

PEARL RIVER COUNTY, MISSISSIPPI

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



SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

August 6, 2024

Members of the Board of Supervisors
Pearl River County, Mississippi

Dear Board Members:

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", enclosed within a large, loopy oval shape.

Shad White

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

FINANCIAL SECTION

PEARL RIVER COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Pearl River County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

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

Adverse Opinion on Aggregate Discretely Presented Component Units

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

Unmodified Opinions on Governmental Activities, Each Major Fund, and the Aggregate remaining fund information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2024 on our consideration of Pearl River County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pearl River County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pearl River County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 6, 2024

PEARL RIVER COUNTY

FINANCIAL STATEMENTS

PEARL RIVER COUNTY

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PEARL RIVER COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 35,840,911
Restricted assets - investments	307
Property tax receivable	19,005,500
Fines receivable (net of allowance for uncollectibles of \$3,935,349)	1,814,862
Lease receivable	18,651,894
Intergovernmental receivables	1,149,820
Other receivables	55,331
Capital assets:	
Land and construction in progress	4,483,977
Other capital assets, net	91,980,494
Total Assets	172,983,096
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	4,749,984
Total Deferred Outflows of Resources	4,749,984
LIABILITIES	
Claims payable	1,500,025
Intergovernmental payables	949,179
Accrued interest payable	212,498
Other payables	133,861
Long-term liabilities	
Due within one year:	
Leases payable	33,914
Capital debt	2,841,062
Due in more than one year:	
Leases payable	44,362
Capital debt	22,589,103
Non-capital debt	2,359,215
Net pension liability	32,074,455
Total Liabilities	62,737,674
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	17,363,852
Deferred revenues - property taxes	19,005,500
Total Deferred Inflows of Resources	36,369,352
NET POSITION	
Net investment in capital assets	70,956,030
Restricted for:	
Expendable:	
General government	3,998,967
Public safety	993,038
Public works	2,748,666
Health and welfare	9,540,646
Culture and recreation	149,460
Debt service	279,857
Unrestricted	(10,040,610)
Total Net Position	78,626,054

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 11,728,675	2,331,846	10,907,025		1,510,196
Public safety	9,897,988	3,163,693	714,882	90,000	(5,929,413)
Public works	10,498,506		3,042,018	713,170	(6,743,318)
Health and welfare	542,295		75,794		(466,501)
Culture and recreation	498,185				(498,185)
Education	314,723				(314,723)
Conservation of natural resources	224,253				(224,253)
Economic development and assistance	375,180				(375,180)
Interest on long-term debt	800,427				(800,427)
Pension expense	3,636,953				(3,636,953)
Total Governmental Activities	38,517,185	5,495,539	14,739,719	803,170	(17,478,757)
General revenues:					
Property taxes				\$	20,567,938
Road & bridge privilege taxes					822,306
Grants and contributions not restricted to specific programs					1,005,041
Unrestricted interest income					633,847
Miscellaneous					2,794,694
Total General Revenues					25,823,826
Changes in Net Position					8,345,069
Net Position - Beginning, as previously reported					69,384,551
Prior period adjustments					896,434
Net Position - Beginning, as restated					70,280,985
Net Position - Ending				\$	78,626,054

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

PEARL RIVER COUNTY
Balance Sheet - Governmental Funds
September 30, 2022

Exhibit 3

	Major Funds					
	General Fund	Countywide Road Fund	COVID Recovery Fund	Hospital Support Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 18,377,342	1,459,551	651,250	1,990,435	13,362,333	35,840,911
Restricted assets - investments					307	307
Property tax receivable	13,418,000	1,762,000			3,825,500	19,005,500
Fines receivable (net of allowance for uncollectibles of \$3,935,349)	1,814,862					1,814,862
Lease receivable				18,651,894		18,651,894
Intergovernmental receivables	1,117,915				31,905	1,149,820
Other receivables	55,331					55,331
Due from other funds		153,676		89	66,965	220,730
Advances to other funds					21,101	21,101
Total Assets	\$ 34,783,450	3,375,227	651,250	20,642,418	17,308,111	76,760,456
LIABILITIES						
Liabilities:						
Claims payable	\$ 448,933	421,252			629,840	1,500,025
Intergovernmental payables	902,171					902,171
Due to other funds	216,308				51,430	267,738
Advances from other funds	21,101					21,101
Other payables	133,861					133,861
Total Liabilities	1,722,374	421,252	0	0	681,270	2,824,896
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	13,418,000	1,762,000			3,825,500	19,005,500
Unavailable revenue - fines	1,814,862					1,814,862
Leases				17,363,852		17,363,852
Total Deferred Inflows of Resources	15,232,862	1,762,000	0	17,363,852	3,825,500	38,184,214
Fund balances:						
Restricted for:						
General government			651,250		3,347,717	3,998,967
Public safety					993,038	993,038
Public works		1,191,975			1,556,691	2,748,666
Health and welfare				3,278,566	6,262,080	9,540,646
Culture and recreation					149,460	149,460
Debt service					492,355	492,355
Unassigned	17,828,214					17,828,214
Total Fund Balances	17,828,214	1,191,975	651,250	3,278,566	12,801,341	35,751,346
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 34,783,450	3,375,227	651,250	20,642,418	17,308,111	76,760,456

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

PEARL RIVER COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 35,751,346
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 \$113,591,260.	96,464,471
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,814,862
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(27,867,656)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(32,074,455)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(212,498)
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	<u>4,749,984</u>
Total Net Position - Governmental Activities	\$ <u><u>78,626,054</u></u>

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

PEARL RIVER COUNTY

Exhibit 4

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

	Major Funds				Other	Total
	General	Countywide	COVID	Hospital	Governmental	Governmental
	Fund	Road	Recovery	Support	Funds	Funds
		Fund	Fund	Fund		
REVENUES						
Property taxes	\$ 14,693,388	1,841,782		5,309	4,027,459	20,567,938
Road and bridge privilege taxes		822,306				822,306
Licenses, commissions and other revenue	1,153,346				355,908	1,509,254
Fines and forfeitures	900,038				12,336	912,374
Intergovernmental revenues	1,770,731	2,027,736	10,647,139		2,102,324	16,547,930
Charges for services	2,214,385				549,219	2,763,604
Interest income	12,684	743	2,989	609,909	7,522	633,847
Miscellaneous revenues	1,449,170	90,981		583,102	671,441	2,794,694
Total Revenues	22,193,742	4,783,548	10,650,128	1,198,320	7,726,209	46,551,947
EXPENDITURES						
Current:						
General government	9,690,424				4,701,478	14,391,902
Public safety	8,162,170				1,840,688	10,002,858
Public works	195,553	5,150,386			4,861,934	10,207,873
Health and welfare	538,177			4,800		542,977
Culture and recreation	468,121				28,289	496,410
Education	306,148				8,575	314,723
Conservation of natural resources	144,450				76,228	220,678
Economic development and assistance	413,511					413,511
Debt service:						
Principal	277,304	401,990		3,241,000	1,958,204	5,878,498
Interest	22,907	37,660		146,697	547,094	754,358
Total Expenditures	20,218,765	5,590,036	0	3,392,497	14,022,490	43,223,788
Excess of Revenues over (under) Expenditures	1,974,977	(806,488)	10,650,128	(2,194,177)	(6,296,281)	3,328,159
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	84,345				292,500	376,845
Leases issued	55,973					55,973
Proceeds from sale of capital assets	23,145					23,145
Transfers in	10,000,000	500,000			4,317,895	14,817,895
Transfers out	(4,035,646)	(12,000)	(10,000,000)		(770,249)	(14,817,895)
Total Other Financing Sources and Uses	6,127,817	488,000	(10,000,000)	0	3,840,146	455,963
Net Changes in Fund Balances	8,102,794	(318,488)	650,128	(2,194,177)	(2,456,135)	3,784,122
Fund Balances - Beginning, as previously reported	9,754,579	1,510,463	1,122	4,684,467	15,108,493	31,059,124
Prior period adjustments	(29,159)			788,276	148,983	908,100
Fund Balances - Beginning, as restated	9,725,420	1,510,463	1,122	5,472,743	15,257,476	31,967,224
Fund Balances - Ending	\$ 17,828,214	1,191,975	651,250	3,278,566	12,801,341	35,751,346

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

PEARL RIVER COUNTY

Exhibit 4-1

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

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 3,784,122
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,788,156 exceeded depreciation of \$2,928,544 in the current period.	859,612
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 \$9,653 and the proceeds from the sale of \$23,145 in the current period.	(32,798)
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.	310,307
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$5,878,498 exceeded debt proceeds of \$432,818.	5,445,680
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability.	(248,302)
The amount of increase in accrued interest payable.	(41,003)
The amortization of bond premiums	588
The amortization of bond discounts	(5,654)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,636,953)
Recording of contributions made during the year	1,909,470
Change in Net Position of Governmental Activities	\$ 8,345,069

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

PEARL RIVER COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 631,165
Receivables:	
Due from other funds	<u>47,008</u>
Total Assets	<u>\$ 678,173</u>
LIABILITIES	
Intergovernmental payables	<u>\$ 70,978</u>
Total Liabilities	<u>\$ 70,978</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>\$ 607,195</u>
Total Net Position	<u>607,195</u>

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

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

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	399,045
Licenses and fees collected for State	<u>649,069</u>
Total Additions	<u>1,048,114</u>
DEDUCTIONS	
Payments of tax to other governments	399,045
Payments of licenses and fees to State	<u>518,008</u>
Total Deductions	<u>917,053</u>
Net increase (decrease) in fiduciary net position	131,061
Net Position - Beginning	<u>476,134</u>
Net Position - Ending	<u>\$ 607,195</u>

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

PEARL RIVER COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Carriere Fire District
- Crossroads Fire District
- Henleyfield Fire District
- McNeil Fire District
- Nicholson Fire District
- North Central Fire District
- Pearl River County Hospital
- Pearl River Economic Development District

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

PEARL RIVER COUNTY

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

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 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.

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

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

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

PEARL RIVER COUNTY

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

PEARL RIVER COUNTY

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

H. Restricted Assets.

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

I. Capital Assets.

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

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

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

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

PEARL RIVER COUNTY

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

The term “depreciation” includes the amortization of intangible assets.

J. Deferred Outflows/Inflows of Resources.

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

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

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

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

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

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

K. Leases.

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

The County uses the Federal Prime Borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

L. Long-term Liabilities.

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

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

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

PEARL RIVER COUNTY

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

M. 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.

N. 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.

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

PEARL RIVER COUNTY

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

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.

P. Property Tax Revenues:

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

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

R. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting

PEARL RIVER COUNTY

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

based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

(2) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To incorporate fund balances which became part of the financial reporting entity during the fiscal year.	\$ 119,824
To implement GASB 87 for leases payable:	
Asset	36,002
Liability	(47,668)
To implement GASB 87 for lease receivable.	788,276
Total prior period adjustments	\$ 896,434

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

Explanation	Amount
To incorporate fund balances which became part of the financial reporting entity during the fiscal year.	\$ 119,824
To implement GASB 87 for lease receivable.	788,276
Total prior period adjustments	\$ 908,100

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$36,472,076, and the bank balance was \$36,927,072. 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

PEARL RIVER COUNTY

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

agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

As provided in *Section 91-13-8, Mississippi Code of 1972 Annotated*, the following investments of the County are handled through a trust indenture between the County and the trustee related to County road maintenance.

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
Goldman Sachs Financial Square Governmental Money Market Fund	Less than one year	1	\$ <u>307</u>	AAA

The investment in the Goldman Sachs Financial Square Government Money Market Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

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

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk.

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. All of the County's investments are in the Goldman Sachs Financial Square Government Money Market Fund and are reported in the Road Bond Fund.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Fund	General Fund	102,246
Countywide Road Fund	Other Governmental Funds	51,430
Hospital Support Fund	General Fund	89
Other Governmental Funds	General Fund	66,965
Custodial Funds	General Fund	47,008
Total		\$ <u>267,738</u>

PEARL RIVER COUNTY

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

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

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>21,101</u>

The purpose of the advances were to reclassify E911 service revenue that was improperly recorded in the General Fund in the prior years.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	COVID Recovery Fund	\$ 10,000,000
Countywide Road Fund	General Fund	500,000
Other Governmental Funds	General Fund	3,535,646
Other Governmental Funds	Countywide Road Fund	12,000
Other Governmental Funds	Other Governmental Funds	<u>770,249</u>
Total		\$ <u>14,817,895</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.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 539,980
Reimbursement for housing prisoners	522,839
Emergency management performance grant reimbursement	44,810
Victims of crime act reimbursement	17,342
Various reimbursement grants	<u>24,849</u>
Total Governmental Activities	\$ <u>1,149,820</u>

PEARL RIVER COUNTY

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

(6) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$ 1,976,430	1,853,800			3,830,230
Construction in progress	225,045	1,136,028		(707,326)	653,747
Total non-depreciable capital assets	2,201,475	2,989,828	0	(707,326)	4,483,977
Depreciable capital assets:					
Infrastructure	153,425,748			376,670	153,802,418
Buildings	37,074,328			330,656	37,404,984
Improvements other than buildings	26,931				26,931
Mobile equipment	6,475,255	655,606	273,768	1,729,275	8,586,368
Furniture and equipment	3,852,528	86,749	60,889	1,763,563	5,641,951
Leased property under capital leases	3,492,838			(3,492,838)	0
Intangible right to use buildings		36,025			36,025
Intangible right to use equipment		19,948		53,129	73,077
Total depreciable capital assets	204,347,628	798,328	334,657	760,455	205,571,754
Less accumulated depreciation for:					
Infrastructure	93,173,264	1,079,989			94,253,253
Buildings	8,417,103	728,589			9,145,692
Improvements other than buildings	15,092	1,078			16,170
Mobile equipment	5,031,260	510,803	246,391	508,109	5,803,781
Furniture and equipment	3,042,488	574,774	55,468	760,132	4,321,926
Leased property under capital leases	1,268,241			(1,268,241)	0
Intangible right to use buildings		11,364			11,364
Intangible right to use equipment		21,947		17,127	39,074
Total accumulated depreciation	110,947,448	2,928,544	301,859	17,127	113,591,260
Total depreciable capital assets, net	93,400,180	(2,130,216)	32,798	743,328	91,980,494
Governmental activities capital assets, net	\$ 95,601,655	859,612	32,798	36,002	96,464,471
Total capital assets, net, excluding intangible right to use assets				\$	96,405,807
Intangible right to use assets, net					58,664
Total capital assets, net, as reported in the statement of net position				\$	96,464,471

*The adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. Other adjustments were made to reflect routine reclassifications of completed construction in progress to infrastructure and buildings. See note 8 for further details.

PEARL RIVER COUNTY

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

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 586,574
Public safety	919,297
Public works	1,411,718
Culture and recreation	4,861
Conservation of natural resources	3,575
Economic development and assistance	2,519
	<hr/>
Total governmental activities depreciation expense	\$ <u>2,928,544</u>

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
	<hr/>	<hr/>
Renovations of old courthouse	\$ 2,147,081	September, 2023

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

On September 23, 2020, the Pearl River County Board of Supervisors entered into a tax pledge agreement with the City of Poplarville to finance the City's Tax Increment Limited Obligation Bonds in the amount of \$2,000,000. The bonds were issued for the construction of various infrastructure improvements in connection with the College Square retail center project located within the city and county. The County pledged an amount to not exceed \$595,000 of the principal and interest on the bonds. The amount paid was \$15,587 in the 2022 fiscal year. The County's payments are made with the revenues generated by tax increment financing.

(7) Claims and Judgments.

Risk Financing.

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

(8) Leases.

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

PEARL RIVER COUNTY

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

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

The County generally uses the historical federal prime borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

Lease Assets

	Balance 10/1/2021	Additions	Amortization	*Adjustments	Balance 9/30/2022
Intangible right to use building	\$	36,025	11,364		24,661
Intangible right to use equipment		19,948	21,947	36,002	34,003
Total	\$ 0	55,973	33,311	36,002	58,664

*Adjustments made to add intangible right to use assets for implementation of GASB 87.

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

Lease Liabilities

	Balance 10/1/2021	Additions	Principal Payments	*Adjustments	Balance 9/30/2022
Building		36,025	5,515		30,510
Copiers		19,948	18,972	40,725	41,701
Postage meter & mailing system	\$		878	6,943	6,065
Total	\$ 0	55,973	25,365	47,668	78,276

*Adjustments made to add lease liabilities for implementation of GASB 87.

On April 1, 2022, Pearl River County entered into a non-cancellable lease agreement with Northridge Real Estate, LLC for the purpose of leasing a building for county offices. The lease stipulated that the Lessee would pay \$1,000 per month in rental payments commencing April 1, 2022, until May 30, 2025.

The County has entered into various leases of copiers from Canon Solutions America. Each lease has its own fixed lease payment and term. The County has also entered into a lease agreement with Quadient Leasing for the use of a postage meter and mailing system. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

PEARL RIVER COUNTY

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

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Building	3.50%	38	04/01/22	05/31/25	\$ 1,000	\$ 30,510
Copier lease	3.25%	48	06/01/21	05/30/25	317	9,713
Copier lease	3.25%	36	07/01/21	06/30/24	290	5,919
Copier lease	3.25%	36	11/01/21	10/31/24	290	7,010
Copier lease	3.25%	36	11/01/21	10/31/24	290	7,010
Copier lease	3.25%	36	08/01/21	07/31/24	179	3,821
Copier lease	3.25%	36	08/01/21	07/31/24	197	4,207
Copier lease	3.25%	36	07/01/21	06/30/24	197	4,021
Postage meter & mailing system	3.25%	60	07/20/20	04/20/25	494	6,065
					<u>\$ 3,254</u>	<u>\$ 78,276</u>

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2023	\$ 33,914	891
2024	31,920	982
2025	<u>12,442</u>	<u>158</u>
Total	<u>\$ 78,276</u>	<u>2,031</u>

As Lessor:

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

The initial lease term commenced on February 1, 2020 and will continue for twelve consecutive years, expiring on January 31, 2032. The annual rental payment is \$700,000 payable in twelve equal installments in advance on the first day of each month for the month's rental. The monthly rental payments are intended to assist the County in making timely payments on the Hospital Improvement, Series 2021, Limited Obligation Bonds.

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

The lease contains two (2) options to renew for an additional and consecutive ten (10) years each, for a total of twenty (20) years after the initial term. The Lessee shall give written notice to Lessor as to whether the Lessee will exercise its option to renew and extend the lease at least one hundred eighty days prior to the expiration of the initial lease term. The annual rental payments during renewal terms shall be \$1,200,000 payable in twelve equal installments in advance of the first day of the month for the month's rental. Pearl River County is reasonably certain, based on all relevant factors, the Lessee will exercise the options to extend the lease for both ten year terms. The County is to receive \$700,000 in rent annually during the initial lease term with an implicit interest rate of 3.25%.

PEARL RIVER COUNTY

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

Remaining amounts to be received associated with this lease are as follows:

Year Ending September 30	Principal	Interest
2023	\$ 95,223	604,777
2024	98,365	601,635
2025	101,610	598,390
2026	104,962	595,038
2027	108,424	591,576
2028 - 2032	934,701	2,898,632
2033 - 2037	3,473,491	2,526,509
2038 - 2042	4,085,485	1,914,515
2043 - 2047	4,805,306	1,194,694
2048 - 2052	4,844,327	355,672
Total	<u>\$ 18,651,894</u>	<u>11,881,438</u>

(9) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2021	11,464,000	3.25%	11/2040
General Obligation Bond 2021, Road Projects	<u>8,145,000</u>	1.48%	07/2031
Total General Obligation Bonds	<u>\$ 19,609,000</u>		
B. Limited Obligation Bonds:			
Hospital Improvements, Series 2021	<u>2,732,000</u>	0.75-1.76%	07/2032
C. Financed Purchases:			
(1) Election system	100,333	3.94%	05/2024
(4) Dodge Durango	66,575	2.34%	05/2024
(1) Dodge Durango	14,981	2.34%	06/2024
(1) Next generation 911 dispatch center upgrade	306,975	2.34%	12/2025
(4) Ford F-250 trucks	72,271	2.34%	04/2025
(2) 2020 Dodge Durango police pursuit	46,058	2.41%	05/2025
(1) Excavator	39,601	3.81%	10/2023
(1) Kubota loader	29,248	3.94%	04/2024
(1) Excavator	61,664	3.44%	12/2023
(1) Excavator	61,664	3.44%	12/2023
(1) Excavator	61,664	3.44%	12/2023
(1) Excavator	61,664	3.44%	12/2023
(1) Next generation 911 dispatch center	494,214	2.34%	12/2025
(1) 2022 Kentworth dump truck	74,295	2.59%	07/2026
(4) 2018 Backhoe loaders	189,016	2.46%	04/2026
(1) 2020 Asphalt distributor truck	137,902	2.48%	07/2026
(1) Dodge Ram 1500 truck	22,997	2.33%	12/2025
(2) Dodge Ram 1500 trucks	45,796	2.33%	12/2025
(1) 2022 Kentworth dump truck	80,492	2.41%	10/2026
(2) 2022 Kentworth dump trucks	<u>173,358</u>	2.24%	02/2027
Total Financed Purchases	<u>\$ 2,140,768</u>		
D. Other Loans:			
Short Term Note Series 2019	\$ 800,000	3.13%	04/2024
Promissory Note	128,338	5.25%	10/2029
Promissory Note	<u>20,059</u>	2.26%	10/2023
Total Other Loans	<u>\$ 948,397</u>		

PEARL RIVER COUNTY

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

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 1,296,000	485,927	253,000	33,894
2024	1,324,000	458,662	259,000	32,072
2025	1,351,000	430,715	260,000	30,000
2026	1,380,000	402,089	266,000	27,712
2027	1,409,000	372,750	271,000	25,158
2028 - 2032	6,539,000	1,397,497	1,423,000	69,684
2033 - 2037	3,277,000	766,042		
2038 - 2042	3,033,000	201,092		
Total	\$ 19,609,000	4,514,774	2,732,000	218,520

Year Ending September 30	Other Loans		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 421,826	32,188	870,236	42,139
2024	425,790	18,880	571,323	24,004
2025	14,874	5,379	472,061	11,354
2026	15,680	4,573	208,331	2,237
2027	16,515	3,738	18,817	99
2028 - 2032	53,712	5,756		
Total	\$ 948,397	70,514	2,140,768	79,833

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, the amount of outstanding debt was equal to 4.47 percent of the latest property assessments.

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

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 2,110,913	248,302			2,359,215	
General obligation bonds	21,112,205		1,503,205		19,609,000	1,296,000
Less:						
Discounts	(67)		(67)			
Add:						
Premiums	588		588			
Limited obligation bonds	5,973,000		3,241,000		2,732,000	253,000
Less:						
Discounts	(5,587)		(5,587)			
Capital leases	2,429,811			(2,429,811)		
Financed purchases		376,845	665,888		2,140,768	870,236
Leases payable		55,973	25,365	47,668	78,276	33,914
Other loans	1,391,437		443,040		948,397	421,826
Total	\$ 33,012,300	681,120	5,873,432	47,668	27,867,656	2,874,976

PEARL RIVER COUNTY

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

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

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Pearl River County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *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, 2022, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$1,909,470, \$1,764,984 and \$1,737,453, respectively, equal to the required contributions for each year.

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

At September 30, 2022, the County reported a liability of \$32,074,455 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share

PEARL RIVER COUNTY

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

of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2022 net pension liability was 0.155825 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.004868 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$3,636,953. At September 30, 2022 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 447,030
Net difference between projected and actual earnings on pension plan investments	1,735,295
Changes of assumptions	1,074,675
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	968,438
County contributions subsequent to the measurement date	524,546
Total	\$ 4,749,984

\$524,546 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2023	\$ 1,486,192
2024	1,055,917
2025	(57,120)
2026	1,740,449
Total	\$ 4,225,438

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

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

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

PEARL RIVER COUNTY

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
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.

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	\$ 41,860,440	32,074,455	24,006,409

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

PEARL RIVER COUNTY

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

(11) 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.

(12) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$10,040,610) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$524,546 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$4,225,438 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position amount of (\$10,040,610) includes the effect of deferring the recognition of revenue resulting from the leases receivable. The \$17,363,852 balance of deferred inflows of resources at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next thirty years.

(13) Joint Ventures.

The County participates in the following joint ventures:

Pearl River County is a participant with the Cities of Picayune and Poplarville in a joint venture, authorized by *Section 39-3-8, Mississippi Code of 1972 Annotated*, to operate the Pearl River County Library System. The library system was created to provide free library service to all the people in the County. The library system is governed by a board of trustees consisting of ten members. Pearl River County appoints five members, Picayune appoints four and Poplarville appoints one. The library system is funded by each governmental entity on a previously agreed to proportional basis. The County's appropriation to the joint venture was \$287,000 in fiscal year 2022. Complete financial statements for the Pearl River County Library System can be obtained from the Margaret Reed Crosby Memorial Library located at 900 Goodyear Blvd., Picayune, MS 39466.

Pearl River County is a participant with the City of Poplarville in a joint venture, authorized by *Section 61-3-5, Mississippi Code of 1972 Annotated*, to operate the Poplarville/Pearl River County Airport. The joint venture was created to provide airport service to the area. The airport is governed by a five-member board of commissioners appointed as follows: Pearl River County, two; Poplarville, two; and jointly, one. The County provided no support during fiscal year 2022. Complete financial statements can be obtained from Highway 53 South, Poplarville, MS 39470.

PEARL RIVER COUNTY

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

(14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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

Region XIII Commission for Mental Health and Mental Retardation operates in a district composed of the counties of Hancock, Harrison, Pearl River, and Stone. The governing body is a four-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties. The County appropriated \$232,000 for support in fiscal year 2022.

Pearl River Valley Opportunity, Inc., operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Pearl River County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each county provides a modest amount of financial support when matching funds are required for federal grants. The County appropriated \$35,000 for support of the agency in fiscal year 2022.

Southeast Mississippi Air Ambulance District provides air ambulance service to the Counties of Covington, Forrest, Greene, Jefferson Davis, Lamar, Marion, Pearl River, Perry and Walthall. The Pearl River County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$150,000 for support of the district in fiscal year 2022.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Pearl River County Board of Supervisors appoints two of the 16 members of the college board of trustees. The County appropriated \$1,876,580 for maintenance and support of the college in fiscal year 2022.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Pearl River County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$48,500 for support of the district in fiscal year 2022.

(15) Tax Abatements.

As of September 30, 2022, Pearl River County provides tax exempt status to three manufacturing facilities subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under *Section 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County to create jobs. The amount of taxes abated during fiscal year 2022 totaled \$207,145.

PEARL RIVER COUNTY

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

(16) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Pearl River County evaluated the activity of the County through August 6, 2024, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
02/08/23	4.58%	\$ 289,579	Financed purchase	Ad valorem tax
03/10/23	5.03%	114,945	Financed purchase	Ad valorem tax
04/20/23	4.59%	75,259	Financed purchase	Ad valorem tax
04/20/23	4.49%	75,229	Financed purchase	Ad valorem tax
05/25/23	4.92%	176,800	Financed purchase	Ad valorem tax
08/08/23	5.33%	42,935	Financed Purchase	Ad valorem tax
10/04/23	5.35%	268,348	Financed Purchase	Ad valorem tax
10/19/23	5.35%	336,900	Financed Purchase	Ad valorem tax
01/18/24	4.88%	336,900	Financed Purchase	Ad valorem tax
03/05/24	5.08%	41,895	Financed Purchase	Ad valorem tax
07/09/24	5.75%	46,637	Financed Purchase	Ad valorem tax
07/23/24	5.00%	327,180	Financed Purchase	Ad valorem tax

PEARL RIVER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 13,381,000	14,678,601	14,678,601	
Licenses, commissions and other revenue	929,000	1,144,722	1,144,722	
Fines and forfeitures	477,000	632,689	632,689	
Special assessments	40,000	17,115	17,115	
Intergovernmental revenues	3,713,000	1,686,274	1,686,274	
Charges for services	515,000	1,707,506	1,707,506	
Interest income	85,000	11,844	11,844	
Miscellaneous revenues	1,360,000	1,773,007	1,773,007	
Total Revenues	20,500,000	21,651,758	21,651,758	0
EXPENDITURES				
Current:				
General government	9,131,760	11,728,540	11,728,540	
Public safety	8,028,200	7,742,212	7,742,212	
Public works	218,000	193,783	193,783	
Health and welfare	606,500	540,697	540,697	
Culture and recreation	505,000	461,924	461,924	
Education	207,500	314,851	314,851	
Conservation of natural resources	160,000	155,407	155,407	
Economic development and assistance	405,000	413,510	413,510	
Debt service:				
Principal		302,205	302,205	
Interest		20,529	20,529	
Total Expenditures	19,261,960	21,873,658	21,873,658	0
Excess of Revenues over (under) Expenditures	1,238,040	(221,900)	(221,900)	0
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,950,000)	(1,807,531)	(1,807,531)	
Other financing sources		9,389	9,389	
Total Other Financing Sources and Uses	(1,950,000)	(1,798,142)	(1,798,142)	0
Net Change in Fund Balance	(711,960)	(2,020,042)	(2,020,042)	0
Fund Balances - Beginning	7,185,300	9,819,014	9,819,014	0
Fund Balances - Ending	\$ 6,473,340	7,798,972	7,798,972	0

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

PEARL RIVER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,732,000	1,840,173	1,840,173	
Road and bridge privilege taxes	800,000	957,239	957,239	
Intergovernmental revenues	1,400,000	1,821,863	1,821,863	
Charges for services	25,000	69,556	69,556	
Interest income	5,000	683	683	
Miscellaneous revenues	70,000	91,154	91,154	
Total Revenues	4,032,000	4,780,668	4,780,668	0
EXPENDITURES				
Current:				
Public works	4,282,000	4,914,505	4,914,505	
Debt service:				
Principal		400,000	400,000	
Interest		88,930	88,930	
Total Expenditures	4,282,000	5,403,435	5,403,435	0
Excess of Revenues over (under) Expenditures	(250,000)	(622,767)	(622,767)	0
OTHER FINANCING SOURCES (USES)				
Other financing sources		661,885	661,885	
Other financing uses		(12,000)	(12,000)	
Total Other Financing Sources and Uses	0	649,885	649,885	0
Net Change in Fund Balance	(250,000)	27,118	27,118	0
Fund Balances - Beginning	1,000,000	1,432,370	1,432,370	0
Fund Balances - Ending	\$ 750,000	1,459,488	1,459,488	0

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

PEARL RIVER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 COVID Recovery Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 5,000,000	5,393,512	5,393,512	
Interest income	5,000	2,755	2,755	
Total Revenues	5,005,000	5,396,267	5,396,267	0
EXPENDITURES				
Current:				
General government	4,500,000	139,883	139,883	
Total Expenditures	4,500,000	139,883	139,883	0
Excess of Revenues over (under) Expenditures	505,000	5,256,384	5,256,384	0
OTHER FINANCING SOURCES (USES)				
Transfers out		(10,000,000)	(10,000,000)	
Total Other Financing Sources and Uses	0	(10,000,000)	(10,000,000)	0
Net Change in Fund Balance	505,000	(4,743,616)	(4,743,616)	0
Fund Balances - Beginning	5,000,000	5,394,633	5,394,633	0
Fund Balances - Ending	\$ 5,505,000	651,017	651,017	0

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

PEARL RIVER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Hospital Support Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$	11,701	11,701	
Interest income	1,000	878	878	
Miscellaneous revenues	700,000	700,000	700,000	
Total Revenues	701,000	712,579	712,579	0
EXPENDITURES				
Current:				
Health and welfare	706,000	4,800	4,800	
Debt service:				
Principal		261,000	261,000	
Interest		47,281	47,281	
Total Expenditures	706,000	313,081	313,081	0
Excess of Revenues over (under) Expenditures	(5,000)	399,498	399,498	0
Net Change in Fund Balance	(5,000)	399,498	399,498	0
Fund Balances - Beginning	1,500,000	1,590,866	1,590,866	0
Fund Balances - Ending	\$ 1,495,000	1,990,364	1,990,364	0

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

PEARL RIVER COUNTY

Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2022

UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.155825%	0.150957%	0.148786%	0.140438%	0.139151%	0.134910%	0.132159%	0.137055%
County's proportionate share of the net pension liability (asset)	\$ 32,074,455	22,312,104	28,803,241	24,699,131	23,144,945	22,426,621	23,606,896	21,186,000
Covered payroll	\$ 10,727,485	10,037,078	9,907,313	9,146,355	8,935,100	8,759,534	8,757,515	8,605,542
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.99%	222.30%	290.73%	270.04%	259.03%	256.03%	269.56%	246.19%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,909,470	1,764,984	1,737,453	1,507,276	1,407,280	1,379,627	1,379,309	1,355,373
Contributions in relation to the contractually required contribution	<u>1,909,470</u>	<u>1,764,984</u>	<u>1,737,453</u>	<u>1,507,276</u>	<u>1,407,280</u>	<u>1,379,627</u>	<u>1,379,309</u>	<u>1,355,373</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 10,973,964	10,143,586	9,985,347	9,298,433	8,935,100	8,759,534	8,757,515	8,605,542
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.21%	15.75%	15.75%	15.75%	15.75%

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

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

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types			
	General Fund	Countywide Road Fund	COVID Recovery Fund	Hospital Support Fund
Budget (Cash Basis)	\$ (2,020,042)	27,118	(4,743,616)	399,498
Increase (Decrease)				
Net adjustments for revenue accruals	10,696,058	(159,005)	5,253,861	485,741
Net adjustments for expenditure accruals	(573,222)	(186,601)	139,883	(3,079,416)
GAAP Basis	\$ 8,102,794	(318,488)	650,128	(2,194,177)

PEARL RIVER COUNTY

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

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

PEARL RIVER COUNTY

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Changes in benefit provisions.

2016

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

PEARL RIVER COUNTY

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

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

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

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

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

SUPPLEMENTARY INFORMATION

PEARL RIVER COUNTY

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Forest Service/ Passed-through the Mississippi State Treasurer's Office Forest service schools and road cluster: School and roads - grants to states	10.665	N/A	\$ 15,714
Total Forest service schools and roads cluster			15,714
Total U.S. Department of Agriculture			15,714
U.S. Department of Justice - Bureau of Justice Assistance/ Passed-through the Mississippi Department of Health Crime victim assistance	16.575	SG-1189-R3	90,177
Passed-through the Mississippi Department of Public Safety Edward Byrne memorial justice assistance grant program	16.738	19LB1552	3,709
Total U.S. Department of Justice			93,886
U.S. Department of Transportation Passed-through the Mississippi Department of Public Safety Highway safety cluster: State and community highway safety	20.600	OP-2022-OP-15-51	10,739
National priority safety programs	20.616	M5X-2022-MD-15-51	46,459
Total Highway safety cluster			57,198
Total U.S. Department of Transportation			57,198
U.S. Department of the Treasury Coronavirus state and local fiscal recovery funds (Direct Award)*	21.027	N/A	10,139,883
Total U.S. Department of the Treasury			10,139,883
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Disaster Grants - public assistance (Presidentially declared disasters)	97.036	FEMA-4528-DR-MS	25,385
Emergency management performance grants	97.042	EMA-2022-EP-00007-S01	44,810
Total U.S. Department of Homeland Security			70,195
Total Expenditures of Federal Awards			\$ 10,376,876

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Pearl River County under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pearl River County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pearl River County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

Note D - School and roads - grants to states

Of the federal expenditures presented in the Schedule, Pearl River County provided federal awards totaling \$7,857 to subrecipients during the year ended September 30, 2022.

* Denotes major federal award program

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

OTHER INFORMATION

PEARL RIVER COUNTY

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

Name	Position	Company	Bond
Donald Hart	Supervisor District 1	RLI Insurance Company	\$100,000
Malcolm Perry	Supervisor District 2	Western Surety Company	\$100,000
Hudson Holliday	Supervisor District 3	Western Surety Company	\$100,000
Jason Spence	Supervisor District 4	RLI Insurance Company	\$100,000
Sandy Kane Smith	Supervisor District 5	RLI Insurance Company	\$100,000
Adrain Lumpkin	County Administrator	Western Surety Company	\$100,000
Melinda Smith Bowman	Chancery Clerk	RLI Insurance Company	\$100,000
Lisa Fowler	Purchase Clerk	Western Surety Company	\$75,000
Lindsey Pender	Assistant Purchase Clerk	Western Surety Company	\$75,000
Pam Bowers	Receiving Clerk	RLI Insurance Company	\$75,000
Anissa Davis - Jones	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Renee Roland	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
George Dudley Russ	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Josh Beckham	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Chris Johnson	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Shannon Beckham	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Danny Slade	Constable	RLI Insurance Company	\$50,000
Jason G. Hunt	Constable	RLI Insurance Company	\$50,000
Ray Bennett	Constable	RLI Insurance Company	\$50,000
Nance F. Stokes	Circuit Clerk	RLI Insurance Company	\$100,000
Donna Dubose	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Allison G. Finch	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Zeneta L. John	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Violine Jordan	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Wendy B Babin	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Sandra Cutrer	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Elena D. Shaw	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Elizabeth A. Smith	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
David Rinkus	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Christian Saucier	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
David Allison	Sheriff	RLI Insurance Company	\$100,000
Donald D. Fail	Justice Court Judge	RLI Insurance Company	\$50,000
John Mark Mitchell	Justice Court Judge	RLI Insurance Company	\$50,000
Benjamin Breland	Justice Court Judge	Western Surety Company	\$10,000
Brittany Smith Twiner	Justice Court Clerk	RLI Insurance Company	\$50,000
Anna Allen	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Tanya R. Herndon	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Erin Peterson	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Floy Strain	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Kristin Fleming	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Connie Tucker	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Gary Beech	Tax Assessor-Collector	Western Surety Company	\$100,000
JoLynn Houston	Deputy Tax Assessor	Western Surety Company	\$10,000
Geri Grubbs	Deputy Tax Assessor	Western Surety Company	\$10,000
Latisha R. Johnson	Deputy Tax Assessor	Western Surety Company	\$10,000
Wesley A. Mitchell	Deputy Tax Assessor	Western Surety Company	\$10,000
Marnie T. Ready	Deputy Tax Assessor	Western Surety Company	\$10,000
Michael Templeton	Deputy Tax Assessor	Western Surety Company	\$10,000
JoLynn Houston	Deputy Tax Collector	Western Surety Company	\$50,000
Becky Macdonald	Deputy Tax Collector	Western Surety Company	\$50,000
Ruby L. Ladner	Deputy Tax Collector	Western Surety Company	\$50,000
Penny M. Fleming	Deputy Tax Collector	Western Surety Company	\$50,000
Lynn Martin	Deputy Tax Collector	Western Surety Company	\$50,000
Sylvia D. Miller	Deputy Tax Collector	Western Surety Company	\$50,000
Kimberly D. Moore	Deputy Tax Collector	Western Surety Company	\$50,000
Brooke M. Spiers	Deputy Tax Collector	Western Surety Company	\$50,000
Holly R. Talley	Deputy Tax Collector	Western Surety Company	\$50,000
Brittany Duncan	Deputy Tax Collector	RLI Insurance Company	\$50,000
Malorie Welch	Deputy Tax Collector	Western Surety Company	\$50,000
Tina Ladner	Deputy Tax Collector	RLI Insurance Company	\$50,000
Kaeleigh Bourgeois	Deputy Tax Collector	RLI Insurance Company	\$50,000
Kasandra Alls	Deputy Tax Collector	RLI Insurance Company	\$50,000
Kyla Sones	Deputy Tax Collector	RLI Insurance Company	\$50,000
Erynn R. Hoda	Deputy Tax Collector	RLI Insurance Company	\$50,000
Kelli M. Herrin	Deputy Tax Collector	RLI Insurance Company	\$50,000

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

SPECIAL REPORTS

PEARL RIVER COUNTY

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

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

Members of the Board of Supervisors
Pearl River County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 6, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include financial data for its component units.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pearl River County, Mississippi's internal control over financial reporting (internal control) 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 Pearl River 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 were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 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 item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to the management of Pearl River County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated August 6, 2024, included within this document.

Pearl River County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 6, 2024



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

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

Members of the Board of Supervisors
Pearl River County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

We are required to be independent of Pearl River County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Pearl River County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Pearl River County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

JOE E. MCKNIGHT CPA
Director, County Audit Section

August 6, 2024

PEARL RIVER COUNTY

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

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

Members of the Board of Supervisors
Pearl River County, Mississippi

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

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

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

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

Purchase Clerk.

1. Purchase Clerk should be properly bonded.

Repeat Finding Yes

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires Purchase Clerks to execute a bond in a penalty not less than \$100,000, to be payable, conditioned and approved as provided by law.

Condition	As reported in the prior year's audit report, it was noted that the Purchase Clerk did not have a surety bond in the amount required by law. The surety bond was for \$75,000 instead of the required \$100,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.
Recommendation	The Purchase Clerk should be bonded in accordance with state law.
Views of Responsible Official(s)	The County Administrator has reviewed all bonds required by statute and we have corrected all required amounts.

Board of Supervisors.

2. Assistant Receiving Clerks should be properly bonded.

Repeat Finding	Yes
Criteria	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved by law.
Condition	As reported in the prior year's audit report one Assistant Receiving Clerk was not bonded for fiscal year 2022. An additional Assistant Receiving Clerk was also not bonded when hired in fiscal year 2022.
Cause	The County did not comply with state laws.
Effect	Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.
Recommendation	The Assistant Receiving Clerks should be bonded in accordance with state law.
Views of Responsible Official(s)	The County Administrator has reviewed all bonds required by statute and we have corrected all required amounts.

3. Assistant Purchase Clerk should be properly bonded.

Repeat Finding	No
Criteria	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires Assistant Purchase Clerks to be bonded for an amount not less than \$50,000, to be payable, conditioned and approved by law.
Condition	During review of the County's surety bonds, it was noted that the Assistant Purchase Clerk was not bonded for fiscal year 2022.
Cause	The County did not comply with state laws.
Effect	Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.
Recommendation	The Assistant Purchase Clerk should be bonded in accordance with state law.

**Views of Responsible
Official(s)**

The County Administrator has reviewed all bonds required by statute and we have corrected all required amounts.

Inventory Control Clerk.

4. The Inventory Control Clerk should maintain an accurate inventory control system.

Repeat Finding Yes

Criteria *Section 31-7-107, Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish County assets from one another, thereby safeguarding County assets from loss or misappropriation. The information is also very important in financial reporting process.

Condition As reported in the prior year's audit report, during our review of capital assets, the following deficiencies were noted in the capital asset records:

- a. Eight current year additions were not added to the capital asset records.
- b. Five assets disposed of during the year were not removed from the capital asset records.
- c. Two current year additions were added with an incorrect cost.

Cause The Inventory Control Clerk lacked the necessary internal control procedures required to ensure that all items are recorded, properly valued, and properly classified in the County's capital asset records.

Effect The failure to properly maintain the inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation The Inventory Control Clerk should implement appropriate control procedures to ensure that all assets are recorded, properly valued and properly classified in the County's capital asset records. The information in the County's capital asset records should be reconciled by all department heads through an annual inventory to ensure records are accurate and complete.

**Views of Responsible
Official(s)** The County Administrator will work with the Inventory Clerk to make sure all assets are recorded correctly and accurately.

5. Inventory Control Clerk should be properly bonded.

Repeat Finding No

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires Inventory Control Clerks to be bonded for an amount not less than \$75,000, to be payable, conditioned and approved by law.

Condition During review of the County's surety bonds, it was noted that the Inventory Control Clerk was not bonded for fiscal year 2022.

Cause The County did not comply with state laws.

Effect Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.

Recommendation The Inventory Control Clerk should be bonded in accordance with state law.

**Views of Responsible
Official(s)** The County Administrator has reviewed all bonds required by statute and we have corrected all required amounts.

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

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 6, 2024

PEARL RIVER COUNTY

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

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
9/6/2022	Repairs to Nicholson Fire Station	\$ 209,665	Clymer Contracting, LLC	Building burned down.

PEARL RIVER COUNTY

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

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
4/4/2022	Software	\$	26,260	ESRI

PEARL RIVER COUNTY

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Pearl River County, Mississippi

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

In addition, for areas not considered material to Pearl River County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 6, 2024, on the financial statements of Pearl River County, Mississippi.

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

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

Board of Supervisors and Payroll Clerk.

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

Repeat Finding Yes

Criteria *Section 25-11-127(4)(b), Mississippi Code of 1972 Annotated*, requires retirees, who make the election, to receive no more than twenty-five percent (25%) of their final average compensation used in calculating the retiree's service retirement allowance.

Condition As reported in the prior two years' audit report, deficiencies were noted in our testing of the County's rehired retirees. Two retirees were paid more than twenty-five percent of the retirees' average compensation.

Cause The County did not comply with state laws.

Effect	Failure to pay retirees within the allowable amounts resulted in the violation of state law.
Recommendation	The County should strengthen controls to ensure retirees are not paid more than allowable amounts, as required by law.
Views of Responsible Official(s)	Employees are responsible for keeping up with their wages and to stop working.
Board of Supervisors.	
2.	<u>Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.</u>
Repeat Finding	Yes
Criteria	<i>Section 23-15-5(2)(a)(i), Mississippi Code of 1972 Annotated</i> , states monies distributed by The Secretary of State from the Election Support Fund shall be held in a separate 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	As reported in the prior year's audit report, the Board of Supervisors deposited monies from the Election Support Funds into the General Fund.
Cause	The County did not comply with state laws.
Effect	Failure to correctly record restricted funds could result in 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)	The County Administrator has created a separate fund. Moving forward all election support funds will be deposited into the correct fund with corresponding expenses.
3.	<u>Justice Court Judges should be properly bonded.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-11-7, Mississippi Code of 1972 Annotated</i> , requires Justice Court Judges to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.
Condition	As noted in the prior two years' audit report, we noted that one Justice Court Judge did not have a surety bond in the amount required by law for this position. The surety bond was for \$10,000 instead of the required \$50,000.
Cause	The County did not comply with state laws.
Effect	Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.
Recommendation	The Justice Court Judge should be bonded in an amount required by state law.
Views of Responsible Official(s)	The County Administrator has reviewed all bonds required by statute and we have corrected all required amounts.

4.	<u>Deputy Tax Collectors should be properly bonded.</u>
Repeat Finding	Yes
Criteria	<i>Section 27-1-9(a), Mississippi Code of 1972 Annotated</i> , requires each Deputy Tax Collector to be bonded for an amount not less than \$50,000.
Condition	As reported in the prior year's audit report, it was noted that one Deputy Tax Collector was not bonded for the 2022 fiscal year. Two additional Deputy Tax Collectors were not bonded in the 2022 fiscal year.
Cause	The County did not comply with state laws.
Effect	Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.
Recommendation	The Deputy Tax Collectors should be bonded in accordance with state law.
Views of Responsible Official(s)	The County Administrator has reviewed all bonds required by statute and we have corrected all required amounts.
5.	<u>Road Manager should be properly bonded.</u>
Repeat Finding	No
Criteria	<i>Section 65-17-1(3), Mississippi Code of 1972 Annotated</i> , requires Road Managers to be bonded for an amount not less than \$50,000, to be payable, conditioned and approved as provided by law.
Condition	During review of the County's surety bonds, it was noted that the Road Manager was not bonded for fiscal year 2022.
Cause	The County did not comply with state laws.
Effect	Failure to comply with the state laws would limit the amount available for recovery if a loss occurred.
Recommendation	The Road Manager should be bonded in accordance with state law.
Views of Responsible Official(s)	The County Administrator has reviewed all bonds required by statute and we have corrected all required amounts.
Board of Supervisors and Tax Assessor-Collector.	
6.	<u>Tax exemptions should not exempt taxes levied for schools or the 1 mill mandatory levy.</u>
Repeat Finding	Yes
Criteria	<i>Section 27-31-109, Mississippi Code of 1972 Annotated</i> , requires the board of supervisors, at its next board meeting, after receipt of certification from the State Tax Commission, to declare exemptions of property taxes. <i>Section 27-31-101, Mississippi Code of 1972 Annotated</i> , authorizes the Board of Supervisors, in their discretion, to grant exemptions from ad valorem taxation, on tangible property used in, or necessary to, the operation of manufacturers and other new enterprises enumerated by classes in this section. Furthermore, <i>Section 27-31-105, Mississippi Code of 1972 Annotated</i> , authorizes the Board of Supervisors to also grant exemption from ad valorem taxation to the owner or operator of a manufacturing or other enterprise of public utility who makes additions to or

expansions of the enterprise. However, in the cases of both exemptions, the Board of Supervisors may not grant exemption from taxes for school purposes or the 1 mill levy required by *Section 27-39-329(2)(c), Mississippi Code of 1972 Annotated*.

Condition	As reported in the prior year's audit report, the County has approved tax abatements which exempt the mandatory one mill levy and the levies for community college support and maintenance.
Cause	The Board of Supervisors and Tax Assessor-Collector did not comply with state laws.
Effect	Failure to assess the community college and the mandatory 1 mill ad valorem tax levies on industrial exempt properties resulted in a shortage of taxes collected in the amount of \$13,305 for the community college levies and \$2,789 for the mandatory 1 mill levy.
Recommendation	The Board of Supervisors and the Tax Assessor-Collector should ensure that the appropriate ad valorem taxes are levied on industrial exempt properties in accordance with state law.
Views of Responsible Official(s)	The County Administrator will work with the Tax Assessor's office to correctly assess all appropriate millage on exempt properties.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 6, 2024

PEARL RIVER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PEARL RIVER COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Countywide Road Fund	Unmodified
COVID Recovery Fund	Unmodified
Hospital Support Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? Yes
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? No
 - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal programs:
 - a. ALN 21.027, Coronavirus state and local fiscal recovery funds (Direct Award)
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit finding(s) 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

- 2022-001.** The Inventory Control Clerk should maintain an accurate inventory control system.

PEARL RIVER COUNTY

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

Repeat Finding	Yes
Criteria	An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish County assets from one another, thereby safeguarding County assets from loss or misappropriation. The information is also very important in financial reporting process.
Condition	<p>As reported in the prior year's audit report, during our review of the County's inventory control system, the following deficiencies were noted in the capital asset records:</p> <ul style="list-style-type: none">a. Eight current year additions were not added to the capital asset records.b. Five assets disposed of during the year were not removed from the capital asset records.c. Two current year additions were added with an incorrect cost.
Cause	The Inventory Control Clerk lacked the necessary internal control procedures required to ensure that all items are recorded, properly valued, and properly classified in the County's capital asset records.
Effect	The failure to properly maintain the inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should implement appropriate control procedures to ensure that all assets are recorded, properly valued and properly classified in the County's capital asset records. The information in the County's capital asset records should be reconciled by all department heads through an annual inventory to ensure records are accurate and complete.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.
Significant Deficiency	
2022-002.	<u>The Board of Supervisors should have adequate controls over beginning cash balances.</u>
Repeat Finding	No
Criteria	An effective system of internal controls should include ensuring the prior year's ending cash balances are used to record the beginning balances for the new fiscal year.
Condition	During our audit it was noted that the beginning balance for cash did not agree to the prior year's ending balance in the General Fund.
Cause	The County lacks the necessary internal controls to ensure the accurate recording of beginning cash balances.
Effect	Failure to accurately record beginning balances could result in a misappropriation of public funds.
Recommendation	The Board of Supervisors should improve internal controls over beginning cash balances.
Views of Responsible	

PEARL RIVER COUNTY

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

Official(s) See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

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

PEARL RIVER COUNTY

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

MALCOLM PERRY
President, District Two
DONALD HART
Vice-President, District One
CRUZ RUSSELL
District Three



JASON SPENCE
District Four
BRYCE LOTT
District Five
MELINDA BOWMAN
Clerk of Board

BOARD OF SUPERVISORS
PEARL RIVER COUNTY
P.O. BOX 569
POPLARVILLE, MS 39470
(601) 403-2300
(601) 403-2309 Fax
ADRIN LUMPKIN, JR.
County Administrator

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

May 31, 2024

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

Gentlemen:

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

The findings from the prior year's Schedule of Findings and 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

2021-001. The Inventory Control Clerk should maintain an accurate inventory control system.

NOT CORRECTED. Repeated as 2021-001 and 2022-001.

SECTION 3: FEDERAL AWARD FINDINGS

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

Sincerely,

President, Pearl River County Board of Supervisors

MALCOLM PERRY
President, District Two
DONALD HART
Vice-President, District One
CRUZ RUSSELL
District Three



JASON SPENCE
District Four
BRYCE LOTT
District Five
MELINDA BOWMAN
Clerk of Board

BOARD OF SUPERVISORS
PEARL RIVER COUNTY
P.O. BOX 569
POPLARVILLE, MS 39470
(601) 403-2300
(601) 403-2309 Fax
ADRIN LUMPKIN, JR.
County Administrator

CORRECTIVE ACTION PLAN

May 31, 2024

P.O. Box 956
Jackson, MS
39205

Gentlemen:

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

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

SECTION 2: FINANCIAL STATEMENT FINDINGS

2022-001. Corrective Action Planned: The County Administrator will work with the Inventory Control Clerk to make sure all assets are recorded correctly and accurately.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Adrain Lumpkin, County Administrator

2022-002. Corrective Action Planned: The County Administrator will work with the Accounts Payable Clerk to ensure that checks are not voided in prior years and we do a journal entry instead.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Adrain Lumpkin, County Administrator

Office of the State Auditor
Page Two
May 31, 2024

SECTION 3: FEDERAL AWARD FINDINGS

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

Sincerely,

A handwritten signature in blue ink that reads "Malcolm Perry". The signature is written in a cursive, flowing style.

President, Pearl River County Board of Supervisors