

# PERRY 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

January 18, 2022

Members of the Board of Supervisors  
Perry County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Perry 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 Perry County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Perry 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", enclosed within a large, loopy oval shape.

Shad White



PERRY COUNTY  
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PERRY COUNTY

FINANCIAL SECTION

PERRY COUNTY

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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Perry County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Perry 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 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.

## ***Unmodified Opinion***

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 Perry County, Mississippi, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule 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***

Perry 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 Perry County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and 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 and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022 on our consideration of Perry 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 Perry 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 Perry 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

January 18, 2022

PERRY COUNTY

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PERRY COUNTY

FINANCIAL STATEMENTS

PERRY COUNTY

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PERRY COUNTY  
Statement of Net Position  
September 30, 2020

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 9,124,909
Property tax receivable	6,873,020
Fines receivable (net of allowance for uncollectibles of \$1,516,628)	194,380
Intergovernmental receivables	304,854
Other receivables	9,489
Capital assets:	
Land and construction in progress	1,004,066
Other capital assets, net	42,494,325
Total Assets	<u>60,005,043</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	742,162
Total Deferred Outflows of Resources	<u>742,162</u>
LIABILITIES	
Claims payable	243,130
Intergovernmental payables	181,856
Accrued interest payable	45,273
Other payables	57,089
Long-term liabilities	
Due within one year:	
Capital debt	667,914
Due in more than one year:	
Capital debt	4,368,792
Non-capital debt	93,003
Net pension liability	7,447,345
Total Liabilities	<u>13,104,402</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues - property taxes	6,873,020
Total Deferred Inflows of Resources	<u>6,873,020</u>
NET POSITION	
Net investment in capital assets	38,461,685
Restricted for:	
Expendable:	
General government	205,117
Public safety	429,281
Public works	2,446,048
Culture and recreation	312,809
Economic development and assistance	288,592
Debt service	209,017
Unemployment compensation	162,414
Unrestricted	(1,745,180)
Total Net Position	<u>\$ 40,769,783</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,884,461	289,207	22,773		(2,572,481)
Public safety	1,644,622	161,491	106,346	223,479	(1,153,306)
Public works	6,270,389		1,025,539	700,056	(4,544,794)
Health and welfare	104,891		42,131		(62,760)
Culture and recreation	117,864	10,521			(107,343)
Education	321,805		300,175		(21,630)
Conservation of natural resources	22,631				(22,631)
Economic development and assistance	125,192				(125,192)
Interest on long-term debt	171,887				(171,887)
Pension expense	799,736				(799,736)
Total Governmental Activities	\$ 12,463,478	461,219	1,496,964	923,535	(9,581,760)
General revenues:					
Property taxes				\$	6,543,233
Road & bridge privilege taxes					167,420
Grants and contributions not restricted to specific programs					635,732
Unrestricted interest income					151,974
Miscellaneous					1,092,670
Total General Revenues					8,591,029
Changes in Net Position					(990,731)
Net Position - Beginning, as previously reported					28,050,246
Prior period adjustment					13,710,268
Net Position - Beginning, as restated					41,760,514
Net Position - Ending				\$	40,769,783

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

PERRY COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2020

Exhibit 3

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 5,111,262	4,013,647	9,124,909
Property tax receivable	3,967,055	2,905,965	6,873,020
Fines receivable (net of allowance for uncollectibles of \$1,516,628)	194,380		194,380
Intergovernmental receivables	81,375	223,479	304,854
Other receivables	9,489		9,489
Due from other funds		46,904	46,904
Advances to other funds		1,836	1,836
Total Assets	<u>\$ 9,363,561</u>	<u>7,191,831</u>	<u>16,555,392</u>
<b>LIABILITIES</b>			
Liabilities:			
Claims payable	\$ 56,313	186,817	243,130
Intergovernmental payables	181,846		181,846
Due to other funds	46,914		46,914
Advances from other funds	1,338	498	1,836
Other payables	57,089		57,089
Total Liabilities	<u>343,500</u>	<u>187,315</u>	<u>530,815</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	3,967,055	2,905,965	6,873,020
Unavailable revenue - fines	194,380		194,380
Total Deferred Inflows of Resources	<u>4,161,435</u>	<u>2,905,965</u>	<u>7,067,400</u>
<b>Fund balances:</b>			
Restricted for:			
General government		205,117	205,117
Public safety		429,281	429,281
Public works		2,446,048	2,446,048
Culture and recreation		312,809	312,809
Economic development and assistance		288,592	288,592
Debt service		254,290	254,290
Unemployment compensation		162,414	162,414
Unassigned	4,858,626		4,858,626
Total Fund Balances	<u>4,858,626</u>	<u>4,098,551</u>	<u>8,957,177</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,363,561</u>	<u>7,191,831</u>	<u>16,555,392</u>

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

## PERRY 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	\$ 8,957,177
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 \$39,555,354.	43,498,391
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	194,380
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,129,709)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(7,447,345)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(45,273)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	<u>742,162</u>
Total Net Position - Governmental Activities	\$ <u><u>40,769,783</u></u>

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

## PERRY COUNTY

Exhibit 4

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

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 3,830,587	2,712,646	6,543,233
Road and bridge privilege taxes		167,420	167,420
Licenses, commissions and other revenue	188,633	3,038	191,671
Fines and forfeitures	138,462		138,462
Intergovernmental revenues	802,408	2,253,823	3,056,231
Charges for services	25,701	127,859	153,560
Interest income	151,974		151,974
Miscellaneous revenues	397,883	694,787	1,092,670
Total Revenues	5,535,648	5,959,573	11,495,221
EXPENDITURES			
Current:			
General government	2,580,996	389,649	2,970,645
Public safety	1,663,590	68,102	1,731,692
Public works		4,925,777	4,925,777
Health and welfare	88,515		88,515
Culture and recreation		116,845	116,845
Education	321,805		321,805
Economic development and assistance	25,239	125,192	150,431
Debt service:			
Principal	35,497	561,273	596,770
Interest	2,645	172,625	175,270
Total Expenditures	4,718,287	6,359,463	11,077,750
Excess of Revenues over (under) Expenditures	817,361	(399,890)	417,471
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	43,500	862,913	906,413
Total Other Financing Sources and Uses	43,500	862,913	906,413
Net Changes in Fund Balances	860,861	463,023	1,323,884
Fund Balances - Beginning	3,997,765	3,635,528	7,633,293
Fund Balances - Ending	\$ 4,858,626	4,098,551	8,957,177

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

## PERRY 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	\$ 1,323,884
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 depreciation of \$2,726,269 exceeded capital outlays of \$1,129,113 in the current period.	(1,597,156)
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 \$28,140.	(28,140)
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.	(22,474)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$906,413 exceeded debt repayments of \$596,770.	(309,643)
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 increase in compensated absences liability.	(6,955)
The decrease in accrued interest payable.	3,383
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	(799,736)
Recording of contributions made during the year	<u>446,106</u>
Change in Net Position of Governmental Activities	\$ <u>(990,731)</u>

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

PERRY COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 19,094
Due from other funds	<u>10</u>
Total Assets	<u>\$ 19,104</u>
LIABILITIES	
Intergovernmental payables	\$ <u>19,104</u>
Total Liabilities	<u>\$ 19,104</u>

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

PERRY COUNTY

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## PERRY COUNTY

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

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

##### A. Financial Reporting Entity.

Perry 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 Perry County to present these financial statements on the primary government. There are no outside organizations that should be included as component units of the County's reporting entity.

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 inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

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

## PERRY COUNTY

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

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 Fund:

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

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.

## PERRY COUNTY

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

#### 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. However, the County did not invest in any governmental securities during the fiscal year.

#### 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.

#### H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Perry County elected to report general infrastructure assets acquired after September 30, 1980, on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements as required. General infrastructure assets include all roads and bridges and other infrastructure 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:

# PERRY COUNTY

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

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

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

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

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

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

### J. Long-term Liabilities.

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

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

### K. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

## PERRY COUNTY

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

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

#### L. Compensated Absences.

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

#### M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

Governmental fund balance is classified as 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,

## PERRY COUNTY

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

committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

#### Fund Balance Flow Assumption:

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

#### N. Property Tax Revenues:

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

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

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

#### O. Intergovernmental Revenues in Governmental Funds.

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

#### P. Changes in Accounting Standards.

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

# PERRY COUNTY

## Notes to 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 asset records.	\$ <u>13,710,268</u>

### (3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$9,144,003, and the bank balance was \$9,660,404. 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.

### (4) Interfund Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2020:

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

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 46,904
Agency Funds	General Fund	<u>10</u>
Total		\$ <u>46,914</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.

PERRY COUNTY

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

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 1,338
Other Governmental Funds	Other Governmental Funds	<u>498</u>
Total		\$ <u>1,836</u>

The advances represent errors in posting revenue in prior years.

(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	\$ 61,789
Emergency management performance grant reimbursement	17,636
Housing of prisoners reimbursement	1,950
Coronavirus relief fund reimbursement	<u>223,479</u>
Total Governmental Activities	\$ <u>304,854</u>

PERRY COUNTY

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

(6) Capital Assets.

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

**Governmental activities:**

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<b><u>Non-depreciable capital assets:</u></b>					
Land	\$ 939,927	18,345	3,750		954,522
Construction in progress	254,024	8,467		(212,947)	49,544
Total non-depreciable capital assets	1,193,951	26,812	3,750	(212,947)	1,004,066
<b><u>Depreciable capital assets:</u></b>					
Infrastructure	65,315,705			212,947	65,528,652
Buildings	7,362,245	61,236			7,423,481
Improvements other than buildings	103,916				103,916
Mobile equipment	5,081,193	59,030	268,559	295,414	5,167,078
Furniture and equipment	1,719,503	75,622	23,774		1,771,351
Leased property under capital leases	1,417,533	906,413		(268,745)	2,055,201
Total depreciable capital assets	81,000,095	1,102,301	292,333	239,616	82,049,679
<b><u>Less accumulated depreciation for:</u></b>					
Infrastructure	40,826,443	2,028,489		(13,176,821)	29,678,111
Buildings	3,629,396	121,290		(22,400)	3,728,286
Improvements other than buildings	54,367	4,156			58,523
Mobile equipment	4,385,095	164,686	246,546	(92,378)	4,210,857
Furniture and equipment	1,369,081	99,816	21,397	(175,583)	1,271,917
Leased property under capital leases	516,245	307,832		(216,417)	607,660
Total accumulated depreciation	50,780,627	2,726,269	267,943	(13,683,599)	39,555,354
Total depreciable capital assets, net	30,219,468	(1,623,968)	24,390	13,923,215	42,494,325
Governmental activities capital assets, net	\$ 31,413,419	(1,597,156)	28,140	13,710,268	43,498,391

\*Adjustments are to correct errors in capital asset records and to reflect certain routine reclassifications of paid-off capital leases and completed construction in progress.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 85,045
Public safety	81,802
Public works	2,542,027
Health and welfare	16,376
Culture and recreation	1,019
Total governmental activities depreciation expense	\$ 2,726,269

# PERRY COUNTY

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

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Tallahala Creek Bridge on Old River Road - ERBR-56(01)	\$ 2,675,178	April, 2022

(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.

(8) Operating Leases.

As Lessor:

On February 7, 2011, Perry County entered into a non-cancellable operating lease agreement with Hood Industries, Inc. for the lease of land owned by the County for the purpose of operating a hardwood mill. The operating lease stipulated that the lessee would pay \$5,000 per month in lease payments commencing March 1, 2011 for two (2) consecutive terms of five (5) years each. On August 26, 2019, Perry County and Hood Industries, Inc. agreed to extend the lease for an additional four (4) consecutive terms of five (5) years each. Total income from such leases was \$60,000 for the year ended September 30, 2020.

The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2021	\$ 60,000
2022	60,000
2023	60,000
2024	60,000
2025	60,000
2026 - 2030	300,000
2031 - 2035	300,000
2036 - 2040	300,000
2041 - 2045	25,000
Total Minimum Payments Required	<u>\$ 1,225,000</u>

PERRY COUNTY

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

(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 Activities</u>
Mobile equipment	\$ 2,055,201
Less: Accumulated depreciation	<u>(607,660)</u>
Leased Property Under Capital Leases	<u>\$ 1,447,541</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	\$ 367,914	33,884
2022	390,390	23,710
2023	296,464	17,034
2024	282,432	8,383
2025	<u>154,506</u>	<u>1,646</u>
Total	<u>\$ 1,491,706</u>	<u>84,657</u>

PERRY COUNTY

Notes to 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 Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
General obligation road & bridge bonds	\$ <u>3,545,000</u>	3.50/4.25%	06/2030
B. Capital Leases:			
2016 Ford F150 truck	\$ 3,659	1.87%	06/2021
2016 Ford Explorer	4,246	1.87%	06/2021
Chevrolet Tahoe	11,135	2.48%	04/2022
John Deere backhoe	23,828	2.48%	04/2022
2016 Chevrolet 1500 truck	3,973	1.87%	05/2021
Hydraulic crawler	66,062	1.88%	10/2021
Tiger boom mower w/ boom ditcher	8,591	1.87%	07/2021
2018 Ford Explorer	16,713	2.89%	04/2023
2018 Dodge Ram	13,725	3.29%	05/2023
New Holland tractor w/ boom mower	63,989	3.31%	09/2023
Doosan wheel loader	54,229	2.89%	01/2023
Ford F150	12,780	2.69%	04/2022
Kubota tractor	20,800	3.29%	05/2023
2019 Ford F150	22,028	3.29%	03/2024
New Holland tractor	36,650	3.35%	02/2024
2020 Freightliner w/ rear loader	120,477	2.60%	09/2024
2019 Dodge Ram	22,016	2.64%	10/2024
District 1 - John Deere excavator	49,384	3.29%	03/2024
District 5 - John Deere excavator	49,385	3.29%	03/2024
Kubota tractor	32,672	3.52%	02/2024
IBM server	43,500	2.24%	09/2025
2020 Freightliner garbage truck	139,707	2.01%	05/2025
(2) John Deere tractors	104,026	2.42%	03/2025
Caterpillar excavator	134,624	3.35%	04/2025
2019 Caterpillar backhoe loader	113,767	2.88%	09/2024
2020 John Deere tractor	145,190	2.10%	08/2025
2020 International dump truck	74,082	2.64%	02/2025
(2) Kubota tractors	<u>100,468</u>	2.25%	06/2025
Total Capital Leases	\$ <u>1,491,706</u>		

# PERRY COUNTY

## Notes to 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	
	Principal	Interest
2021	\$ 300,000	135,819
2022	310,000	125,319
2023	320,000	114,081
2024	335,000	102,481
2025	345,000	90,338
2026 - 2030	1,935,000	237,600
Total	\$ 3,545,000	805,638

**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 2.66% of the latest property assessments.

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

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
<b>Governmental Activities:</b>					
Compensated absences	\$ 86,048	6,955		93,003	
General obligation bonds	3,835,000		290,000	3,545,000	300,000
Capital leases	892,063	906,413	306,770	1,491,706	367,914
Total	\$ 4,813,111	913,368	596,770	5,129,709	667,914

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

(11) **Defined Benefit Pension Plan.**

*General Information about the Pension Plan*

**Plan Description.** Perry 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.

## PERRY COUNTY

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

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

**Contributions.** At September 30, 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 \$446,106, \$400,981 and \$365,277, 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 \$7,447,345 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 0.038470 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.000818 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 \$799,736. At September 30, 2020, the County reported deferred outflows of resources related to pensions from the following sources:

# PERRY COUNTY

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 64,544
Net difference between projected and actual earnings on pension plan investments	315,415
Changes of assumptions	40,775
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	213,685
County contributions subsequent to the measurement date	107,743
Total	\$ 742,162

\$107,743 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 related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2021	\$ 146,101
2022	220,327
2023	169,419
2024	98,572
Total	\$ 634,419

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, 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

# PERRY COUNTY

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

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 %	

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% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 9,639,673	7,447,345	5,637,794

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.

# PERRY COUNTY

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

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) No Commitment Debt (Not Included in Financial Statements).

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance at Sept. 30, 2020
Industrial revenue bonds	\$ 73,000,000

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

The governmental activities' unrestricted net position amount of (\$1,745,180) 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 \$107,743 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 \$634,419 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.

### (15) Joint Ventures.

The County participates in the following joint ventures:

Perry County is a participant with the Counties of Covington and Jones, and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Pine Belt Regional Solid Waste Authority. The joint venture was created to dispose of solid waste for members of the authority. The Perry County Board of Supervisors appoints one of the 12 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Pine Belt Regional Solid Waste Authority can be obtained from P.O. Box 1898, Hattiesburg, MS 39403.

Perry County is a participant with the Town of Richton in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Richton-Perry County Airport. The joint venture was created to provide an airport facility available for use by the general public. The five members of the board of directors are appointed as follows: Perry County, two; Town of Richton, two; jointly by Perry County and the Town of Richton, one. Complete financial statements for the Richton-Perry County Airport can be obtained from City Hall at 208 Front South Street in Richton, Mississippi.

### (16) 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

## PERRY COUNTY

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

and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each county and one appointed at large. The counties generally provide no financial support to the organization.

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 Perry 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. The County provides a modest amount of financial support when matching funds are required for federal grants.

Southeast Mississippi Air Ambulance District provides air ambulance services to the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Perry County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$41,532 for support of the district in fiscal year 2020.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Perry County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$23,338 for support of the entity 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 Perry County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$16,187 for support of the district in fiscal year 2020.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Perry County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated \$351,322 for maintenance and support of the college in fiscal year 2020.

#### (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 Perry County evaluated the activity of the County through January 18, 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:

# PERRY COUNTY

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

<u>Issue</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue</u>	<u>Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/08/2020		2.22%	\$	256,722	Capital lease	Ad valorem taxes
12/01/2020		2.30%		3,673,000	General obligation bond	Ad valorem taxes
12/09/2020		2.23%		73,009	Capital lease	Ad valorem taxes
12/11/2020		1.96%		83,349	Capital lease	Ad valorem taxes
02/05/2021		2.23%		28,362	Capital lease	Ad valorem taxes
02/05/2021		2.23%		28,174	Capital lease	Ad valorem taxes
02/11/2021		1.90%		4,500,000	Special obligation bond	Ad valorem taxes
06/18/2021		1.94%		77,260	Capital lease	Ad valorem taxes
08/25/2021		2.01%		28,424	Capital lease	Ad valorem taxes
12/15/2021		2.08%		192,125	Capital lease	Ad valorem taxes
12/15/2021		2.08%		114,621	Capital lease	Ad valorem taxes

PERRY COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PERRY COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,723,209	3,823,586	3,823,586	
Licenses, commissions and other revenue	135,750	192,093	192,093	
Fines and forfeitures	119,500	146,488	146,488	
Intergovernmental revenues	676,507	1,030,100	1,030,100	
Charges for services	18,500	26,323	26,323	
Interest income	60,000	151,974	151,974	
Miscellaneous revenues	254,166	358,646	358,646	
Total Revenues	<u>4,987,632</u>	<u>5,729,210</u>	<u>5,729,210</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,606,326	2,539,476	2,539,476	
Public safety	1,867,848	1,711,704	1,711,704	
Public works	1,000			
Health and welfare	94,121	84,138	84,138	
Education	119,250	307,602	307,602	
Conservation of natural resources	27,953	25,257	25,257	
Debt service:				
Principal				
Interest				
Total Expenditures	<u>4,716,498</u>	<u>4,668,177</u>	<u>4,668,177</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>271,134</u>	<u>1,061,033</u>	<u>1,061,033</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Compensation for loss of capital assets		4,924	4,924	
Transfers in	117,410	102,936	102,936	
Transfers out	(289,077)	(210,346)	(210,346)	
Other financing sources	3,119,110			
Other financing uses	(3,218,577)	(228,066)	(228,066)	
Total Other Financing Sources and Uses	<u>(271,134)</u>	<u>(330,552)</u>	<u>(330,552)</u>	<u>0</u>
Net Change in Fund Balance	0	730,481	730,481	0
Fund Balances - Beginning	<u>(2,133,838)</u>	<u>4,038,439</u>	<u>4,038,439</u>	<u>0</u>
Fund Balances - Ending	<u>\$ (2,133,838)</u>	<u>4,768,920</u>	<u>4,768,920</u>	<u>0</u>

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

PERRY 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)	0.038470%	0.037652%	0.036424%	0.035849%	0.037125%	0.038333%
County's proportionate share of the net pension liability (asset)	\$ 7,447,345	6,623,730	6,058,393	5,959,321	6,631,451	5,925,525
Covered payroll	\$ 2,561,617	2,429,664	2,325,988	2,299,759	2,374,978	2,394,838
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.73%	272.62%	260.47%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total 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.

PERRY 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	\$ 446,106	400,981	365,277	361,334	369,838	377,942
Contributions in relation to the contractually required contribution	<u>446,106</u>	<u>400,981</u>	<u>365,277</u>	<u>361,334</u>	<u>369,838</u>	<u>377,942</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 2,563,828	2,481,319	2,319,220	2,294,181	2,348,175	2,399,626
Contributions as a percentage of covered payroll	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%

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

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

PERRY COUNTY

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# PERRY COUNTY

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

### A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-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:

	Governmental Fund Type
	General Fund
Budget (Cash Basis)	\$ 730,481
Increase (Decrease)	
Net adjustments for revenue accruals	(257,922)
Net adjustments for expenditure accruals	388,302
GAAP Basis	\$ <u>860,861</u>

PERRY COUNTY

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

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

## PERRY COUNTY

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

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, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

PERRY COUNTY

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PERRY COUNTY

SUPPLEMENTARY INFORMATION

PERRY COUNTY

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Forest Service/ Passed-through the Mississippi State Treasurer's Office Forest service schools and roads cluster: Schools and roads - grants to states*	10.665	N/A	\$ 600,351
Total Forest service schools and roads cluster			600,351
Total U.S. Department of Agriculture			600,351
U.S. Department of the Treasury Passed-through the Mississippi Emergency Management Agency Coronavirus relief fund	21.019	N/A	223,479
Total U.S. Department of the Treasury			223,479
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	EMA-2020-EP-00013	17,636
Total U.S. Department of Homeland Security			17,636
Total Expenditures of Federal Awards			\$ 841,466

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 Perry 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 Perry County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Perry 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

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

Note D - Schools and roads - grants to states

Of the federal expenditures presented in the Schedule, Perry County provided federal awards totaling \$299,610 to subrecipients during the year ended September 30, 2020.

\* Denotes major federal award program

PERRY COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2020

Operating Expenditures, Cash Basis:

Salaries	\$	360,711
Expendable Commodities:		
Gasoline and petroleum products		38,406
Repair parts		14,242
Clothing		277
Maintenance		123,422
Insurance on equipment		175
Solid waste disposal fees		124,285
Telephone and utilities		2,342
Supplies		7,353

Solid Waste Cash Basis Operating Expenditures		671,213
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Full Cost Expenses:

Indirect administrative costs		19,515
Depreciation on equipment		63,563
Interest on solid waste debt		5,352
Net effect of other accrued expenses		(5,189)

Solid Waste Full Cost Operating Expenses	\$	<u>754,454</u>
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PERRY COUNTY

OTHER INFORMATION

PERRY COUNTY

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

Name	Position	Company	Bond
Bobby R. Bolton	Supervisor District 1	RLI Insurance Company	\$100,000
William K. Shows	Supervisor District 2	Western Surety Company	\$100,000
Peter T. Wise	Supervisor District 3	RLI Insurance Company	\$100,000
Richard O. Lott	Supervisor District 4	RLI Insurance Company	\$100,000
Marcus D. Williams	Supervisor District 5	Western Surety Company	\$100,000
Lawrence A. Wilson	Chancery Clerk	RLI Insurance Company	\$100,000
Angela Penton	Purchase Clerk	RLI Insurance Company	\$75,000
Ashly Tingle	Assistant Purchase Clerk	RLI Insurance Company	\$50,000
Sheryl Bradley	Receiving Clerk	Sure Tec Insurance Company	\$75,000
Ashly Tingle	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Mitchell Lott	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Richard P. McConnell	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Hiram J. Breland	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Brandon L. Spencer	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Ashly Tingle	Comptroller	RLI Insurance Company	\$100,000
Guy A. Harvison	Constable	RLI Insurance Company	\$50,000
Wayne Penton	Constable	RLI Insurance Company	\$50,000
Christy P. Mayo	Circuit Clerk	RLI Insurance Company	\$100,000
Tabitha S. Brewer	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Mattie Janell Smith	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
James M. Nobles	Sheriff	Western Surety Company	\$100,000
Carl Griffin	Justice Court Judge	RLI Insurance Company	\$50,000
William T. Odom	Justice Court Judge	RLI Insurance Company	\$50,000
Teresa Watford	Justice Court Clerk	RLI Insurance Company	\$50,000
Spicie Christine Dunnam	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Leslie A. Cochran	Tax Assessor-Collector	Western Surety Company	\$100,000
Kaley Minter	Deputy Tax Collector	RLI Insurance Company	\$50,000
Janice J. Pittman	Deputy Tax Collector	RLI Insurance Company	\$50,000
Greta E. Gavin	Deputy Tax Collector	RLI Insurance Company	\$50,000
Amberlon Syrl McLendon	Deputy Tax Collector	RLI Insurance Company	\$50,000
Anita Dianne Nowell	Deputy Tax Collector	RLI Insurance Company	\$50,000
Chantal Bolton	Deputy Tax Collector	RLI Insurance Company	\$50,000
Jessica Shoemaker Jones	Deputy Tax Collector	RLI Insurance Company	\$50,000

PERRY COUNTY

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## PERRY COUNTY

## SPECIAL REPORTS

PERRY COUNTY

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

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

Members of the Board of Supervisors  
Perry County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Perry 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 January 18, 2022.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2020-001 and 2020-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2020-003 and 2020-004 to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Perry 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 Perry 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 January 18, 2022, included within this document.

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

Perry County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Perry County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

January 18, 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  
Perry County, Mississippi

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

We have audited Perry 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 Perry County, Mississippi's major federal program for the year ended September 30, 2020. Perry 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 Perry 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 Perry 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 Perry County, Mississippi's compliance.

***Basis for Qualified Opinion on CFDA 10.665, Schools and Roads – Grants to States***

As described in the accompanying Schedule of Findings and Questioned Costs, Perry County, Mississippi did not comply with requirements regarding CFDA 10.665, Schools and Roads – Grants to States, as described in finding number 2020-005, for activities allowed or unallowed and allowable costs/cost principles. Compliance with such requirements is necessary, in our opinion, for Perry County, Mississippi to comply with the requirements applicable to that program.

### **Qualified Opinion on CFDA 10.665, Schools and Roads – Grants to States**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Perry 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 CFDA 10.665, Schools and Roads – Grants to States federal program for the year ended September 30, 2020.

#### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-005.

Perry County, Mississippi's response to the noncompliance finding identified in our audit is described in the Auditee's Corrective Action Plan. Perry County, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of Perry 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 Perry 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-005 that we consider to be a material weakness.

Perry County, Mississippi's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Perry County, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

JOE E. MCKNIGHT CPA  
Director, County Audit Section

January 18, 2022

PERRY COUNTY

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

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

Members of the Board of Supervisors  
Perry County, Mississippi

We have examined Perry 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 Perry 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 Perry County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

**Board of Supervisors.**

1. Assistant Purchase Clerk should not also serve as Assistant Receiving Clerk.

**Repeat Finding** No

**Criteria** Section 31-7-101, Miss. Code Ann. (1972), states that neither the purchase clerk nor any assistant purchase clerks shall serve as the receiving clerk or as an assistant receiving clerk.

<b>Condition</b>	During testwork, it was noted that an assistant purchase clerk was also appointed to serve as an assistant receiving clerk.
<b>Cause</b>	The County failed to comply with state law.
<b>Effect</b>	The failure to comply with state statutes could result in the misappropriation of public funds.
<b>Recommendation</b>	The Board of Supervisors should not appoint the same individual to both the assistant purchase clerk and assistant receiving clerk positions, as required by law.
<b>Views of Responsible Official(s)</b>	We will comply.

#### **Board of Supervisors and Assistant Receiving Clerk.**

<b>2.</b>	<u>Assistant Receiving Clerk should be bonded as required by state statute.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 31-7-124, Miss. Code Ann. (1972), requires assistant receiving clerks to execute a bond in a penalty not less than \$50,000 to be payable, conditioned and approved as provided by law.
<b>Condition</b>	One (1) assistant receiving clerk was not bonded for the fiscal year 2020.
<b>Cause</b>	The County did not comply with state law.
<b>Effect</b>	Failure to comply with the statute would limit the amount available for recovery if a loss occurred.
<b>Recommendation</b>	The County should ensure that assistant receiving clerks are bonded in accordance with state law.
<b>Views of Responsible Official(s)</b>	We will comply.

#### **Inventory Control Clerk.**

<b>3.</b>	<u>The Inventory Control Clerk should maintain an inventory control system.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory control system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include a description of assets, costs, locations, acquisition dates, disposition dates, methods of disposition and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation. The information is also very important to the financial reporting process.
<b>Condition</b>	As reported in the prior two years' audit reports, we noted the following deficiencies in the capital asset records: <ul style="list-style-type: none"> <li>a. Three (3) assets totaling \$39,109 were not added to the County's capital asset listing.</li> <li>b. One (1) instance was noted where a disposed asset was not removed from the capital asset listing.</li> </ul>

- c. Accumulated depreciation from the prior year did not agree to the current year's beginning accumulated depreciation. The aggregate difference in the accumulated depreciation was \$13,683,599.

<b>Cause</b>	The Inventory Control Clerk lacked the necessary internal control procedures required to accurately maintain an inventory control system and adequate subsidiary records, which caused the County to not be in compliance with state laws.
<b>Effect</b>	The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of loss or misappropriation of public funds.
<b>Recommendation</b>	The Inventory Control Clerk should implement control procedures to ensure that all assets are recorded, properly valued and properly classified in the County's capital asset records.
<b>Views of Responsible Official(s)</b>	We will comply.

**4.** Inventory Control Clerk should be bonded as required by state statute.

<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 31-7-124, Miss. Code Ann. (1972), requires inventory control clerks to execute a bond in a penalty not less than \$75,000 to be payable, conditioned and approved as provided by law.
<b>Condition</b>	The Inventory Control Clerk was not bonded for the fiscal year 2020.
<b>Cause</b>	The County did not comply with state law.
<b>Effect</b>	Failure to comply with the statute would limit the amount available for recovery if a loss occurred.
<b>Recommendation</b>	The County should ensure that the Inventory Control Clerk is bonded in accordance with state law.
<b>Views of Responsible Official(s)</b>	We will comply.

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

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

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

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

January 18, 2022

## PERRY COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
03/27/20	Tilt trailer	\$ 24,990	Trail Boss	\$ 21,950	Turn around time to build trailer was too long.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
05/05/2020	2020 Freightliner garbage truck	\$ 149,186	PAC-MAC	Garbage truck broke down
08/14/2020	IBM server	43,500	HiComp	Server crashed

## PERRY COUNTY

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/23/2019	Solacom E911 phone system	\$ 256,722	AT&T

PERRY COUNTY

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

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

Members of the Board of Supervisors  
Perry County, Mississippi

In planning and performing our audit of the financial statements of Perry County, Mississippi for the year ended September 30, 2020, we considered Perry 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 Perry 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 January 18, 2022, on the financial statements of Perry 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:

**Chancery Clerk.**

1. The Chancery Clerk should reconcile bank statements for land redemption on a monthly basis.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over cash should include reconciliation of land redemption bank accounts on a monthly basis.

**Condition** As reported in the prior year's audit report, the bank statements for the land redemption account were not reconciled.

**Cause** The Chancery Clerk lacked the necessary internal controls over cash.

<b>Effect</b>	The failure to reconcile land redemption bank accounts on a monthly basis could result in undetected errors or misappropriation of public funds.
<b>Recommendation</b>	The Chancery Clerk should implement a system that ensures the land redemption bank statements are reconciled each month.
<b>Views of Responsible Official(s)</b>	I will comply.
<b>2.</b>	<u>Board minutes should be complete and accurate.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 19-3-27, Miss. Code Ann. (1972), requires the Chancery Clerk, as the Clerk of the Board of Supervisors, to keep and preserve a complete and correct record of all the proceedings and order of the Board. The minutes of each month's meeting should be prepared by the first Monday of the subsequent month.
<b>Condition</b>	The following deficiencies were noted during our audit: <ul style="list-style-type: none"> <li>a. The Board of Supervisors approved to "renew all existing contracts" during the January 6, 2020 board meeting. However, they did not attach a listing of the contracts renewed or approved, nor did they maintain a listing in the Board of Supervisors' office.</li> <li>b. The minutes of three (3) board meetings were not recorded in the minute books. The board minutes of August 3, 2020, August 14, 2020 and August 20, 2020 were not included in the minute books located in the Chancery Clerk's office.</li> </ul>
<b>Cause</b>	The Chancery Clerk lacked oversight over the preparation of the Board of Supervisors' minute books.
<b>Effect</b>	Failure to keep and preserve a complete and correct record of all Board of Supervisors' proceedings could result in the inability to determine what actions were taken and/or approved by the Board of Supervisors.
<b>Recommendation</b>	The Chancery Clerk should maintain a complete and correct record of all Board of Supervisors' proceedings including all supporting documentation.
<b>Views of Responsible Official(s)</b>	We will comply.
<b>Tax Assessor-Collector.</b>	
<b>3.</b>	<u>The Tax Assessor-Collector should reconcile bank statements on a monthly basis.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal control over cash should include the reconciliation of bank accounts on a monthly basis and adequate supporting documentation.
<b>Condition</b>	The bank statements were not reconciled in a timely manner and the reconciliations lacked adequate supporting documentation.
<b>Cause</b>	The Tax Assessor-Collector lacked the necessary controls over cash.
<b>Effect</b>	The failure to reconcile bank statements on a monthly basis and maintain adequate supporting documentation could result in undetected errors or misappropriation of public funds.

**Recommendation**      The Tax Collector should implement a system that ensures the bank statements are reconciled each month and that all reconciling items have adequate supporting documentation.

**Views of Responsible Official(s)**      I will ensure that all reconciling items have adequate support documentation.

Perry 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.

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JOE E. MCKNIGHT, CPA  
Director, County Audit Section

January 18, 2022

PERRY COUNTY

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PERRY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PERRY COUNTY

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# PERRY 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: | Unmodified |
| 2. | Internal control over financial reporting:                   |            |
|    | a. Material weaknesses identified?                           | Yes        |
|    | b. Significant deficiencies identified?                      | Yes        |
| 3. | Noncompliance material to the financial statements noted?    | No         |

#### **Federal Awards:**

- |     |   |               |
|-----|---|---------------|
| 4.  | Internal control over major federal programs:   |               |
|     | a. Material weakness identified?  | Yes           |
|     | b. Significant deficiency identified?   | None Reported |
| 5.  | Type of auditor's report issued on compliance for major federal program:  |               |
|     | a. CFDA 10.665, Schools and Roads - Grants to States  | Qualified     |
| 6.  | Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  | Yes           |
| 7.  | Identification of major federal programs:   |               |
|     | a. CFDA 10.665, Schools and Roads - Grants to States  |               |
| 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)? | Yes           |

### Section 2: Financial Statement Findings

#### **Board of Supervisors.**

#### **Material Weakness**

**2020-001.** Internal Controls should be strengthened to include adequate segregation of duties for the County's general accounting functions.

**Repeat Finding** Yes

**Criteria** An effective system of internal control should include an adequate segregation of duties.

PERRY COUNTY

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

<b>Condition</b>	<p>As reported in the prior nine years' audit reports, the County's accounting system is not adequately segregated to assure a proper internal control structure. Based on test work, we noted the following internal control weaknesses in the County's accounting structure:</p> <ul style="list-style-type: none"><li>a. The comptroller acts as the assistant purchase clerk, prepares the monthly docket of claims, prints disbursement checks, and is the inventory control clerk.</li><li>b. Receipt warrants are posted to the general ledger by the comptroller, who maintains the general ledger.</li><li>c. The comptroller also prepares payroll.</li></ul>
<b>Cause</b>	<p>The Board of Supervisors lacks the proper segregation of duties necessary to maintain effective internal controls.</p>
<b>Effect</b>	<p>These conditions could result in unrecorded transactions, undetected errors or misappropriation of funds.</p>
<b>Recommendation</b>	<p>The Board of Supervisors should implement effective internal control policies that allow for the proper segregation of duties with respect to control of the general ledger, purchasing, and inventory accounting functions.</p>
<b>Views of Responsible Official(s)</b>	<p>See Auditee's Corrective Action Plan.</p>

**Inventory Control Clerk.**

**Material Weakness**

**2020-002.** The Inventory Control Clerk should maintain an inventory control system.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data element include a description of assets, costs, locations, acquisition dates, disposition dates, methods of disposition and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation. The information is also very important to the financial reporting process.

**Condition** As reported in the prior two years' audit reports, we noted the following deficiencies in the capital asset records:

- a. Three (3) assets totaling \$39,109 were not added to the County's capital asset listing.
- b. One (1) instance was noted where a disposed asset was not removed from the capital asset listing.
- c. Accumulated depreciation from the prior year did not agree to the current year's beginning accumulated depreciation. The aggregate difference in the accumulated depreciation was \$13,683,599.

PERRY COUNTY

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

<b>Cause</b>	The Inventory Control Clerk lacked the necessary internal control procedures required to accurately maintain an inventory control system and adequate subsidiary records, which caused the County to not be in compliance with state laws.
<b>Effect</b>	The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of loss or misappropriation of public funds.
<b>Recommendation</b>	The Inventory Control Clerk should implement control procedures to ensure that all assets are recorded, properly valued and properly classified in the County's capital asset records.
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.

**Justice Court Clerk.**

**Significant Deficiency**

**2020-003.** The Justice Court Clerk should establish adequate segregation of duties.

<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over cash should include adequate segregation of duties.
<b>Condition</b>	As reported in the prior six years' audit reports, it was noted that controls were inadequate over cash. The Justice Court Clerk receipts monies, prepares all bank deposits, reconciles the bank statements, posts receipts to the cash journals, prepares monthly settlement reports, and makes all disbursements.
<b>Cause</b>	The Justice Court Clerk lacks the proper segregation of duties necessary to maintain effective internal controls.
<b>Effect</b>	The failure to implement adequate controls over cash in the Justice Court office could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Justice Court Clerk should ensure that there is an adequate segregation of duties in the collecting, recording, and settlement functions.
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.

**Tax Assessor-Collector.**

**Significant Deficiency**

**2020-004.** The Tax Assessor-Collector should establish adequate segregation of duties.

<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over cash should include adequate segregation of duties.

# PERRY COUNTY

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

<b>Condition</b>	As reported in the prior five years' audit reports, it was noted that controls were inadequate over cash. The Tax Assessor-Collector makes all deposits, reconciles bank statements, maintains cash journals, prepares monthly settlements, and makes all disbursements.
<b>Cause</b>	The Tax Assessor-Collector lacks the proper segregation of duties necessary to maintain effective internal controls.
<b>Effect</b>	The failure to implement adequate controls over cash in the Tax Collector's office could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collecting, recording and settlement functions.
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.

### Section 3: Federal Award Findings and Questioned Costs

<b>Compliance Requirement</b>	Activities Allowed or Unallowed and Allowable Costs / Cost Principles
-------------------------------	---

### **Material Weakness Material Noncompliance**

<b>2020-005.</b>	<u>The County should establish controls to ensure fifty percent of National Forest Distribution Title I funds are settled to the schools.</u>
<b>CFDA Number</b>	10.665
<b>Federal Award</b>	Schools and Roads – Grants to States
<b>Pass-through</b>	Mississippi State Treasurer's Office
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	Yes
<b>Statistically Valid</b>	No
<b>Criteria</b>	During fiscal year 2020, Perry County received \$600,351 in National Forest Distribution Title I funds, a portion of the Secure Rural Schools Act State payments, which are to be used to benefit public schools and public roads in counties where national forests are located. Upon receipt of these funds, fifty percent of the total received should be settled to the County's public school.
<b>Condition</b>	The County received a total of thirteen (13) National Forest Distribution Title I payments during fiscal year 2020. However, during our audit testing procedures, we noted one (1) of these payments was not settled to Perry County Schools.
<b>Cause</b>	The County lacked the necessary controls to ensure fifty percent of the total received from the Secure Rural Schools Act State payments was settled to the County's public school.
<b>Effect</b>	The County's lack of adequate internal controls resulted in an overstatement of County revenues in the amount of \$565.

PERRY COUNTY

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

**Recommendation**      The Perry County Board of Supervisors should take the necessary steps to ensure that fifty percent of the total National Forest Distribution Title I funds are properly settled to the County's public school.

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

PERRY COUNTY

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PERRY COUNTY

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

PERRY COUNTY

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BOBBY R. BOLTON, District 1

KEVIN SHOWS, District 2

TIM WISE, District 3

RICHARD LOTT, District 4

MARCUS WILLIAMS, District 5

**PERRY**

**COUNTY**

OFFICE OF  
**BOARD OF SUPERVISORS**  
NEW AUGUSTA, MISSISSIPPI 39462

**CORRECTIVE ACTION PLAN**

PHONE NO. (601) 964-8370  
FAX NO. (601) 964-8265

September 30, 2021

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

Gentlemen:

Perry County respectfully submits the following corrective action plan for the year ended September 30, 2020.

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

**SECTION 2: FINANCIAL STATEMENT FINDINGS**

2020-001. Corrective Action Planned: We will comply.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Ashly Tingle, Comptroller

2020-002. Corrective Action Planned: We will comply.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Ashly Tingle, Comptroller

2020-003. Corrective Action Planned: We will try to comply; however, with only two people working it is hard to segregate duties.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action:  
Teresa Watford, Justice Court Clerk

2020-004. Corrective Action Planned: We will try to comply; however, due to a small staff it is hard to segregate duties.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action:  
Amy Cochran, Tax Assessor-Collector


SECTION 3: FEDERAL AWARD FINDINGS

2020-005. Corrective Action Planned: We will comply

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Ashly Tingle, Comptroller

Sincerely yours,

  
\_\_\_\_\_  
President, Board of Supervisors

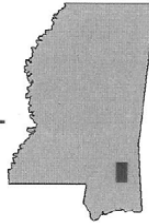
BOBBY R. BOLTON, District 1  
KEVIN SHOWS, District 2

TIM WISE, District 3

RICHARD LOTT, District 4  
MARCUS WILLIAMS, District 5

**PERRY**

OFFICE OF  
BOARD OF SUPERVISORS  
NEW AUGUSTA, MISSISSIPPI 39462



**COUNTY**

PHONE NO. (601) 964-8370  
FAX NO. (601) 964-8265

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

September 30, 2021

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

Gentleman:

The Perry County Board of Supervisors respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2020.

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

### SECTION 2: FINANCIAL STATEMENT FINDINGS

2011-001. Internal controls should be strengthened to include adequate segregation for duties for the County's general accounting functions.

NOT CORRECTED ,See finding 2020-001

No corrective action has been taken at this time.

2018-006. The County should establish controls to ensure fifty percent of National Forest distribution Title I funds are settled to the schools.

NOT CORRECTED ,See finding 2020-005

No corrective action has been taken at this time.

2018-002. The Inventory Control Clerk should maintain an inventory control system.

NOT CORRECTED ,See finding 2020-002

No corrective action has been taken at this time.

2014-004. The Justice Court Clerk should establish adequate segregation of duties.

NOT CORRECTED ,See finding 2020-003

No corrective action has been taken at this time.

2014-005. The Tax Assessor-Collector should establish adequate segregation of duties.

NOT CORRECTED ,See finding 2020-004

No corrective action has been taken at this time.

### SECTION 3: FEDERAL AWARD FINDINGS

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

Sincerely yours,

A handwritten signature in black ink that reads "Jim Wise". The signature is written in a cursive style with a large, stylized "J" and "W".

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President, Board of Supervisors