Bonds, Taxable,<br>Series 2021 | Ad valorem taxes    |
| 07/07/2021 |      | 2.59%         | 97,500          | Capital Lease   | Ad valorem taxes    |
| 08/12/2021 |      | 1.48%         | 2,500,000       | General Obligation Bond,<br>Series 2021                                 | Ad valorem taxes    |
| 08/12/2021 |      | 1.48%         | 6,500,000       | General Obligation Bond,<br>Series 2021                                 | Ad valorem taxes    |
| 08/26/2021 |      | 2.48%         | 177,000         | Capital Lease   | Ad valorem taxes    |
| 10/07/2021 |      | 2.41%         | 97,500          | Capital Lease   | Ad valorem taxes    |
| 01/19/2022 |      | 2.33%         | 28,115          | Capital Lease   | Priority One Bank   |
| 01/19/2022 |      | 2.33%         | 56,230          | Capital Lease   | Priority One Bank   |
| 01/19/2022 |      | 2.24%         | 195,000         | Capital Lease   | Bancorp South       |

PEARL RIVER COUNTY

(This page left blank intentionally.)

PEARL RIVER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PEARL RIVER COUNTY

(This page left blank intentionally.)



PEARL RIVER COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

|   | Original<br>Budget  | Final<br>Budget    | Actual<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|--------------------|--------------------------------|---|
| <b>REVENUES</b>                                 |                     |                    |                                |   |
| Property taxes                                  | \$ 13,366,000       | 14,139,518         | 14,139,518                     |   |
| Licenses, commissions and other revenue         | 942,000             | 1,028,335          | 1,028,335                      |   |
| Fines and forfeitures                           | 609,000             | 436,598            | 436,598                        |   |
| Special assessments                             | 60,000              | 27,616             | 27,616                         |   |
| Intergovernmental revenues                      | 1,273,000           | 1,310,730          | 1,310,730                      |   |
| Charges for services                            | 640,000             | 538,289            | 538,289                        |   |
| Interest income                                 | 85,000              | 242,774            | 242,774                        |   |
| Miscellaneous revenues                          | 1,171,000           | 1,063,777          | 1,063,777                      |   |
| Total Revenues                                  | <u>18,146,000</u>   | <u>18,787,637</u>  | <u>18,787,637</u>              | <u>0</u>  |
| <b>EXPENDITURES</b>                             |                     |                    |                                |   |
| Current:  |                     |                    |                                |   |
| General government                              | 8,552,570           | 9,241,451          | 9,240,875                      | 576   |
| Public safety                                   | 7,050,200           | 7,100,555          | 7,100,211                      | 344   |
| Public works                                    | 198,000             | 139,646            | 139,646                        |   |
| Health and welfare                              | 602,500             | 574,004            | 574,004                        |   |
| Culture and recreation                          | 482,000             | 428,941            | 428,941                        |   |
| Education                                       | 170,000             | 218,391            | 218,391                        |   |
| Conservation of natural resources               | 160,000             | 150,449            | 150,449                        |   |
| Economic development and assistance             | 290,000             | 218,947            | 218,947                        |   |
| Debt service:                                   |                     |                    |                                |   |
| Principal                                       |                     | 270,180            | 270,180                        |   |
| Interest  |                     | 14,470             | 14,470                         |   |
| Total Expenditures                              | <u>17,505,270</u>   | <u>18,357,034</u>  | <u>18,356,114</u>              | <u>920</u>  |
| Excess of Revenues<br>over (under) Expenditures | <u>640,730</u>      | <u>430,603</u>     | <u>431,523</u>                 | <u>920</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                     |                    |                                |   |
| Transfers in                                    |                     | 300,000            | 300,000                        |   |
| Transfers out                                   | <u>(1,950,000)</u>  | <u>(1,010,308)</u> | <u>(1,010,308)</u>             |   |
| Total Other Financing Sources and Uses          | <u>(1,950,000)</u>  | <u>(710,308)</u>   | <u>(710,308)</u>               | <u>0</u>  |
| Net Change in Fund Balance                      | <u>(1,309,270)</u>  | <u>(279,705)</u>   | <u>(278,785)</u>               | <u>920</u>  |
| Fund Balances - Beginning                       | <u>6,036,300</u>    | <u>7,354,556</u>   | <u>7,354,556</u>               | <u>0</u>  |
| Fund Balances - Ending                          | <u>\$ 4,727,030</u> | <u>7,074,851</u>   | <u>7,075,771</u>               | <u>920</u>  |

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

PEARL RIVER COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

|   | Original<br>Budget | Final<br>Budget  | Actual<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|------------------|--------------------------------|---|
| REVENUES  |                    |                  |                                |   |
| Property taxes                                  | \$ 1,732,000       | 1,772,562        | 1,772,562                      |   |
| Road and bridge privilege taxes                 | 750,000            | 923,813          | 923,813                        |   |
| Intergovernmental revenues                      | 820,000            | 910,088          | 910,088                        |   |
| Charges for services                            | 25,000             | 0                | 0                              |   |
| Interest income                                 | 5,000              | 30,689           | 30,689                         |   |
| Miscellaneous revenues                          | 50,000             | 55,579           | 55,579                         |   |
| Total Revenues                                  | <u>3,382,000</u>   | <u>3,692,731</u> | <u>3,692,731</u>               | <u>0</u>  |
| EXPENDITURES                                    |                    |                  |                                |   |
| Current:  |                    |                  |                                |   |
| Public works                                    | 4,072,000          | 3,415,733        | 3,415,733                      |   |
| Debt service:                                   |                    |                  |                                |   |
| Principal                                       | 0                  | 400,000          | 400,000                        |   |
| Interest  | 0                  | 62,500           | 62,500                         |   |
| Total Expenditures                              | <u>4,072,000</u>   | <u>3,878,233</u> | <u>3,878,233</u>               | <u>0</u>  |
| Excess of Revenues<br>over (under) Expenditures | <u>(690,000)</u>   | <u>(185,502)</u> | <u>(185,502)</u>               | <u>0</u>  |
| OTHER FINANCING SOURCES (USES)                  |                    |                  |                                |   |
| Other financing sources                         | <u>220,000</u>     | <u>0</u>         | <u>0</u>                       |   |
| Total Other Financing Sources and Uses          | <u>220,000</u>     | <u>0</u>         | <u>0</u>                       | <u>0</u>  |
| Net Change in Fund Balance                      | (470,000)          | (185,502)        | (185,502)                      | 0   |
| Fund Balances - Beginning                       | <u>1,300,000</u>   | <u>1,514,636</u> | <u>1,514,636</u>               | <u>0</u>  |
| Fund Balances - Ending                          | <u>\$ 830,000</u>  | <u>1,329,134</u> | <u>1,329,134</u>               | <u>0</u>  |

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

PEARL RIVER COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2020  
UNAUDITED

|   | 2020          | 2019       | 2018       | 2017       | 2016       | 2015       |
|---|---------------|------------|------------|------------|------------|------------|
| County's proportion of the net pension liability (asset)  | 0.148786%     | 0.140438%  | 0.139151%  | 0.134910%  | 0.132159%  | 0.137055%  |
| County's proportionate share of the net pension liability (asset)   | \$ 28,803,241 | 24,699,131 | 23,144,945 | 22,426,621 | 23,606,896 | 21,186,000 |
| Covered payroll   | \$ 9,907,313  | 9,146,355  | 8,935,100  | 8,759,534  | 8,757,515  | 8,605,542  |
| County's proportionate share of the net pension liability (asset)<br>as a percentage of its covered payroll | 290.73%       | 270.04%    | 259.03%    | 256.02%    | 269.56%    | 246.19%    |
| Plan fiduciary net position as a percentage of the total<br>pension liability                               | 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.

PEARL RIVER COUNTY  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2020  
UNAUDITED

|  | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                  | \$ 1,737,453     | 1,507,276        | 1,407,280        | 1,379,627        | 1,379,309        | 1,355,373        |
| Contributions in relation to the contractually required contribution | <u>1,737,453</u> | <u>1,507,276</u> | <u>1,407,280</u> | <u>1,379,627</u> | <u>1,379,309</u> | <u>1,355,373</u> |
| Contribution deficiency (excess)                                     | \$ <u>0</u>      | <u>0</u>         | <u>0</u>         | <u>0</u>         | <u>0</u>         | <u>0</u>         |
| Covered payroll  | \$ 9,985,347     | 9,298,433        | 8,935,100        | 8,759,534        | 8,757,515        | 8,605,542        |
| Contributions as a percentage of covered payroll                     | 17.40%           | 16.21%           | 15.75%           | 15.75%           | 15.75%           | 15.75%           |

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

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

# PEARL RIVER COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2020

### A. Budgetary Information.

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

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

### B. Basis of Presentation.

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

### C. Budget/GAAP Reconciliation.

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

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

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

|  | Governmental Fund Types |                      |
|--|-------------------------|----------------------|
|  | General Fund            | Countywide Road Fund |
| Budget (Cash Basis)                      | \$ (278,785)            | (185,502)            |
| Increase (Decrease)                      |                         |                      |
| Net adjustments for revenue accruals     | 1,214,349               | 5,015                |
| Net adjustments for expenditure accruals | (44,706)                | 54,861               |
| GAAP Basis                               | \$ 890,858              | (125,626)            |

## PEARL RIVER COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2020

#### Pension Schedules

##### A. Changes of assumptions.

###### 2015

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

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

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

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

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

###### 2016

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

###### 2017

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

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

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

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

###### 2019

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

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

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

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

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

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

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

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

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

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

PEARL RIVER COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2020

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%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 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 | 30.9 years  |
| Asset valuation method        | 5-year smoothed market  |
| Price inflation               | 3.00 percent  |
| Salary increase               | 3.25 percent to 18.50 percent,<br>including inflation                           |
| Investment rate of return     | 7.75 percent, net of pension plan<br>investment expense, including<br>inflation |

PEARL RIVER COUNTY

(This page left blank intentionally.)



PEARL RIVER COUNTY

SUPPLEMENTARY INFORMATION

PEARL RIVER COUNTY

(This page left blank intentionally.)

PEARL RIVER COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title or Cluster   | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Federal<br>Expenditures    |
|---|---------------------------|--|----------------------------|
| U.S. Department of Justice - Bureau of Justice Assistance<br>Passed-through the Mississippi Department of Health  |                           |  |                            |
| Crime victim assistance   | 16.575                    | 2018-V2-GX-0168                              | \$ 114,061                 |
| Crime victim assistance   | 16.575                    | 2019-V2-GX-0032                              | 30,946                     |
| Subtotal  |                           |  | <u>145,007</u>             |
| Total U.S. Department of Justice  |                           |  | <u>145,007</u>             |
| U.S. Department of Transportation - Federal Aviation Administration<br>Airport improvement program (Direct Award)   | 20.106                    | N/A  | <u>4,195</u>               |
| U.S. Department of Transportation - Federal Highway Administration<br>Passed-through the Mississippi Department of Public Safety<br>Highway safety cluster: |                           |  |                            |
| State and community highway safety  | 20.600                    | OP-2020-OP-15-51                             | 2,120                      |
| National priority safety programs   | 20.616                    | M5X-2020-MD-15-51                            | 35,817                     |
| Total Highway safety cluster  |                           |  | <u>37,937</u>              |
| Total U.S. Department of Transportation   |                           |  | <u>42,132</u>              |
| U.S. Department of the Treasury<br>Passed-through the Mississippi Emergency Management Agency<br>Coronavirus relief fund*                                   | 21.019                    | N/A  | <u>998,410</u>             |
| Total U.S. Department of the Treasury   |                           |  | <u>998,410</u>             |
| U.S. Department of Homeland Security<br>Passed-through the Mississippi Emergency Management Agency  |                           |  |                            |
| Emergency management performance grants   | 97.042                    | EMA-2019-EP-00006                            | 4,775                      |
| Emergency management performance grants   | 97.042                    | EMA-2020-EP-00013                            | 45,448                     |
| Subtotal  |                           |  | <u>50,223</u>              |
| Passed-through the Mississippi Department of Public Safety<br>Homeland security grant program   | 97.067                    | 19HS055                                      | <u>4,401</u>               |
| Total U.S. Department of Homeland Security  |                           |  | <u>54,624</u>              |
| Total Expenditures of Federal Awards  |                           |  | \$ <u><u>1,240,173</u></u> |

PEARL RIVER COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

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 Pearl River County under programs of the federal government for the year ended September 30, 2020. 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 Pearl River County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pearl River County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

\* Denotes major federal award program

## PEARL RIVER COUNTY

## OTHER INFORMATION

PEARL RIVER COUNTY

(This page left blank intentionally.)

PEARL RIVER COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2020  
UNAUDITED

| Name                  | Position                   | Company                | Bond      |
|-----------------------|----------------------------|------------------------|-----------|
| Donald Hart           | Supervisor District 1      | RLI Insurance Company  | \$100,000 |
| Malcolm Perry         | Supervisor District 2      | Western Surety Company | \$100,000 |
| Hudson Holliday       | Supervisor District 3      | Western Surety Company | \$100,000 |
| Jason Spence          | Supervisor District 4      | RLI Insurance Company  | \$100,000 |
| Sandy Kane Smith      | Supervisor District 5      | RLI Insurance Company  | \$100,000 |
| Adrain Lumpkin        | County Administrator       | Western Surety Company | \$100,000 |
| Melinda Smith Bowman  | Chancery Clerk             | RLI Insurance Company  | \$100,000 |
| Lisa Fowler           | Purchase Clerk             | Western Surety Company | \$75,000  |
| Lindsey Pender        | Assistant Purchase Clerk   | Western Surety Company | \$50,000  |
| Pam Bowers            | Receiving Clerk            | RLI Insurance Company  | \$75,000  |
| Roy D'Arcangelo       | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| Anissa Davis - Jones  | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| Renee Roland          | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| George Dudley Russ    | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| Richard Young         | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| Josh Beckham          | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| Douglas Dale          | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| Christopher Johnson   | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| Shannon Beckham       | Assistant Receiving Clerk  | RLI Insurance Company  | \$50,000  |
| John Sherman          | Inventory Control Clerk    | Western Surety Company | \$75,000  |
| Charles J. Schielder  | Road Manager               | RLI Insurance Company  | \$50,000  |
| Danny Slade           | Constable                  | RLI Insurance Company  | \$50,000  |
| Jason G. Hunt         | Constable                  | RLI Insurance Company  | \$50,000  |
| Ray Bennett           | Constable                  | RLI Insurance Company  | \$50,000  |
| Nance F. Stokes       | Circuit Clerk              | RLI Insurance Company  | \$100,000 |
| Donna Dubose          | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Allison G. Finch      | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Zeneta L. John        | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Violine Jordan        | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Wendy B Babin         | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Sandra Cutrer         | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Dylan Dunaway         | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Elena D. Shaw         | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| Elizabeth A. Smith    | Deputy Circuit Clerk       | RLI Insurance Company  | \$50,000  |
| David Allison         | Sheriff                    | RLI Insurance Company  | \$100,000 |
| Benjamin Breland      | Justice Court Judge        | Western Surety Company | \$10,000  |
| Donald D. Fail        | Justice Court Judge        | RLI Insurance Company  | \$50,000  |
| John Mark Mitchell    | Justice Court Judge        | RLI Insurance Company  | \$50,000  |
| Kathy Mason           | Justice Court Clerk        | RLI Insurance Company  | \$50,000  |
| Anna Allen            | Deputy Justice Court Clerk | RLI Insurance Company  | \$50,000  |
| Tanya R. Herndon      | Deputy Justice Court Clerk | RLI Insurance Company  | \$50,000  |
| Erin Peterson         | Deputy Justice Court Clerk | RLI Insurance Company  | \$50,000  |
| Brittany Smith Twiner | Deputy Justice Court Clerk | RLI Insurance Company  | \$50,000  |
| Floy Strain           | Deputy Justice Court Clerk | RLI Insurance Company  | \$50,000  |
| Gary Beech            | Tax Assessor-Collector     | Western Surety Company | \$100,000 |
| JoLynn Houston        | Deputy Tax Assessor        | Western Surety Company | \$10,000  |
| Wylie A. Anderson     | Deputy Tax Assessor        | Western Surety Company | \$10,000  |

PEARL RIVER COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2020  
UNAUDITED

| Name               | Position             | Company                | Bond     |
|--------------------|----------------------|------------------------|----------|
| Geri Grubbs        | Deputy Tax Assessor  | Western Surety Company | \$10,000 |
| Latisha R. Johnson | Deputy Tax Assessor  | Western Surety Company | \$10,000 |
| Brian C. Long      | Deputy Tax Assessor  | Western Surety Company | \$10,000 |
| Wesley A. Mitchell | Deputy Tax Assessor  | Western Surety Company | \$10,000 |
| Marnie T. Ready    | Deputy Tax Assessor  | Western Surety Company | \$10,000 |
| Michael Templeton  | Deputy Tax Assessor  | Western Surety Company | \$10,000 |
| JoLynn Houston     | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Becky McDonald     | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Ruby L. Ladner     | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Marlie M. Anderson | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Penny M. Fleming   | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Darlene Hyatt      | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Lynn Martin        | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Sylvia D. Miller   | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Kimberly D. Moore  | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Jackie Necaie      | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Brooke M. Spiers   | Deputy Tax Collector | Western Surety Company | \$50,000 |
| Holly R. Talley    | Deputy Tax Collector | Western Surety Company | \$50,000 |



## PEARL RIVER COUNTY

### SPECIAL REPORTS

PEARL RIVER COUNTY

(This page left blank intentionally.)



**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  
Pearl River County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 3, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

We noted certain matters that we reported to the management of Pearl River County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 3, 2022, included within this document.

## Purpose of this Report

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

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 3, 2022



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

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

Members of the Board of Supervisors  
Pearl River County, Mississippi

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

We have audited Pearl River County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Pearl River County, Mississippi's major federal program for the year ended September 30, 2020. Pearl River 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, Pearl River County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

## Report on Internal Control Over Compliance

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

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

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

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



JOE E. MCKNIGHT CPA  
Director, County Audit Section

June 3, 2022



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

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

Members of the Board of Supervisors  
Pearl River County, Mississippi

We have examined Pearl River County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Pearl River 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 Pearl River 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:

**Board of Supervisors and Purchase Clerk.**

1. Management and Purchase Clerk should maintain adequate controls of purchasing.

**Repeat Finding**            No

|   |   |
|---|---|
| <b>Criteria</b>                         | Section 31-7-111, Miss. Code Ann. (1972), requires the purchase clerk to maintain custody of supporting documentation for purchases of the county and deems the documentation to be public record which shall be made available for inspection during reasonable hours to any person requesting the same. Furthermore, Miss. Code Section 31-7-13(n)(i) states all term contracts for a period exceeding twenty-four (24) months shall be subject to ratification or cancellation by the governing authority board taking office subsequent to the governing authority board entering the contract. |
| <b>Condition</b>                        | During the testing of claims payable and related expenditures, the following deficiencies were noted: <ul style="list-style-type: none"> <li>a. One expenditure did not include the required purchase requisition, purchase order and receiving report.</li> <li>b. Two purchases were made from a term contract vendor whose contract had not been ratified by the current governing authority board.</li> </ul>   |
| <b>Cause</b>                            | The Board of Supervisors and Purchase Clerk did not comply with state laws.   |
| <b>Effect</b>                           | The lack of proper approval and documentation could result in unauthorized purchases.   |
| <b>Recommendation</b>                   | The Purchase Clerk and Board of Supervisors should maintain adequate controls by issuing purchasing documents, as required by law, and by ratifying all term controls whose contract period exceeds the term of the governing authority board entering the contract.  |
| <b>Views of Responsible Official(s)</b> | The administrator will work with the purchase clerk to make sure all purchases are reviewed and all documents are provided before payments are made.  |

In our opinion, except for the noncompliance referred to in the preceding paragraph, Pearl River County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 3, 2022



PEARL RIVER COUNTY  
Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2020

Schedule 1

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

PEARL RIVER COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2020

Schedule 2

Our tests did not identify any emergency purchases.

## PEARL RIVER COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2020

| <u>Date</u> | <u>Item<br/>Purchased</u> |    | <u>Amount<br/>Paid</u> | <u>Vendor</u> |
|-------------|---------------------------|----|------------------------|---------------|
| 3/2/2020    | Software                  | \$ | 26,494                 | ESRI          |

PEARL RIVER COUNTY

(This page left blank intentionally.)



**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  
Pearl River County, Mississippi

In planning and performing our audit of the financial statements of Pearl River County, Mississippi for the year ended September 30, 2020, we considered Pearl River 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 Pearl River County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 3, 2022, on the financial statements of Pearl River 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, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified 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 Payroll Clerk.**

1. The Board of Supervisors and Payroll Clerk should ensure compliance with state laws over the re-employment of retired service employees.

**Repeat Finding** No

**Criteria** The Mississippi Public Employees Retirement System (PERS) requires, under the re-employment provisions of Section 25-11-127, Miss. Code Ann. (1972), counties hiring PERS service retirees to file PERS Form 4B, "Certification/Acknowledgement of Re-employment of Retiree", with the PERS office within five (5) days from the date of employment of the retiree. Furthermore, Section 25-11-127(4)(b), Miss. Code Ann. (1972), requires retirees, who make the election, to receive no more than twenty-five percent (25%) of their final average compensation used in calculating the retiree's service retirement allowance.

|   |  |
|---|--|
| <b>Condition</b>                        | During our testing of the County's rehired retirees, we noted the following: <ul style="list-style-type: none"> <li>a. One retiree did not file a PERS Form 4B within five days of the retiree's re-employment.</li> <li>b. Two retirees did not file a PERS Form 4B for the fiscal year 2020.</li> <li>c. One retiree was paid more than twenty-five percent of the retiree's average compensation</li> </ul>   |
| <b>Cause</b>                            | The County did not comply with state laws.   |
| <b>Effect</b>                           | Failure to timely file the Form 4B and pay retirees within the allowable amounts resulted in the violation of state law.   |
| <b>Recommendation</b>                   | The County should strengthen controls to ensure compliance with state law by submitting the Form 4B's to PERS within five (5) days from the date of the retiree's employment. The County should also strengthen controls to ensure retirees are not paid more than allowable amounts, as required by law.  |
| <b>Views of Responsible Official(s)</b> | The administrator and payroll clerk will work with all departments to ensure that all 4B forms are filled out and filed on a timely basis.   |
| <b>2.</b>                               | <u>Justice Court Judges should be properly bonded.</u>   |
| <b>Repeat Finding</b>                   | No   |
| <b>Criteria</b>                         | Section 9-11-7, Miss. Code Ann. (1972), requires Justice Court Judges to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.   |
| <b>Condition</b>                        | During our testing of the County's official bonds, we noted that one of the Justice Court Judges did not have a surety bond in the amount required by law for this position. The surety bond was for \$10,000 instead of the required \$50,000.  |
| <b>Cause</b>                            | The County did not comply with state laws.   |
| <b>Effect</b>                           | Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.  |
| <b>Recommendation</b>                   | The Justice Court Judge should be bonded in an amount required by state law.   |
| <b>Views of Responsible Official(s)</b> | The Board of Supervisors will review all bonds to ensure they are the required amount per state statute.   |
| <b>Circuit Clerk.</b>                   |  |
| <b>3.</b>                               | <u>The Circuit Clerk deducted unallowable expenses on the annual financial report.</u>   |
| <b>Repeat Finding</b>                   | No   |
| <b>Criteria</b>                         | Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Circuit Clerk to \$94,500 after making deductions for employee salaries and related expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year. |

|   |  |
|---|--|
| <b>Condition</b>                        | During the audit, we noted unallowable expenses totaling \$1,368.82.   |
| <b>Cause</b>                            | The Circuit Clerk did not comply with state law.   |
| <b>Effect</b>                           | Failure to settle these additional excess fees could result in the loss of public funds.   |
| <b>Recommendation</b>                   | The Circuit Clerk should settle these disallowed expenses to the County immediately.   |
| <b>Views of Responsible Official(s)</b> | An amended AFR was filed, and the sum of \$1,368.82 was paid to Pearl River County on October 25, 2021.  |
| <b>Chancery Clerk.</b>                  |  |
| <b>4.</b>                               | <u>The Chancery Clerk should ensure bank statements reconcile to the cash journal.</u>   |
| <b>Repeat Finding</b>                   | No   |
| <b>Criteria</b>                         | An effective system of internal control over cash includes maintaining cash journals and reconciling the bank statements to the cash journals on a monthly basis.  |
| <b>Condition</b>                        | During our testwork, we noted a \$764.22 discrepancy in the December 2020 bank reconciliation.   |
| <b>Cause</b>                            | Controls were not in place to ensure a proper reconciliation was performed each month.   |
| <b>Effect</b>                           | Failure to properly reconcile bank statements to the cash journals could result in the loss of public funds.   |
| <b>Recommendation</b>                   | The Chancery Clerk should ensure that bank statements reconcile to the cash journals each month.   |
| <b>Views of Responsible Official(s)</b> | Will address this issue and resolve it.  |
| <b>Election Commissioners.</b>          |  |
| <b>5.</b>                               | <u>Election Commissioners paid unauthorized amounts.</u>   |
| <b>Repeat Finding</b>                   | No   |
| <b>Criteria</b>                         | Section 23-15-153, Miss. Code Ann. (1972), authorizes the allowable number of days that can be paid to Election Commissioners for per diem in a calendar year.   |
| <b>Condition</b>                        | During the audit, we noted that the Election Commissioners were paid for more days than allowed under Section 23-15-153.   |
| <b>Cause</b>                            | The Election Commissioners did not have adequate controls in place to ensure they were not paid more than allowed by law.  |
| <b>Effect</b>                           | Failure to comply with state law resulted in improper payments being made to the Election Commissioners for a total of 83 days for per diem and in the loss of \$8,300 of public funds.  |
| <b>Recommendation</b>                   | The Election Commissioners should repay the appropriate amount that each Commissioner was overpaid to the County for a total of \$8,300 to be paid back to the County General Fund. In addition, all future per diem payments to the Election Commissioners should be made in accordance with the statutory amounts allowed. |

**Views of Responsible  
Official(s)**

Rebecca Taylor District 2 Election Commissioner paid back to the County \$2,100 on March 1, 2022. County receipt # 34547.

All other Election Commissioners chose not to respond.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exception(s) and disposition(s) are as follows:

**Exception Issued On:**

Virgie Bolton, District 1 Election Commissioners (Resigned 7/3/20)  
Jacintha Taylor, District 1 Election Commissioner (Appointed 7/6/22)  
Rebecca Taylor, District 2 Election Commissioner ( Paid \$2,100 to County )  
Tommy Breland, District 3 Election Commissioner  
Reggie Hanberry, District 4 Election Commissioner  
Michelle Vogt, District 5 Election Commissioner

**Nature of Exception:**

See Election Commissioner Finding described above.

**Amount of Exception:**

\$200, District 1 Election Commissioner (Virgie Bolton)  
\$200, District 1 Election Commissioner (Jacintha Taylor)  
\$2,100, District 2 Election Commissioner  
\$2,200 District 3 Election Commissioner  
\$2,300 District 4 Election Commissioner  
\$1,300 District 5 Election Commissioner  
  
\$8,300 Total

Pearl River 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 and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 3, 2022



PEARL RIVER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PEARL RIVER COUNTY

(This page left blank intentionally.)

PEARL RIVER COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: |               |
| Governmental activities   | Unmodified    |
| Aggregate discretely presented component units                  | Adverse       |
| General Fund  | Unmodified    |
| Countywide Road Fund  | Unmodified    |
| Courthouse Annex Building Fund                                  | Unmodified    |
| Hospital Support Fund   | Unmodified    |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weakness identified?                                | No            |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements noted?    | No            |

**Federal Awards:**

- |   |               |
|---|---------------|
| 4. Internal control over major federal programs:  |               |
| a. Material weakness identified?  | No            |
| b. Significant deficiency identified?   | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs:  | Unmodified    |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   | No            |
| 7. Identification of major federal programs:  |               |
| a. CFDA #21.019, Coronavirus relief fund  |               |
| 8. Dollar threshold used to distinguish between type A and type B programs:   | \$750,000     |
| 9. Auditee qualified as low-risk auditee?   | No            |
| 10. Prior fiscal year audit finding(s) which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | No            |

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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