

PERRY COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021

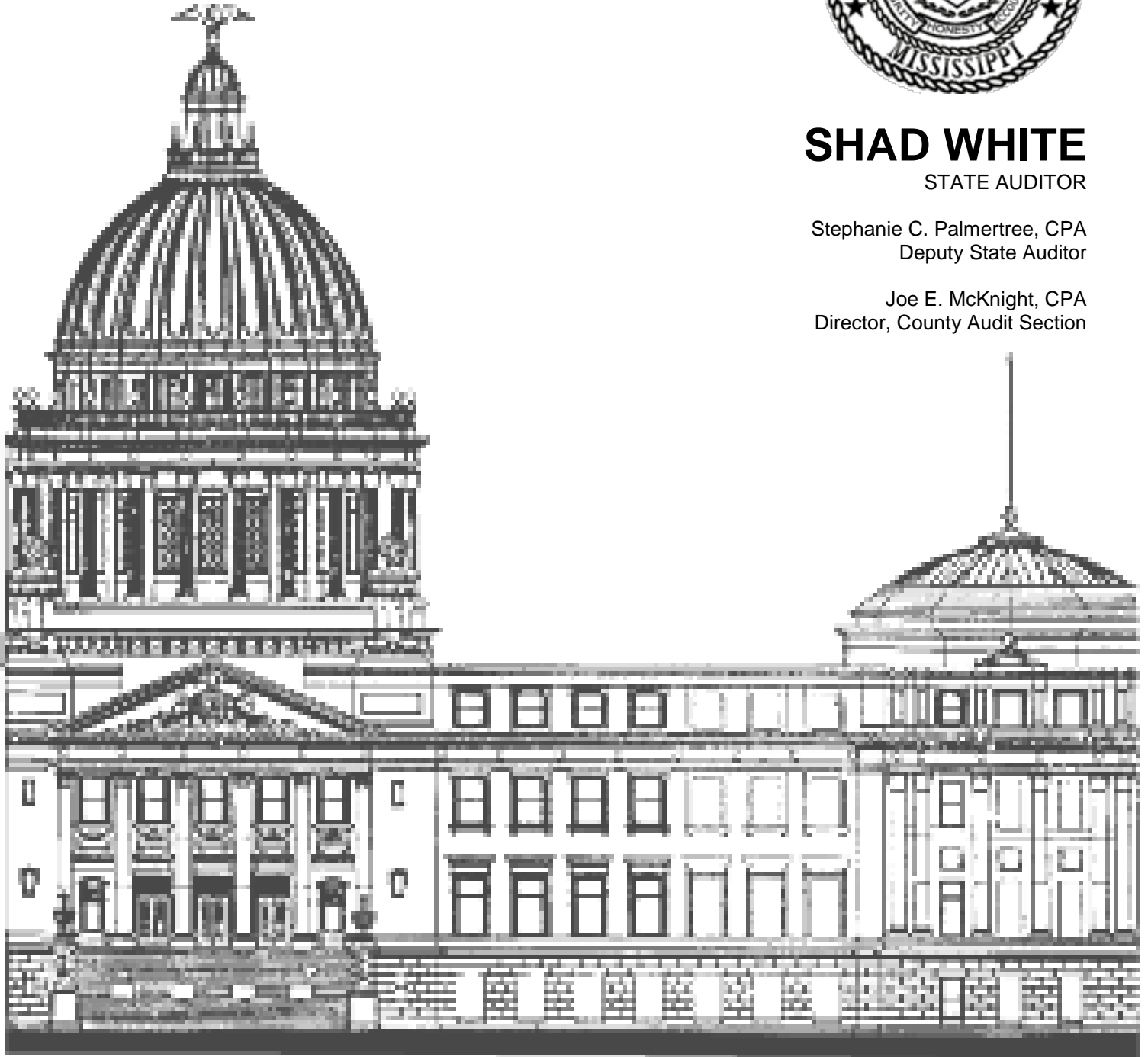


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

May 23, 2023

Members of the Board of Supervisors
Perry County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 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", is written over a horizontal line.

Shad White

PERRY COUNTY
TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITOR'S REPORT.....	3
FINANCIAL STATEMENTS.....	7
Statement of Net Position	9
Statement of Activities.....	10
Balance Sheet - Governmental Funds.....	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	39
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund.....	41
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – American Rescue FY21 Fund.....	42
Schedule of the County's Proportionate Share of the Net Pension Liability	43
Schedule of County Contributions	44
Notes to the Required Supplementary Information	45
SUPPLEMENTARY INFORMATION	49
Schedule of Expenditures of Federal Awards.....	51
Reconciliation of Operating Costs of Solid Waste.....	52
OTHER INFORMATION	53
Schedule of Surety Bonds for County Officials.....	55
SPECIAL REPORTS.....	57
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	61
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required By <i>Section 31-7-115,</i> <i>Mississippi Code of 1972 Annotated</i>)	65
Limited Internal Control and Compliance Review Management Report	71
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	75
AUDITEE'S CORRECTIVE ACTION PLAN AND AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	81

PERRY COUNTY

FINANCIAL SECTION

PERRY COUNTY

(This page left blank intentionally.)



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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Perry County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry County, Mississippi, (the County) as of and for the year ended September 30, 2021, 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, 2021, 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 Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 May 23, 2023 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, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 23, 2023

PERRY COUNTY

(This page left blank intentionally.)

PERRY COUNTY

FINANCIAL STATEMENTS

PERRY COUNTY

(This page left blank intentionally.)

PERRY COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 18,233,597
Property tax receivable	7,408,408
Fines receivable (net of allowance for uncollectibles of \$1,569,325)	182,035
Intergovernmental receivables	82,740
Capital assets:	
Land and construction in progress	1,763,748
Other capital assets, net	40,477,910
Total Assets	<u>68,148,438</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	932,270
Deferred amount on refunding	38,708
Total Deferred Outflows of Resources	<u>970,978</u>
LIABILITIES	
Claims payable	710,766
Intergovernmental payables	229,646
Accrued interest payable	51,855
Unearned revenue	1,162,807
Other payables	42,234
Long-term liabilities	
Due within one year:	
Capital debt	847,889
Non-capital debt	289,000
Due in more than one year:	
Capital debt	4,136,587
Non-capital debt	3,990,351
Net pension liability	5,861,182
Total Liabilities	<u>17,322,317</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,775,049
Deferred revenues - property taxes	7,408,408
Total Deferred Inflows of Resources	<u>9,183,457</u>
NET POSITION	
Net investment in capital assets	37,295,890
Restricted for:	
Expendable:	
General government	222,909
Public safety	452,337
Public works	8,630,604
Culture and recreation	378,767
Economic development and assistance	594,519
Unemployment compensation	171,342
Debt service	292,287
Unrestricted	<u>(5,425,013)</u>
Total Net Position	<u>42,613,642</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, 2021

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	\$ 2,489,641	351,481	19,628		(2,118,532)
Public safety	2,166,924	307,654	26,159		(1,833,111)
Public works	6,622,114		1,729,387	2,994,306	(1,898,421)
Health and welfare	117,464		37,747		(79,717)
Culture and recreation	137,822				(137,822)
Education	548,968		271,085		(277,883)
Conservation of natural resources	23,668				(23,668)
Economic development and assistance	22,602				(22,602)
Interest on long-term debt	140,218				(140,218)
Bond issue costs	137,622				(137,622)
Pension expense	470,765				(470,765)
Total Governmental Activities	\$ 12,877,808	659,135	2,084,006	2,994,306	(7,140,361)
General revenues:					
Property taxes				\$	6,920,667
Road & bridge privilege taxes					169,032
Grants and contributions not restricted to specific programs					725,620
Unrestricted interest income					61,644
Miscellaneous					1,099,181
Total General Revenues					8,976,144
Change in Net Position					1,835,783
Net Position - Beginning, as previously reported					40,769,783
Fund reclassification					32,166
Prior period adjustments					(24,090)
Net Position - Beginning, as restated					40,777,859
Net Position - Ending				\$	42,613,642

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

PERRY COUNTY

Balance Sheet - Governmental Funds

September 30, 2021

Exhibit 3

	Major Funds						
	General Fund	2021 Bond Countywide Road/Bridge Fund	2010 GO Bond & Interest Fund	ERBR Construction Fund	American Rescue FY21 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 5,735,786	4,342,500	338,544	2,500,658	1,163,575	4,152,534	18,233,597
Property tax receivable	4,282,047		519,920			2,606,441	7,408,408
Fines receivable (net of allowance for uncollectibles of \$1,569,325)	182,035						182,035
Intergovernmental receivables	82,740						82,740
Due from other funds			5,569			41,482	47,051
Advances to other funds						1,836	1,836
Total Assets	\$ 10,282,608	4,342,500	864,033	2,500,658	1,163,575	6,802,293	25,955,667
LIABILITIES							
Liabilities:							
Claims payable	\$ 121,993	322,957		179,831		85,985	710,766
Intergovernmental payables	229,642						229,642
Due to other funds	47,055						47,055
Advances from other funds	1,338					498	1,836
Unearned revenue					1,162,807		1,162,807
Other payables	42,234						42,234
Total Liabilities	442,262	322,957	0	179,831	1,162,807	86,483	2,194,340
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue - property taxes	4,282,047		519,920			2,606,441	7,408,408
Unavailable revenue - fines	182,035						182,035
Total Deferred Inflows of Resources	4,464,082	0	519,920	0	0	2,606,441	7,590,443
Fund balances:							
Restricted for:							
General government						222,909	222,909
Public safety						452,337	452,337
Public works		4,019,543		2,320,827	768	2,289,466	8,630,604
Culture and recreation						378,767	378,767
Economic development and assistance						594,519	594,519
Unemployment compensation						171,342	171,342
Debt service			344,113			29	344,142
Unassigned	5,376,264						5,376,264
Total Fund Balances	5,376,264	4,019,543	344,113	2,320,827	768	4,109,369	16,170,884
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,282,608	4,342,500	864,033	2,500,658	1,163,575	6,802,293	25,955,667

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

PERRY COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 16,170,884
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 \$41,884,675.	42,241,658
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	182,035
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,263,827)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(5,861,182)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(51,855)
Deferred amount on refunding	38,708
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	932,270
Deferred inflows of resources related to pensions	<u>(1,775,049)</u>
Total Net Position - Governmental Activities	\$ <u><u>42,613,642</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, 2021

	Major Funds						
	General Fund	2021 Bond Countywide Road/Bridge Fund	2010 GO Bond & Interest Fund	ERBR Construction Fund	American Rescue FY21 Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 4,044,841		499,854			2,375,972	6,920,667
Road and bridge privilege taxes						169,032	169,032
Licenses, commissions and other revenue	220,770					4,441	225,211
Fines and forfeitures	169,690					4,062	173,752
Intergovernmental revenues	980,541		2,725	2,994,306		1,826,360	5,803,932
Charges for services	150,833					121,684	272,517
Interest income	60,876				768		61,644
Miscellaneous revenues	417,206					681,975	1,099,181
Total Revenues	6,044,757	0	502,579	2,994,306	768	5,183,526	14,725,936
EXPENDITURES							
Current:							
General government	2,375,017					411,162	2,786,179
Public safety	2,012,861					380,686	2,393,547
Public works		322,957		677,835		4,335,581	5,336,373
Health and welfare	101,088						101,088
Culture and recreation						144,468	144,468
Education	548,968						548,968
Conservation of natural resources	26,056						26,056
Economic development and assistance						22,602	22,602
Debt service:							
Principal	61,647		3,900,000			744,912	4,706,559
Interest	4,433		57,727			67,175	129,335
Bond issue costs			84,991			52,631	137,622
Total Expenditures	5,130,070	322,957	4,042,718	677,835	0	6,159,217	16,332,797
Excess of Revenues over (under) Expenditures	914,687	(322,957)	(3,540,139)	2,316,471	768	(975,691)	(1,606,861)

PERRY COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

	Major Funds						
	General Fund	2021 Bond Countywide Road/Bridge Fund	2010 GO Bond & Interest Fund	ERBR Construction Fund	American Rescue FY21 Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Long-term capital debt issued	160,609					491,720	652,329
Long-term non-capital debt issued						4,500,000	4,500,000
Refunding bonds issued			3,673,000				3,673,000
Proceeds from sale of capital assets	4,993					33,230	38,223
Transfers in	10,825	4,342,500				573,501	4,926,826
Transfers out	(573,501)					(4,353,325)	(4,926,826)
Payment to bond refunding escrow agent			(43,009)				(43,009)
Total Other Financing Sources and Uses	(397,074)	4,342,500	3,629,991	0	0	1,245,126	8,820,543
Net Changes in Fund Balances	517,613	4,019,543	89,852	2,316,471	768	269,435	7,213,682
Fund Balances - Beginning, as previously reported	4,858,626	0	254,261	4,356	0	3,839,934	8,957,177
Fund reclassification	32,166						32,166
Prior period adjustment	(32,141)						(32,141)
Fund Balances - Beginning, as restated	4,858,651	0	254,261	4,356	0	3,839,934	8,957,202
Fund Balances - Ending	\$ 5,376,264	4,019,543	344,113	2,320,827	768	4,109,369	16,170,884

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, 2021

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 7,213,682
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 \$2,792,232 exceeded capital outlays of \$1,590,790 in the current period.	(1,201,442)
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 \$25,119 and the proceeds from the sale of \$38,223 in the current period.	(63,342)
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.	(12,345)
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 \$5,152,329 exceeded debt repayments of \$4,706,559.	(445,770)
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	(15,348)
The increase in accrued interest payable	(6,582)
The issuance of refunding bonds	(3,673,000)
Payment to bond escrow agent	43,009
The amortization of deferred refunding charges	(4,301)
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	(470,765)
Recording of contributions made during the year	471,987
Change in Net Position of Governmental Activities	\$ <u>1,835,783</u>

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

PERRY COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 45,221
Receivables:	
Due from other funds	<u>4</u>
Total Assets	\$ <u><u>45,225</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>8,866</u>
Total Liabilities	<u><u>8,866</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>36,359</u>
Total Net Position	\$ <u><u>36,359</u></u>

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

PERRY COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 2,072
Licenses and fees collected for State	<u>210,796</u>
Total Additions	<u>212,868</u>
DEDUCTIONS	
Payments of tax to other governments	2,072
Payments of licenses and fees to State	<u>183,199</u>
Total Deductions	<u>185,271</u>
Net increase (decrease) in fiduciary net position	27,597
Net Position - Beginning	<u>8,762</u>
Net Position - Ending	\$ <u><u>36,359</u></u>

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

PERRY COUNTY

(This page left blank intentionally.)

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(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 interfund 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, even though the latter are excluded from the government-wide financial statements. Major individual

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds 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.

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

The County reports the following major Governmental Funds:

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

2021 Bond Countywide Road/Bridge Fund - This fund is used to account for general obligation bond proceeds that are restricted for construction, reconstruction and/or repair of county roads and bridges.

2010 GO Bond and Interest Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing used for road projects.

ERBR Construction Fund - This fund is used to account for proceeds from the Mississippi Emergency Road and Bridge Repair Fund (ERBR) that are restricted for emergency road and bridge repairs or replacement.

American Rescue FY21 Fund - This fund is used to account for monies from the American Rescue Plan of 2021 (ARPA) that are considered restricted in nature.

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

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. 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 interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

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 cost, 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.

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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:

	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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 12 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 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

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

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 the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 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."

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

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

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

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, previously reported as a Fiduciary Fund, was reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$32,166.

For Fiduciary Fund Custodial Activities, the County has treated the beginning of year net position of \$8,762 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$8,762.

(3) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in payroll liabilities	\$ (32,141)
To correct prior year errors in capital assets, net	8,051
Total prior period adjustments	<u>(24,090)</u>

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in payroll liabilities	\$ <u>(32,141)</u>

(4) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$18,278,818, and the bank balance was \$18,503,961. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
2010 GO Bond and Interest Fund	General Fund	\$ 5,569
Other Governmental Funds	General Fund	41,482
Custodial Funds	General Fund	<u>4</u>
Total		\$ <u>47,055</u>

The receivables represent the tax revenue collected in September, 2021, but not settled until October, 2021. 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, 2021

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.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 10,825
2021 Bond Countywide Road/Bridge Fund	Other Governmental Funds	4,342,500
Other Governmental Funds	General Fund	<u>573,501</u>
Total		<u>\$ 4,926,826</u>

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

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 78,538
Housing of prisoners reimbursement	2,330
Welfare reimbursement	1,748
Other reimbursement	<u>124</u>
Total Governmental Activities	<u>\$ 82,740</u>

PERRY COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 954,522				954,522
Construction in progress	49,544	759,682			809,226
Total non-depreciable capital assets	1,004,066	759,682	0	0	1,763,748
<u>Depreciable capital assets:</u>					
Infrastructure	65,528,652				65,528,652
Buildings	7,423,481	48,582			7,472,063
Improvements other than buildings	103,916		50,000		53,916
Mobile equipment	5,167,078	58,799	380,629	180,159	5,025,407
Furniture and equipment	1,771,351	75,682	98,073	10,500	1,759,460
Leased property under capital leases	2,055,201	648,045		(180,159)	2,523,087
Total depreciable capital assets	82,049,679	831,108	528,702	10,500	82,362,585
<u>Less accumulated depreciation for:</u>					
Infrastructure	29,678,111	2,032,748			31,710,859
Buildings	3,728,286	122,261			3,850,547
Improvements other than buildings	58,523	4,157	40,000		22,680
Mobile equipment	4,210,857	142,137	342,566	106,364	4,116,792
Furniture and equipment	1,271,917	90,627	82,794	5,058	1,284,808
Leased property under capital leases	607,660	400,302		(108,973)	898,989
Total accumulated depreciation	39,555,354	2,792,232	465,360	2,449	41,884,675
Total depreciable capital assets, net	42,494,325	(1,961,124)	63,342	8,051	40,477,910
Governmental activities capital assets, net	\$ 43,498,391	(1,201,442)	63,342	8,051	42,241,658

*Adjustments are to correct prior year errors in capital asset records and to reflect certain routine reclassifications of paid-off capital leases.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 119,149
Public safety	94,701
Public works	2,559,487
Health and welfare	16,376
Culture and recreation	2,519
Total governmental activities depreciation expense	\$ 2,792,232

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Commitments with respect to unfinished capital projects at September 30, 2021, 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)	\$ 1,865,952	April, 2023

(8) 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, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) 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, 2021.

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

<u>Year Ending September 30</u>	<u>Amount</u>
2022	\$ 60,000
2023	60,000
2024	60,000
2025	60,000
2026	60,000
2027 - 2031	300,000
2032 - 2036	300,000
2037 - 2041	265,000
Total Minimum Payments Required	\$ <u>1,165,000</u>

PERRY COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,139,516
Furniture and equipment	<u>383,571</u>
Total	2,523,087
Less: Accumulated depreciation	<u>(898,989)</u>
Property Under Capital Leases	<u>\$ 1,624,098</u>

The following is a schedule by years of the total payments due as of September 30, 2021:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 511,889	34,753
2023	425,260	25,320
2024	418,382	13,666
2025	283,181	3,823
2026	<u>27,764</u>	<u>335</u>
Total	<u>\$ 1,666,476</u>	<u>77,897</u>

(11) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
2020 General obligation refunding bonds	\$ 3,318,000	2.30%	06/2030
2021 Road and bridge bonds	<u>4,171,000</u>	1.90%	09/2034
Total General Obligation Bonds	<u>\$ 7,489,000</u>		

PERRY COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
B. Capital Leases:			
Chevrolet Tahoe	\$ 4,154	2.48%	04/2022
John Deere backhoe	7,626	2.48%	04/2022
Hydraulic crawler	54,679	1.88%	10/2021
2018 Ford Explorer	10,173	2.89%	04/2023
2018 Dodge Ram	8,551	3.29%	05/2023
New Holland tractor w/ boom mower	42,742	3.31%	09/2023
Doosan wheel loader	30,564	2.89%	01/2023
Ford F150	6,974	2.69%	04/2022
2019 Ford F150	15,991	3.29%	03/2024
New Holland tractor	26,081	3.35%	02/2024
2020 Freightliner w/ rear loader	91,528	2.60%	09/2024
2019 Dodge Ram	16,842	2.64%	10/2024
District 1 - John Deere excavator	35,850	3.29%	03/2024
District 5 - John Deere excavator	35,852	3.29%	03/2024
Kubota tractor	22,736	3.52%	02/2024
IBM server	35,185	2.24%	09/2025
2020 Freightliner garbage truck	110,860	2.01%	05/2025
(2) John Deere tractors	81,879	2.42%	03/2025
Caterpillar excavator	117,564	3.35%	04/2025
2019 Caterpillar backhoe loader	98,743	2.88%	09/2024
2020 John Deere tractor	116,861	2.10%	08/2025
2020 International dump truck	57,729	2.64%	02/2025
(2) Kubota tractors	79,818	2.25%	06/2025
(2) Ford Explorers	71,048	1.94%	06/2025
RMS system	68,866	1.96%	12/2025
Solacom 911 System	203,572	2.22%	10/2025
2021 Dodge Ram 4x4 - District 1	27,522	2.01%	08/2026
2021 Dodge Ram 4x4 - District 2	24,760	2.23%	02/2026
John Deere 5115M utility vehicle	62,621	2.23%	12/2025
2021 Dodge Ram 1500 - District 5	24,597	2.23%	02/2026
John Deere 6105E cab tractor	74,508	2.03%	08/2026
Total Capital Leases	\$ <u>1,666,476</u>		

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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
2022	\$ 625,000	155,563
2023	638,000	142,344
2024	655,000	128,850
2025	667,000	114,989
2026	685,000	100,876
2027 - 2031	3,210,000	281,555
2032 - 2036	1,009,000	37,373
Total	\$ 7,489,000	961,550

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, 2021, the amount of outstanding debt was equal to 5.6 percent (5.6%) of the latest property assessments.

Current Refunding - On October 1, 2020, the County issued \$3,673,000 in general obligation refunding bonds with an average interest rate of 2.30 percent (2.30%) to refund \$3,545,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
General Obligation Road and Bridge Bonds, Series 2010	3.92%	\$ 3,545,000

The County refunded the above bonds to reduce its total debt service payments over the next nine years by almost \$227,277 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$204,433.

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

	Balance Oct. 1, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 93,003	15,348		108,351	
General obligation bonds	3,545,000	8,173,000	4,229,000	7,489,000	625,000
Capital leases	1,491,706	652,329	477,559	1,666,476	511,889
Total	\$ 5,129,709	8,840,677	4,706,559	9,263,827	1,136,889

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.

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership 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, 2021, PERS members were required to contribute 9% of their annual

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2021 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, 2021, 2020 and 2019 were \$471,987, \$446,106 and \$400,981, 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, 2021, the County reported a liability of \$5,861,182 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 net pension liability was 0.039655 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.001185 from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$470,765. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,515	
Net difference between projected and actual earnings on pension plan investments		1,775,049
Changes of assumptions	450,079	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	270,252	
County contributions subsequent to the measurement date	119,424	
	<u>119,424</u>	
Total	\$ <u>932,270</u>	<u>1,775,049</u>

\$119,424 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2022	\$ (78,771)
2023	(129,679)
2024	(227,753)
2025	(526,000)
	<u>(962,203)</u>
Total	\$ <u>(962,203)</u>

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	100.00 %	

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

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 8,300,808	5,861,182	3,850,736

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

(13) Contingencies.

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

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

(14) 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, 2021
Industrial revenue bonds	\$ 73,000,000

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(15) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(5,425,013) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$119,424 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, 2022. The \$812,846 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$1,775,049 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$37,295,890 includes the effect of deferring the recognition of expenditures resulting from a current refunding of County debt. The \$38,708 balance of deferred amount on refunding at September 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets net position over the next nine years.

(16) Joint Ventures.

The County participates in the following joint ventures:

Perry County is a participant with the Counties of Covington, Greene, Jefferson Davis, Jones and Stone; and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the Pine Belt Regional Solid Waste Authority. The joint venture was created to dispose of solid waste from members of the authority. The Perry County Board of Supervisors appoints three of the 15 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, Mississippi Code of 1972 Annotated*, 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 Town of Richton. Complete financial statements for the Richton-Perry County Airport can be obtained from City Hall at 208 Front South Street in Richton, Mississippi.

(17) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each 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 three 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.

PERRY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 \$38,071 for support of the district in fiscal year 2021.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Hancock, Harrison, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Perry County Board of Supervisors appoints one of the 13 members of the board of commissioners. The County appropriated \$23,338 for support of the entity in fiscal year 2021.

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 34 members of the board of directors. The County appropriated \$23,938 for support of the district in fiscal year 2021.

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 \$370,411 for maintenance and support of the college in fiscal year 2021.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Perry County evaluated the activity of the County through May 23, 2023, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, the County issued the following debt obligations:

<u>Issue</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/24/2021		2.18%	\$ 192,124	Financed purchase	Ad valorem taxes
11/24/2021		2.09%	119,579	Financed purchase	Ad valorem taxes
04/26/2022		2.41%	90,120	Financed purchase	Ad valorem taxes
06/06/2022		3.09%	81,145	Financed purchase	Ad valorem taxes
06/22/2022		3.15%	77,331	Financed purchase	Ad valorem taxes
08/10/2022		4.08%	78,068	Financed purchase	Ad valorem taxes
09/06/2022		3.79%	81,885	Financed purchase	Ad valorem taxes
11/23/2022		4.74%	67,914	Financed purchase	Ad valorem taxes
03/23/2023		4.58%	147,092	Financed purchase	Ad valorem taxes

PERRY COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PERRY COUNTY

(This page left blank intentionally.)

PERRY COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,967,055	3,996,103	3,996,103	
Licenses, commissions and other revenue	178,750	213,136	213,136	
Fines and forfeitures	129,000	158,444	158,444	
Intergovernmental revenues	869,050	1,113,332	1,113,332	
Charges for services	18,500	46,481	46,481	
Interest income		60,802	60,802	
Miscellaneous revenues	273,790	446,230	446,230	
Total Revenues	<u>5,436,145</u>	<u>6,034,528</u>	<u>6,034,528</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,912,152	2,356,259	2,356,259	
Public safety	2,133,180	1,823,135	1,823,135	
Public works	1,000			
Health and welfare	107,716	93,039	93,039	
Education	374,250	446,808	446,808	
Conservation of natural resources	30,827	24,480	24,480	
Debt service:	155,472			
Principal		61,671	61,671	
Interest		4,406	4,406	
Total Expenditures	<u>5,714,597</u>	<u>4,809,798</u>	<u>4,809,798</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(278,452)</u>	<u>1,224,730</u>	<u>1,224,730</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	240,495			
Other financing uses	(877,007)	(102,873)	(102,873)	
Compensation for loss of capital assets		8,352	8,352	
Transfers in		128,235	128,235	
Transfers out		(583,501)	(583,501)	
Total Other Financing Sources and Uses	<u>(636,512)</u>	<u>(549,787)</u>	<u>(549,787)</u>	<u>0</u>
Net Change in Fund Balance	(914,964)	674,943	674,943	0
Fund Balances - Beginning	<u>4,878,500</u>	<u>4,768,723</u>	<u>4,768,723</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 3,963,536</u>	<u>5,443,666</u>	<u>5,443,666</u>	<u>0</u>

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

PERRY COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue FY21 Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	1,162,807	1,162,807	
Interest Income		767	767	
Total Revenues	<u>0</u>	<u>1,163,574</u>	<u>1,163,574</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>1,163,574</u>	<u>1,163,574</u>	<u>0</u>
Net Change in Fund Balance		1,163,574	1,163,574	
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>1,163,574</u>	<u>1,163,574</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, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.039655%	0.038470%	0.037652%	0.036424%	0.035849%	0.037125%	0.038333%
County's proportionate share of the net pension liability (asset)	\$ 5,861,182	7,447,345	6,623,730	6,058,393	5,959,321	6,631,451	5,925,525
Covered payroll	\$ 2,645,442	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	221.56%	290.73%	272.62%	260.47%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

PERRY COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 471,987	446,106	400,981	365,277	361,334	369,838	377,942
Contributions in relation to the contractually required contribution	<u>471,987</u>	<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>	<u>0</u>
Covered payroll	\$ 2,712,569	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%	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

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>American Rescue FY21 Fund</u>
Budget (Cash Basis)	\$ 674,943	1,163,574
Increase (Decrease)		
Net adjustments for revenue accruals	50,069	(1,162,806)
Net adjustments for expenditure accruals	(207,399)	0
GAAP Basis	<u>517,613</u>	<u>768</u>

PERRY COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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%.

PERRY COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Changes in benefit provisions.

2016

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

PERRY COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

PERRY COUNTY

SUPPLEMENTARY INFORMATION

PERRY COUNTY

(This page left blank intentionally.)

PERRY COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal AL 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	\$ 542,170
Total Forest service schools and roads cluster			542,170
Total U.S. Department of Agriculture			542,170
U.S. Department of the Treasury/ Passed-through the Mississippi Emergency Management Agency Coronavirus relief fund	21.019	Unknown	224,547
Total U.S. Department of the Treasury			224,547
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	EMA-2020-EP-00013	17,663
Total U.S. Department of Homeland Security			17,663
Total Expenditures of Federal Awards			\$ 784,380

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, 2021. 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 \$261,192 to subrecipients during the year ended September 30, 2021.

* Denotes major federal award program

PERRY COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2021

Operating Expenditures, Cash Basis:

Salaries	\$	378,195
Expendable Commodities:		
Gasoline and petroleum products		42,291
Repair parts		8,672
Office, field and shop supplies		7,349
Clothing		1,105
Tires		12,992
Maintenance		37,456
Solid waste disposal fee		137,594
Professional fees, legal advertising and other fees		2,050
Telephone and utilities		2,336
Rent on other equipment		<u>374</u>
Solid Waste Cash Basis Operating Expenditures		630,414
Full Cost Expenses:		
Indirect administrative costs		10,899
Depreciation on equipment		61,422
Net effect of other accrued expenses		<u>54,227</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>756,962</u></u>

PERRY COUNTY

OTHER INFORMATION

PERRY COUNTY

(This page left blank intentionally.)

PERRY COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
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	\$100,000
Ashly Tingle	Assistant Purchase Clerk	RLI Insurance Company	\$50,000
Sheryl Bradley	Receiving Clerk	Sure Tec. Insurance Company	\$75,000
Charles J. Mayo	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
Jason Mayo	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Jesse H. Clark	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Larry D. Bolton	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Ashly Tingle	Inventory Control Clerk	RLI Insurance Company	\$75,000
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
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
Shelia Renee Blake	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

(This page left blank intentionally.)

PERRY COUNTY

SPECIAL REPORTS

PERRY COUNTY

(This page left blank intentionally.)



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

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

Members of the Board of Supervisors
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, each major fund, and the aggregate remaining fund information of Perry County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 23, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2021-001 to be a material weakness.

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 2021-002 and 2021-003 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters, which we have 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 May 23, 2023, included within this document.

May 23, 2023

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

May 23, 2023



**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, 2021. 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 ALN 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 ALN 10.665, Schools and Roads – Grants to States, as described in finding number 2021-004, 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 ALN 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 ALN 10.665, Schools and Roads – Grants to States federal program for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-004.

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 2021-004 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 written in a cursive, flowing style.

JOE E. MCKNIGHT CPA
Director, County Audit Section

May 23, 2023

PERRY COUNTY

(This page left blank intentionally.)



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

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

Members of the Board of Supervisors
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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. 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 an instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Board of Supervisors / Purchase Clerk.

1. Sole source purchases should be authorized and documented in the Board of Supervisors' minutes.

Repeat Finding No

Criteria *Section 31-7-13(m)(viii), Mississippi Code of 1972 Annotated*, requires the Board of Supervisors to authorize and document sole source purchases on its minutes.

Condition During the testing of expenditures, it was noted that the Purchase Clerk's schedules included a sole source purchase that was not authorized by the Board of Supervisors or

documented in the minutes of the Board of Supervisors.

Cause	The County failed to comply with state law.
Effect	The lack of proper approval and documentation could result in unauthorized purchases and the misappropriation of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure all sole source purchases are approved and documented in its minutes.
Views of Responsible Official(s)	The Sheriff's Department needs to follow procedures and communicate more with the Board on donation money so we can stay in compliance.
Auditor's Note	Although this sole source purchase was made with donated money from the Sheriff's department, the Board of Supervisors is solely responsible for approving and documenting the purchase of any items made from a sole source vendor in the minutes of the Board of Supervisors.

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, 2021.

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

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

This report is intended for use in evaluating 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 23, 2023

PERRY COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2021

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

PERRY COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

Our tests did not identify any emergency purchases.

PERRY COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
12/4/2020	Records management system	\$	83,349	AT&T
3/31/2021	Dash cameras		12,968	Watchguard video
3/31/2021	Slag rock		1,699	MD Trucking
5/25/2021	Slag rock		750	MD Trucking
6/28/2021	Slag rock		1,379	MD Trucking
7/07/2021	Slag rock		11,425	MD Trucking
8/11/2021	Slag rock		1,592	MD Trucking

PERRY COUNTY

(This page left blank intentionally.)



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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Perry County, Mississippi

In planning and performing our audit of the financial statements of Perry County, Mississippi for the year ended September 30, 2021, 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 May 23, 2023, 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, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Board of Supervisors.

1. All County bank accounts should be included on the County's Public Depositor Annual Report.

Repeat Finding No

Criteria *Section 27-105-5(6)(b), Mississippi Code of 1972 Annotated*, requires each public depositor to notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end.

Condition During our test work, it was noted that three (3) County bank accounts were not included on the Public Depositor Annual Report submitted to the State Treasurer by the County for fiscal year 2021. As of September 30, 2021, the combined deposit balance of these accounts was \$8,274,329.

Cause	The County did not comply with state law.
Effect	Failure to include all of the County's bank accounts on the report could result in the County's deposits being under-collateralized and the loss of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure all County accounts are included on the Public Depositor Annual Report in accordance with state law.
Views of Responsible Official(s)	I will comply.
2.	<u>Interfund transfers were not approved by the Board of Supervisors.</u>
Repeat Finding	No
Criteria	<i>Section 19-3-27, Mississippi Code of 1972 Annotated</i> , requires a complete and correct record be maintained for all proceedings of the Board of Supervisors.
Condition	During the testing of interfund transfers, it was noted that the interfund transfers were made without board orders being spread on the minutes and without properly disclosing the purpose of the interfund transfers.
Cause	The Board of Supervisors did not comply with state law.
Effect	The failure to obtain board approval for interfund transfers could result in erroneous amounts reported and increases the possibility of the loss or misuse of public funds.
Recommendation	The Board of Supervisors should spread complete orders on the minutes relative to interfund transfers.
Views of Responsible Official(s)	We will comply.
3.	<u>Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.</u>
Repeat Finding	No
Criteria	<i>Section 23-15-5(2)(a)(i), Mississippi Code of 1972 Annotated</i> , states that monies distributed by The Secretary of State from the Election Support Fund shall be held in a corporate fund solely for the purpose of acquiring, upgrading, maintaining or repairing voting equipment, systems and supplies, hiring temporary technical support, conducting elections using such voting equipment or systems, employing such personnel to conduct an election, and training election officials.
Condition	The Board of Supervisors receipted Election Support Fund monies into the General Fund, which is considered unrestricted.
Cause	The County did not comply with state law.
Effect	Failure to correctly receipt restricted funds into a separate fund could result in the misappropriation and misuse of restricted funds.
Recommendation	The Board of Supervisors should create a separate fund to account for monies received from the Election Support Fund.

**Views of Responsible
Official(s)**

We will comply.

Chancery Clerk.

4. 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 two years' audit reports, the bank statements for the land redemption account were not reconciled.

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

Effect The failure to reconcile land redemption bank accounts on a monthly basis could result in undetected errors or misappropriation of public funds.

Recommendation The Chancery Clerk should implement a system that ensures the land redemption bank statements are reconciled each month.

**Views of Responsible
Official(s)**

I am working with someone to correct this.

Circuit Clerk.

5. The Circuit Clerk should submit an Annual Financial Report as required by state statute.

Repeat Finding No

Criteria *Section 9-1-45(1), Mississippi Code of 1972 Annotated*, states that a Circuit Clerk shall file an Annual Financial Report (AFR) by April 15 of the subsequent year with the Office of the State Auditor. The AFR is also required to be filed with the Mississippi Public Employees' Retirement System (PERS) for the purpose of retirement calculations.

Condition An Annual Financial Report (AFR) for the calendar year 2021 was not prepared or filed with the Office of the State Auditor or the Public Employees' Retirement System (PERS) by April 15, 2022. Therefore, it could not be determined if the Circuit Clerk was over the \$94,500 fee cap after making deductions for allowable expenses.

Cause The Circuit Clerk did not comply with state law.

Effect The failure to prepare and submit an AFR to the Office of the State Auditor and to PERS could result in the loss or misappropriation of public funds, understatement of income and inaccurate settlements of over the cap fee income to the County's General Fund.

Recommendation The Circuit Clerk should prepare and submit an Annual Financial Report for calendar year 2021 to the Office of the State Auditor and to PERS, as required by law.

**Views of Responsible
Official(s)**

I do remember mailing this to the Auditor's Office. I'm sorry for the mistake that has occurred.

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 23, 2023

PERRY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PERRY COUNTY

(This page left blank intentionally.)

PERRY COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2021

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 weakness 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 programs: | |
| a. ALN 10.665, Schools and Roads - Grants to States | Qualified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. Identification of major federal programs: | |
| a. ALN 10.665, 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 findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2021-001. 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 controls should include an adequate segregation of duties.

PERRY COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Condition	As reported in the prior ten 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: <ul style="list-style-type: none">a. The comptroller is also the inventory control clerk.b. Receipt warrants are posted to the general ledger by the comptroller, who maintains the general ledger.c. The comptroller also prepares payroll.
------------------	---

Cause	The Board of Supervisors lacks the proper segregation of duties necessary to maintain effective internal controls.
--------------	--

Effect	These conditions could result in unrecorded transactions, undetected errors or misappropriation of funds.
---------------	---

Recommendation	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, payroll, and inventory accounting functions.
-----------------------	---

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

Justice Court Clerk.

Significant Deficiency

2021-002.	<u>The Justice Court Clerk should establish adequate segregation of duties.</u>
------------------	---

Repeat Finding	Yes
-----------------------	-----

Criteria	An effective system of internal control over cash should include adequate segregation of duties.
-----------------	--

Condition	As reported in the prior seven 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.
------------------	--

Cause	The Justice Court Clerk lacks the proper segregation of duties necessary to maintain effective internal controls.
--------------	---

Effect	The failure to implement adequate controls over cash in the Justice Court office could result in the loss or misappropriation of public funds.
---------------	--

Recommendation	The Justice Court Clerk should ensure that there is an adequate segregation of duties in the collecting, recording, and settlement functions.
-----------------------	---

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

Tax Assessor-Collector.

PERRY COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Significant Deficiency

2021-003.	<u>The Tax Assessor-Collector should establish adequate segregation of duties.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include adequate segregation of duties.
Condition	As reported in the prior six 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.
Cause	The Tax Assessor-Collector lacks the proper segregation of duties necessary to maintain effective internal controls.
Effect	The failure to implement adequate controls over cash in the Tax Collector's office could result in the loss or misappropriation of public funds.
Recommendation	The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collecting, recording and settlement functions.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

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

**Material Weakness
Material Noncompliance**

2021-004.	<u>The County should establish controls to ensure fifty percent of National Forest Distribution Title I funds are settled to the schools.</u>
Assistance Listing Number	10.665
Federal Award	Schools and Roads – Grants to States
Federal Agency	U. S. Department of Agriculture-Forest Service
Pass-through	Mississippi State Treasurer's Office
Questioned Costs	None
Repeat Finding	Yes
Statistically Valid	No
Criteria	During fiscal year 2021, Perry County received \$542,170 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

PERRY COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

located. Upon receipt of these funds, fifty percent of the total received should be settled to the County's public school.

Condition	As reported in the prior three years' audit reports, the County failed to settle the required fifty percent of the National Forest Distribution Title I funds received to the County's public school. The County received a total of thirteen (13) National Forest Distribution Title I payments during fiscal year 2021. However, during our audit test procedures, we noted five (5) of these payments were not settled properly to Perry County Schools.
Cause	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.
Effect	The County's lack of adequate internal controls resulted in an overstatement of County revenues in the amount of \$9,893.
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

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

PERRY COUNTY

(This page left blank intentionally.)

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

PHONE NO. (801) 964-8370
FAX NO. (801) 964-8265



CORRECTIVE ACTION PLAN

March 27, 2023

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

Gentlemen:

Perry County respectfully submits the following Corrective Action Plan for the year ended September 30, 2021.

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

2021-001. Corrective Action Planned: We will try to comply.

Anticipated Completion Date: Unknown

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

2021-002. Corrective Action Planned: Understood.

Anticipated Completion Date: Unknown

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

2021-003 Corrective Action Planned: Due to a small staff, it is hard to segregate duties in a rural county. I will try to segregate more duties.

Anticipated Completion Date: Unknown

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

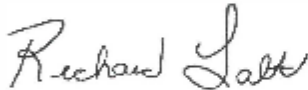
SECTION 3: FEDERAL AWARD FINDINGS

2021-004. Corrective Action Planned: Information received from Paymode is not always clear and concise as to what the payments are for. We will do our best to comply.

Anticipated Completion Date: Unknown

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

Sincerely,



President, Perry County 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

COUNTY

OFFICE OF
BOARD OF SUPERVISORS
NEW AUGUSTA, MISSISSIPPI 39462

PHONE NO. (801) 964-8370
FAX NO. (801) 964-8285

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

February 13, 2023

Office of the State Auditor
P.O. Box 966
Jackson, Mississippi 39205

Dear Sir,

Perry County respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2021.

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

11-1. Internal controls should be strengthened to include adequate segregation of duties for the County's general accounting functions.

No corrective action has been taken at this time.

2016-002. The Inventory Control Clerk should maintain an inventory control system.

Corrected.

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

No corrective action has been taken at this time.

2015-003. The Tax Assessor-Collector should establish adequate segregation of duties.

No corrective action has been taken at this time.

SECTION 3: FEDERAL AWARD FINDINGS

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

No corrective action has been taken at this time.

Sincerely,



President, Perry County Board of Supervisors