

PERRY COUNTY, MISSISSIPPI

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

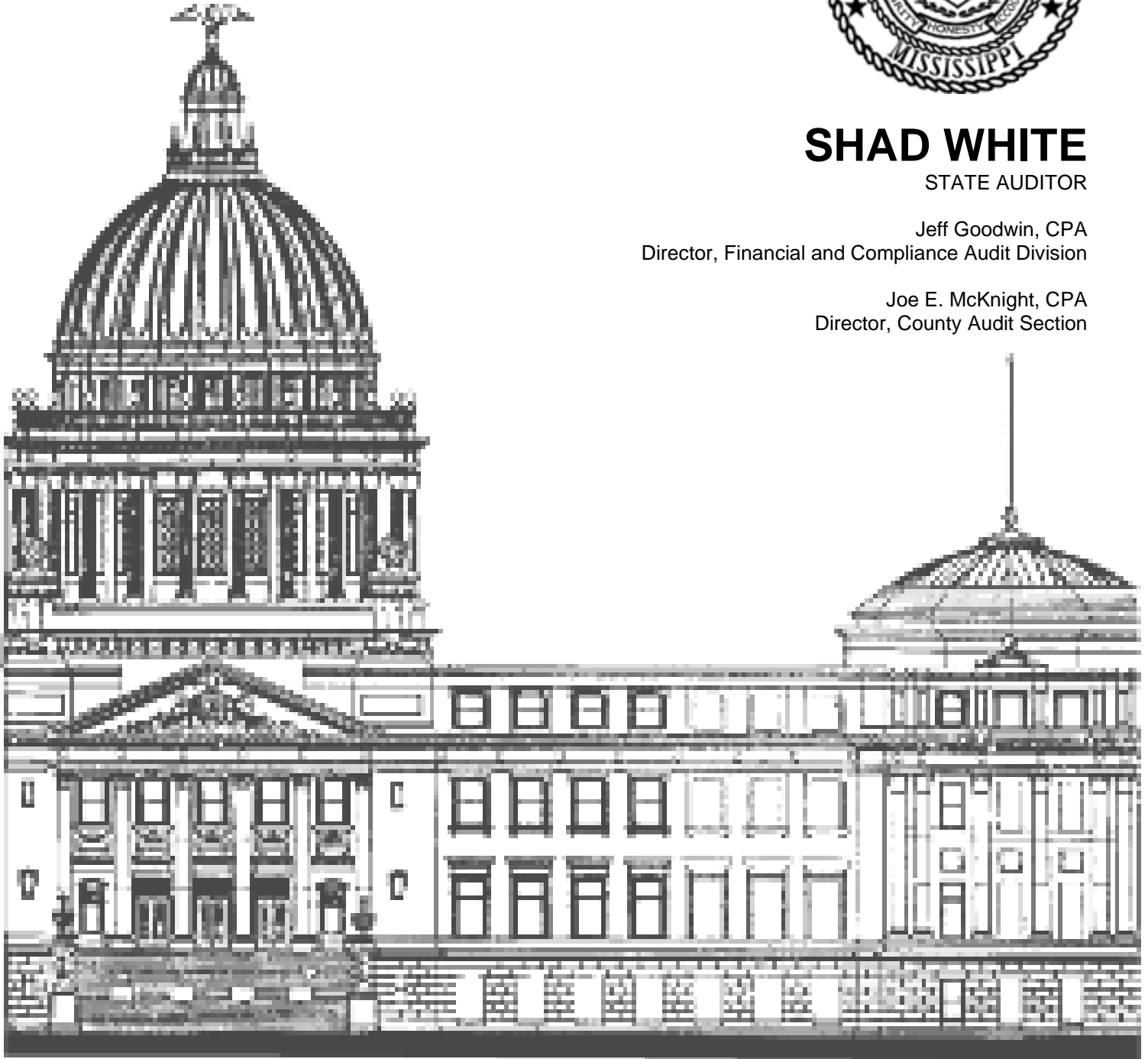


SHAD WHITE

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

March 7, 2024

Members of the Board of Supervisors
Perry County, Mississippi

Dear Board Members:

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

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

Respectfully submitted,

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

Shad White

PERRY COUNTY
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PERRY COUNTY

FINANCIAL SECTION

PERRY COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Perry County, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry County, Mississippi (the County), as of and for the year ended September 30, 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.

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 Perry County, Mississippi, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Statement 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 audit opinions.

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

Perry County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it 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 Perry County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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 March 7, 2024 on our consideration of Perry County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Perry County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perry County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 7, 2024

PERRY COUNTY

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PERRY COUNTY

FINANCIAL STATEMENTS

PERRY COUNTY

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PERRY COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 16,942,389
Property tax receivable	7,754,292
Fines receivable (net of allowance for uncollectibles of \$1,437,831)	167,703
Lease receivable	833,406
Intergovernmental receivables	132,243
Capital assets:	
Land and construction in progress	3,023,158
Other capital assets, net	38,420,269
Total Assets	<u>67,273,460</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,439,813
Deferred amount on refunding	34,407
Total Deferred Outflows of Resources	<u>1,474,220</u>
LIABILITIES	
Claims payable	768,140
Intergovernmental payables	237,000
Accrued interest payable	47,448
Unearned revenue	2,147,678
Other payables	67,478
Long-term liabilities	
Due within one year:	
Capital debt	861,185
Non-capital debt	295,000
Due in more than one year:	
Capital debt	3,761,271
Non-capital debt	3,712,629
Net pension liability	8,655,832
Total Liabilities	<u>20,553,661</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	707,192
Deferred revenues - property taxes	7,754,292
Total Deferred Inflows of Resources	<u>8,461,484</u>
NET POSITION	
Net investment in capital assets	36,855,378
Restricted for:	
Expendable:	
General government	231,498
Public safety	415,333
Public works	4,882,389
Culture and recreation	373,162
Economic development and assistance	762,084
Unemployment compensation	184,291
Debt service	413,511
Unrestricted	(4,385,111)
Total Net Position	<u>\$ 39,732,535</u>

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

PERRY COUNTY
Statement of Activities
For the Year Ended September 30, 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	\$ 2,748,910	357,301	5,831		(2,385,778)
Public safety	2,214,257	285,553	43,462		(1,885,242)
Public works	10,305,907		4,061,472	42,952	(6,201,483)
Health and welfare	125,471		29,928		(95,543)
Culture and recreation	202,428				(202,428)
Education	545,864		13,184		(532,680)
Conservation of natural resources	26,759				(26,759)
Economic development and assistance	236,559				(236,559)
Interest on long-term debt	202,195				(202,195)
Pension expense	1,016,982				(1,016,982)
Total Governmental Activities	\$ 17,625,332	642,854	4,153,877	42,952	(12,785,649)
General revenues:					
Property taxes				\$	7,300,988
Road & bridge privilege taxes					166,402
Grants and contributions not restricted to specific programs					896,045
Unrestricted interest income					63,676
Miscellaneous					1,204,849
Total General Revenues					9,631,960
Changes in Net Position					(3,153,689)
Net Position - Beginning, as previously reported					42,613,642
Prior period adjustments					272,582
Net Position - Beginning, as restated					42,886,224
Net Position - Ending				\$	39,732,535

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

PERRY COUNTY
Balance Sheet - Governmental Funds
September 30, 2022

Exhibit 3

	Major Funds				
	General Fund	2021 Bond Countywide Road/Bridge Fund	American Rescue FY21 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 6,839,479	286,355	2,320,194	7,496,361	16,942,389
Property tax receivable	4,548,890			3,205,402	7,754,292
Fines receivable (net of allowance for uncollectibles of \$1,437,831)	167,703				167,703
Lease receivable	833,406				833,406
Intergovernmental receivables	126,835			5,408	132,243
Due from other funds				47,287	47,287
Advances to other funds				1,836	1,836
Total Assets	\$ 12,516,313	286,355	2,320,194	10,756,294	25,879,156
LIABILITIES					
Liabilities:					
Claims payable	\$ 68,591	286,355	167,757	245,437	768,140
Intergovernmental payables	237,000				237,000
Due to other funds	47,287				47,287
Advances from other funds	1,338			498	1,836
Unearned revenue			2,147,678		2,147,678
Other payables	67,478				67,478
Total Liabilities	421,694	286,355	2,315,435	245,935	3,269,419
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	4,548,890			3,205,402	7,754,292
Unavailable revenue - fines	167,703				167,703
Leases	707,192				707,192
Total Deferred Inflows of Resources	5,423,785	0	0	3,205,402	8,629,187
Fund balances:					
Restricted for:					
General government				231,498	231,498
Public safety				415,333	415,333
Public works			4,759	4,877,630	4,882,389
Culture and recreation				373,162	373,162
Economic development and assistance				762,084	762,084
Unemployment compensation				184,291	184,291
Debt service				460,959	460,959
Unassigned	6,670,834				6,670,834
Total Fund Balances	6,670,834	0	4,759	7,304,957	13,980,550
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,516,313	286,355	2,320,194	10,756,294	25,879,156

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

PERRY COUNTY

Exhibit 3-1

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 13,980,550
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 \$44,182,154.	41,443,427
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	167,703
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,630,085)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,655,832)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(47,448)
Deferred amount on refunding	34,407
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	<u>1,439,813</u>
Total Net Position - Governmental Activities	\$ <u><u>39,732,535</u></u>

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

PERRY COUNTY

Exhibit 4

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

	<u>Major Funds</u>				
	General Fund	2021 Bond Countywide Road/Bridge Fund	American Rescue FY21 Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 4,271,688			3,029,300	7,300,988
Road and bridge privilege taxes				166,402	166,402
Licenses, commissions and other revenue	222,509			4,123	226,632
Fines and forfeitures	179,209			6,764	185,973
Intergovernmental revenues	1,526,318		177,937	3,388,619	5,092,874
Charges for services	127,930			116,651	244,581
Interest income	57,389		3,991	2,296	63,676
Miscellaneous revenues	425,916			750,171	1,176,087
Total Revenues	6,810,959	0	181,928	7,464,326	14,457,213
EXPENDITURES					
Current:					
General government	2,253,358		177,937	421,147	2,852,442
Public safety	2,262,619			195,758	2,458,377
Public works		4,019,543		5,567,494	9,587,037
Health and welfare	125,471				125,471
Culture and recreation				200,701	200,701
Education	545,864				545,864
Conservation of natural resources	29,497				29,497
Economic development and assistance				236,559	236,559
Debt service:					
Principal	104,258			1,180,153	1,284,411
Interest	7,514			194,787	202,301
Total Expenditures	5,328,581	4,019,543	177,937	7,996,599	17,522,660
Excess of Revenues over (under) Expenditures	1,482,378	(4,019,543)	3,991	(532,273)	(3,065,447)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	204,741			428,650	633,391
Proceeds from sale of capital assets				100,250	100,250
Compensation for loss of capital assets	23,971				23,971
Transfers in	10,979			545,000	555,979
Transfers out	(545,000)			(10,979)	(555,979)
Total Other Financing Sources and Uses	(305,309)	0	0	1,062,921	757,612
Net Changes in Fund Balances	1,177,069	(4,019,543)	3,991	530,648	(2,307,835)
Fund Balances - Beginning, as previously reported	5,376,264	4,019,543	768	6,774,309	16,170,884
Prior period adjustment	117,501				117,501
Fund Balances - Beginning, as restated	5,493,765	4,019,543	768	6,774,309	16,288,385
Fund Balances - Ending	\$ 6,670,834	0	4,759	7,304,957	13,980,550

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

PERRY COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (2,307,835)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$2,821,813 exceeded capital outlays of \$1,963,960 in the current period.	(857,853)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$28,762 and the proceeds from the sale of \$100,250 and compensation for loss of \$23,971 in the current period.	(95,459)
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.	(14,332)
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 \$1,284,411 exceeded debt proceeds of \$633,391.	651,020
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The increase in compensated absences liability	(17,278)
The decrease in accrued interest payable	4,407
The amortization of deferred refunding charges	(4,301)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,016,982)
Recording of contributions made during the year	<u>504,924</u>
Change in Net Position of Governmental Activities	\$ <u>(3,153,689)</u>

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

PERRY COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ <u>22,508</u>
Total Assets	\$ <u><u>22,508</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ <u>22,508</u>
Total Net Position	\$ <u><u>22,508</u></u>

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

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

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 2,011
Licenses and fees collected for State	<u>298,063</u>
Total Additions	<u>300,074</u>
DEDUCTIONS	
Payments of tax to other governments	2,493
Payments of licenses and fees to State	<u>311,432</u>
Total Deductions	<u>313,925</u>
Net increase (decrease) in fiduciary net position	(13,851)
Net Position - Beginning	<u>36,359</u>
Net Position - Ending	<u>\$ 22,508</u>

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

PERRY COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Perry County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Perry County to present these financial statements on the primary government. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary, 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

PERRY COUNTY

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

funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PERRY COUNTY

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

D. Account Classifications.

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

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

F. Receivables.

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

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

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

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

PERRY COUNTY

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

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

I. Deferred Outflows/Inflows of Resources.

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

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

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

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

PERRY COUNTY

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

J. Leases.

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

The County uses the federal prime borrowing rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known.

K. Long-term Liabilities.

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

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

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions.

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

M. Compensated Absences.

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

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

PERRY COUNTY

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

Restricted fund balance includes amounts that have constraints placed upon the use of the resources 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.

O. Property Tax Revenues:

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

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

PERRY COUNTY

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

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

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Changes in Accounting Standards.

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

(2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in capital assets, net	\$ 155,081
To record beginning balances for the lease receivable and deferred inflow related to leases due to the implementation of GASB 87.	117,501
Total	\$ 272,582

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

Explanation	Amount
General Fund:	
To record beginning balances for the lease receivable and deferred inflow for leases due to the implementation of GASB 87.	\$ 117,501

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$16,964,897, and the bank balance was \$17,645,861. 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,

PERRY COUNTY

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

the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>47,287</u>

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	\$ 1,338
Other Governmental Funds	Other Governmental Funds	<u>498</u>
Total		\$ <u>1,836</u>

The advances represent errors in posting revenue in prior years.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 10,979
Other Governmental Funds	General Fund	<u>545,000</u>
Total		\$ <u>555,979</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.

PERRY COUNTY

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

(5) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 105,118
Emergency management performance grant reimbursement	17,137
Reimbursement for housing prisoners	4,580
Presidentially declared disaster - Hurricane Zeta grant reimbursement	5,408
Total Governmental Activities	<u>\$ 132,243</u>

(6) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 954,522				954,522
Construction in progress	809,226	1,259,410			2,068,636
Total non-depreciable capital assets	1,763,748	1,259,410	0	0	3,023,158
<u>Depreciable capital assets:</u>					
Infrastructure	65,528,652			(2,384)	65,526,268
Buildings	7,472,063				7,472,063
Improvements other than buildings	53,916				53,916
Mobile equipment	5,025,407	554,428	476,128	2,182,848	7,286,555
Furniture and equipment	1,759,460	150,122	21,200	375,239	2,263,621
Leased property under capital leases	2,523,087			(2,523,087)	0
Total depreciable capital assets	82,362,585	704,550	497,328	32,616	82,602,423
<u>Less accumulated depreciation for:</u>					
Infrastructure	31,710,859	2,032,700		(715)	33,742,844
Buildings	3,850,547	122,261			3,972,808
Improvements other than buildings	22,680	2,157			24,837
Mobile equipment	4,116,792	473,896	382,789	701,866	4,909,765
Furniture and equipment	1,284,808	190,799	19,080	75,373	1,531,900
Leased property under capital leases	898,989			(898,989)	0
Total accumulated depreciation	41,884,675	2,821,813	401,869	(122,465)	44,182,154
Total depreciable capital assets, net	40,477,910	(2,117,263)	95,459	155,081	38,420,269
Governmental activities capital assets, net	<u>\$ 42,241,658</u>	<u>(857,853)</u>	<u>95,459</u>	<u>155,081</u>	<u>41,443,427</u>

PERRY COUNTY

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

*Adjustments are to correct prior year errors in capital asset records and to reflect the implementation of GASB 87. 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.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 162,978
Public safety	104,778
Public works	2,551,538
Culture and recreation	2,519
	<hr/>
Total governmental activities depreciation expense	\$ <u>2,821,813</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
Tallahala Creek Bridge on Old River Road - ERBR-56(01)	\$ 3,350,000	December, 2023
North Kittrell Loop - LSBP-56(11)	425,000	June, 2024

(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.

As Lessor:

On February 7, 2011, Perry County entered into a non-cancellable lease agreement with Hood Industries, Inc. for the lease of land owned by the County for the purpose of operating a hardwood mill. The lease stipulated that the lessee would pay \$5,000 per month in lease payments commencing March 1, 2011 for two (2) consecutive terms of five (5) years each. On August 26, 2019, Perry County and Hood Industries Inc. agreed to extend the lease for an additional four (4) consecutive terms of five (5) years each. The County is to receive \$60,000 in rent annually with an implicit interest rate of 3.25%. Total income received was \$55,000 for the year ended September 30, 2022.

PERRY COUNTY

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

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

Year Ending September 30	Principal	Interest
2023	\$ 36,243	28,757
2024	34,605	25,395
2025	35,746	24,254
2026	36,925	23,075
2027	38,144	21,856
2028 - 2032	210,443	89,557
2033 - 2037	247,521	52,479
2038 - 2042	193,779	11,221
Total	<u>\$ 833,406</u>	<u>276,594</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:			
2020 General obligation refunding bonds	\$ 2,982,000	2.30%	01/2030
2021 Road and bridge bonds	<u>3,882,000</u>	1.90%	01/2034
Total General Obligation Bonds	<u>\$ 6,864,000</u>		

PERRY COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
B. Financed Purchases:			
2018 Dodge Ram	\$ 3,204	3.29%	05/2023
New Holland tractor w/ boom mower	20,781	3.31%	09/2023
Doosan wheel loader	6,201	2.89%	01/2023
2019 Ford F150	9,753	3.29%	03/2024
New Holland tractor	15,152	3.35%	02/2024
2020 Freightliner w/ rear loader	61,812	2.60%	09/2024
2019 Dodge Ram	11,529	2.64%	10/2024
Kubota tractor	13,222	3.52%	02/2024
IMB server	25,965	2.24%	09/2025
2020 Freightliner garbage truck	81,427	2.01%	05/2025
(2) John Deere tractors	59,190	2.42%	03/2025
Caterpillar excavator	98,438	3.35%	04/2025
2019 Caterpillar backhoe loader	83,281	2.88%	09/2024
2020 John Deere tractor	87,931	2.10%	08/2025
2020 International dump truck	40,939	2.64%	02/2025
(2) Kubota tractors	58,699	2.25%	06/2025
(2) Ford Explorers	52,169	1.94%	06/2025
RMS system	52,579	1.96%	12/2025
Solacom 911 system	153,378	2.22%	10/2025
2021 Dodge Ram 4x4 - District 1	22,045	2.01%	08/2026
2021 Dodge Ram 4x4 - District 2	19,256	2.23%	02/2026
John Deere 5115M utility vehicle	48,385	2.23%	12/2025
John Deere 6105E cab tractor	59,686	2.03%	08/2026
(2) 2022 Ford F-150s	81,588	2.41%	04/2027
(3) 2021 Ford Explorers	89,193	2.09%	04/2025
2022 Freightliner w/ rear loader	158,449	2.18%	11/2026
2022 John Deere tractor	77,961	3.09%	07/2026
2022 SA22 John Deere Samuri boom cutter	72,529	3.15%	06/2027
2022 Komatsu mini excavator	75,714	4.08%	08/2027
Total Financed Purchases	\$ 1,640,456		

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

Year Ending September 30	General Obligation Bonds		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 638,000	142,344	518,185	35,339
2024	655,000	128,850	533,129	22,722
2025	667,000	114,989	411,094	9,953
2026	685,000	100,876	137,105	3,220
2027	700,000	86,381	40,943	490
2028 - 2032	2,861,000	214,345		
2033 - 2037	658,000	18,202		
Total	\$ 6,864,000	805,987	1,640,456	71,724

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

PERRY COUNTY

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

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 4.79 percent (4.79%) 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	\$ 108,351	17,278			125,629	
General obligation bonds	7,489,000		625,000		6,864,000	638,000
Capital leases	1,666,476			(1,666,476)		
Financed purchases		633,391	659,411	1,666,476	1,640,456	518,185
Total	<u>\$ 9,263,827</u>	<u>650,669</u>	<u>1,284,411</u>	<u>0</u>	<u>8,630,085</u>	<u>1,156,185</u>

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

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Perry County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

PERRY COUNTY

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

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 \$504,924, \$471,987 and \$446,106, 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 \$8,655,832 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2022 net pension liability was 0.042052 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.002397 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 \$1,016,982. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 119,006
Net difference between projected and actual earnings on pension plan investments	528,139
Changes of assumptions	282,308
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	389,739
County contributions subsequent to the measurement date	<u>120,621</u>
Total	<u>\$ 1,439,813</u>

\$120,621 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PERRY COUNTY

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

Year ending September 30	Amount
2023	\$ 458,643
2024	360,569
2025	30,291
2026	469,689
Total	\$ 1,319,192

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

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

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

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

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 %	

PERRY COUNTY

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

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	\$ 11,296,745	8,655,832	6,478,534

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

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

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

Description	Balance at Sept. 30, 2022
Industrial revenue bonds	\$ 73,000,000

PERRY COUNTY

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

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$4,385,111) 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 \$120,621 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 \$1,319,192 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 (\$4,385,111) includes the effect of recognition of deferring the recognition of revenue resulting from the lease receivable. The \$707,192 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 18 years.

The governmental activities' net investment in capital assets net position of \$36,855,378 includes the effect of deferring the recognition of expenditures resulting from a current refunding of County debt. The \$34,407 balance of deferred amount on refunding at September 30, 2022, will be recognized as an expense and will decrease the net investment in capital assets net position over the next eight years.

(14) Joint Ventures.

The County participates in the following joint ventures:

Perry County is a participant with the Counties of Covington, Greene, Jefferson Davis, Jones and Stone; and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the Pine Belt Regional Solid Waste Authority. The joint venture was created to dispose of solid waste for members of the authority. The Perry County Board of Supervisors appoints three of the 15 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Pine Belt Regional Solid Waste Authority can be obtained from P.O. Box 1898, Hattiesburg, MS 39403.

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

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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

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

PERRY COUNTY

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

Southeast Mississippi Air Ambulance District provides air ambulance services to the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Perry County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$44,993 for support of the district in fiscal year 2022.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Hancock, Harrison, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Perry County Board of Supervisors appoints one of the 13 members of the board of commissioners. The County appropriated \$29,702 for support of the entity 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 Perry County Board of Supervisors appoints one of the 34 members of the board of directors. The County appropriated \$33,563 for support of the district in fiscal year 2022.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Perry County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated \$388,068 for maintenance and support of the college in fiscal year 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 Perry County evaluated the activity of the County through March 7, 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>
12/02/2022	3.79%	\$	81,885	Financed purchase	Ad valorem taxes
01/23/2023	4.74%		67,914	Financed purchase	Ad valorem taxes
05/10/2023	4.58%		147,092	Financed purchase	Ad valorem taxes
11/17/2023	5.16%		53,715	Financed purchase	Ad valorem taxes
12/21/2023	5.15%		154,305	Financed purchase	Ad valorem taxes

PERRY COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PERRY COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,282,047	4,322,666	4,322,666	
Licenses, commissions and other revenue	188,750	226,339	226,339	
Fines and forfeitures	138,000	180,481	180,481	
Intergovernmental revenues	1,005,980	2,090,341	2,090,341	
Charges for services	28,000	33,680	33,680	
Interest income		32,075	32,075	
Miscellaneous revenues	341,290	438,722	438,722	
Total Revenues	<u>5,984,067</u>	<u>7,324,304</u>	<u>7,324,304</u>	<u>0</u>
EXPENDITURES				
General government	3,495,929	2,810,869	2,810,869	
Public safety	2,236,723	2,062,872	2,062,872	
Public works	1,000			
Health and welfare	148,447	132,314	132,314	
Education	459,250	532,680	532,680	
Conservation of natural resources	31,432	30,205	30,205	
Debt service:				
Principal	162,680	105,371	105,371	
Interest		7,000	7,000	
Total Expenditures	<u>6,535,461</u>	<u>5,681,311</u>	<u>5,681,311</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(551,394)</u>	<u>1,642,993</u>	<u>1,642,993</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	6,142	55,172	55,172	
Other financing uses	(3,983,858)			
Transfers in	150,007	262,352	262,352	
Transfers out	(631,500)	(793,819)	(793,819)	
Total Other Financing Sources and Uses	<u>(4,459,209)</u>	<u>(476,295)</u>	<u>(476,295)</u>	<u>0</u>
Net Change in Fund Balance	(5,010,603)	1,166,698	1,166,698	0
Fund Balances - Beginning	<u>5,016,550</u>	<u>5,443,666</u>	<u>5,443,666</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 5,947</u>	<u>6,610,364</u>	<u>6,610,364</u>	<u>0</u>

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

PERRY COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue FY21 Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	1,162,807	1,162,807	
Interest income		3,991	3,991	
Total Revenues	<u>0</u>	<u>1,166,798</u>	<u>1,166,798</u>	<u>0</u>
EXPENDITURES				
General government		10,178	10,178	
Total Expenditures	<u>0</u>	<u>10,178</u>	<u>10,178</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>1,156,620</u>	<u>1,156,620</u>	<u>0</u>
Net Change in Fund Balance	0	1,156,620	1,156,620	0
Fund Balances - Beginning		1,163,574	1,163,574	0
Fund Balances - Ending	<u>\$ 0</u>	<u>2,320,194</u>	<u>2,320,194</u>	<u>0</u>

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

PERRY COUNTY

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2022

UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.042052%	0.039655%	0.038470%	0.037652%	0.036424%	0.035849%	0.037125%	0.038333%
County's proportionate share of the net pension liability (asset)	\$ 8,655,832	5,861,182	7,447,345	6,623,730	6,058,393	5,959,321	6,631,451	5,925,525
Covered payroll	\$ 2,895,001	2,645,442	2,561,617	2,429,664	2,325,988	2,299,759	2,374,978	2,394,838
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.99%	221.56%	290.73%	272.62%	260.47%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	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.

PERRY 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	\$ 504,924	471,987	446,106	400,981	365,277	361,334	369,838	377,942
Contributions in relation to the contractually required contribution	<u>504,924</u>	<u>471,987</u>	<u>446,106</u>	<u>400,981</u>	<u>365,277</u>	<u>361,334</u>	<u>369,838</u>	<u>377,942</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 2,901,862	2,712,569	2,563,828	2,481,319	2,319,220	2,294,181	2,348,175	2,399,626
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%

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

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

PERRY COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>American Rescue FY21 Fund</u>
Budget (Cash Basis)	\$ 1,166,698	1,156,620
Increase (Decrease)		
Net adjustments for revenue accruals	(591,178)	(984,870)
Net adjustments for expenditure accruals	<u>601,549</u>	<u>(167,759)</u>
GAAP Basis	<u>\$ 1,177,069</u>	<u>3,991</u>

PERRY COUNTY

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

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

PERRY COUNTY

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

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Changes in benefit provisions.

2016

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

PERRY COUNTY

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

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

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

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

PERRY COUNTY

SUPPLEMENTARY INFORMATION

PERRY 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 roads cluster: Schools and roads - grants to states*	10.665	N/A	\$ <u>643,456</u>
Total Forest service schools and roads cluster			<u>643,456</u>
Total U.S. Department of Agriculture			<u>643,456</u>
U.S. Department of the Treasury/ Coronavirus state and local fiscal recovery funds (Direct Award)	21.027	N/A	<u>177,937</u>
Total U.S. Department of the Treasury			<u>177,937</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance (Presidentially declared disasters)	97.036	FEMA-4576-DR-MS	<u>102,758</u>
Emergency management performance grants	97.042	EMA-2020-EP-00013	<u>17,137</u>
Total U.S. Department of Homeland Security			<u>119,895</u>
Total Expenditures of Federal Awards			\$ <u>941,288</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Perry 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 Perry County, it is not intended to and does not present the financial

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

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

Note D - Schools and roads - grants to states

Of the federal expenditures presented in the Schedule, the County provided federal awards totaling \$306,218 to subrecipients during the year ended September 30, 2022.

Note E - Disaster grants - public assistance (Presidentially declared disasters) - ALN 97.036

After a Presidential declared disaster, FEMA provides Disaster grants - public assistance (Presidentially declared disasters) (ALN 97.036) to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. In fiscal year 2022, FEMA approved \$102,758 in eligible expenditures that were incurred in the prior fiscal year. These approved eligible expenditures are included on the SEFA for the year ended September 30, 2022.

* Denotes major federal award program

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

Operating Expenditures, Cash Basis:

Salaries	\$	393,177
Expendable Commodities:		
Gasoline and petroleum products		77,508
Repair parts		3,090
Office, field and shop supplies		12,956
Clothing		759
Tires		16,198
Maintenance		46,258
Solid waste disposal fee		124,406
Professional fees, legal advertising and other fees		27,039
Telephone and utilities		2,338
Rent on other equipment		<u>454</u>
Solid Waste Cash Basis Operating Expenditures		704,183
Full Cost Expenses:		
Indirect administrative costs		18,290
Depreciation on equipment		61,422
Net effect of other accrued expenses		<u>290,951</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>1,074,846</u></u>

PERRY COUNTY

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PERRY COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
Bobby R. Bolton	Supervisor District 1	RLI Insurance Company	\$100,000
William K. Shows	Supervisor District 2	Western Surety Company	\$100,000
Peter T. Wise	Supervisor District 3	RLI Insurance Company	\$100,000
Richard O. Lott	Supervisor District 4	RLI Insurance Company	\$100,000
Marcus D. Williams	Supervisor District 5	Western Surety Company	\$100,000
Lawrence A. Wilson	Chancery Clerk	RLI Insurance Company	\$100,000
Angela Penton	Purchase Clerk	RLI Insurance Company	\$100,000
Ashly Tingle	Assistant Purchase Clerk	RLI Insurance Company	\$75,000
Sheryl Bradley	Receiving Clerk	Sure Tec Insurance Company	\$75,000
Mitchell Lott	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Charles J. Mayo	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Richard P. McConnell	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Hiram J. Breland	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Jesse H. Clark	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Larry D. Bolton	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Ashly Tingle	Inventory Control Clerk	RLI Insurance Company	\$75,000
Guy A. Harvison	Constable	RLI Insurance Company	\$50,000
Wayne Penton	Constable	RLI Insurance Company	\$50,000
Christy P. Mayo	Circuit Clerk	RLI Insurance Company	\$100,000
James M. Nobles	Sheriff	Western Surety Company	\$100,000
Carl Griffin	Justice Court Judge	RLI Insurance Company	\$50,000
William T. Odom	Justice Court Judge	RLI Insurance Company	\$50,000
Teresa Watford	Justice Court Clerk	RLI Insurance Company	\$50,000
Shelia Renee Blake	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Leslie A. Cochran	Tax Assessor-Collector	Western Surety Company	\$100,000
Janice J. Pittman	Deputy Tax Collector	RLI Insurance Company	\$50,000
Amberlon Syrl McLendon	Deputy Tax Collector	RLI Insurance Company	\$50,000
Anita Dianne Nowell	Deputy Tax Collector	RLI Insurance Company	\$50,000
Chantal Bolton	Deputy Tax Collector	RLI Insurance Company	\$50,000
Jessica Shoemaker Jones	Deputy Tax Collector	RLI Insurance Company	\$50,000
Patricia G. Hartfield	Deputy Tax Collector	RLI Insurance Company	\$50,000

PERRY COUNTY

SPECIAL REPORTS

PERRY COUNTY

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

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

Members of the Board of Supervisors
Perry County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry County, Mississippi (the County), as of and for the year ended September 30, 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 March 7, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 items 2022-001, 2022-002 and 2022-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003 and 2022-005 to be significant deficiencies.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to the management of Perry County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated March 7, 2024, included within this document.

Perry County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Perry County, Mississippi's responses to the findings identified in our audit and described in the accompanying Auditee's Corrective Action Plan. Perry 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

March 7, 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
Perry County, Mississippi

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Perry 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 Perry County, Mississippi's major federal program for the year ended September 30, 2022. Perry County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on ALN 10.665, Schools and Roads – Grants to States

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Perry County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 10.665, Schools and Roads – Grants to States for the year ended September 30, 2022.

Basis for Qualified Opinion

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 Perry 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 Perry County, Mississippi's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on ALN 10.665, Schools and Roads – Grants to States

As described in the accompanying Schedule of Findings and Questioned Costs, Perry County, Mississippi did not comply with requirements regarding ALN 10.665, Schools and Roads – Grants to States, as described in finding number 2022-006, for activities allowed or unallowed and allowable costs/cost principles. Compliance with such requirements is necessary, in our opinion, for Perry County, Mississippi to comply with the requirements applicable to that program.

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 Perry 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 Perry 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 Perry County, Mississippi's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Perry 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 Perry 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 Perry 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-006. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Perry County, Mississippi's response to the noncompliance findings identified in our compliance audit described in the accompanying Auditee's Corrective Action Plan. Perry County, Mississippi's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-006, to be a material weakness.

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on Perry County, Mississippi's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Auditee's Corrective Action Plan. Perry County, Mississippi's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



JOE E. MCKNIGHT CPA
Director, County Audit Section

March 7, 2024

PERRY COUNTY

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

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

Members of the Board of Supervisors
Perry County, Mississippi

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

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

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

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

Inventory Control Clerk.

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

Repeat Finding No

Criteria *Section 31-7-107, Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory control system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include 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 the financial reporting process.

Condition	During our review of the County's inventory control system, the following deficiencies were noted in the capital asset records: <ul style="list-style-type: none">a. Two (2) current year additions were added with an incorrect cost resulting in an \$11,268 understatement in capital assets.b. Five (5) assets totaling \$208,202 were disposed of during the fiscal year but were not removed from the capital asset listing.
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 maintain an effective 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)	We will try our best to correct and comply to the findings.

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 7, 2024

PERRY 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.

PERRY 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>
9/28/2022	Tractor rental	\$ 37,200	Sunsouth	The County had an emergency rental of a tractor which was approved due to the obstruction of view for drivers since the tractor ordered was placed on backorder.

PERRY 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>
6/22/2022	Slag rock	\$ 5,610	MD Trucking

PERRY COUNTY

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Perry County, Mississippi

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

In addition, for areas not considered material to Perry County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated March 7, 2024, on the financial statements of Perry County, Mississippi.

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

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. The County should apportion railcar ad valorem taxes to the appropriate taxing districts.

Repeat Finding No

Criteria *Section 27-35-519, Mississippi Code of 1972 Annotated*, requires the Clerk of the Board of Supervisors to apportion the county payment of railcar ad valorem taxes to the municipalities and other taxing districts in proportion to the number of miles of railroad in the municipality or other taxing districts to the number of miles of railroad in the entire county.

Condition During the audit, it was noted that the County did not apportion railcar ad valorem taxes received to the School District as required.

Cause	The County did not comply with state law.
Effect	Failure to apportion and settle railcar taxes as required by law could result in the misappropriation or misuse of public funds.
Recommendation	The County should implement appropriate procedures to ensure that the railcar ad valorem taxes are apportioned and settled to other taxing districts.
Views of Responsible Official(s)	I have submitted a claim summary to correct the issue. I will do my best to put all funds in the proper place.
2.	<u>Interfund transfers were not approved by the Board of Supervisors.</u>
Repeat Finding	Yes
Criteria	<i>Section 19-3-27, Mississippi Code of 1972 Annotated</i> , requires a complete and correct record be maintained for all proceedings of the Board of Supervisors.
Condition	As reported in the prior year's audit report, it was noted that the interfund transfers were made without board orders being spread on the minutes and without properly disclosing the purpose of the interfund transfers.
Cause	The Board of Supervisors did not comply with state law.
Effect	The failure to obtain board approval for interfund transfers could result in erroneous amounts reported and increases the possibility of the loss or misuse of public funds.
Recommendation	The Board of Supervisors should spread complete orders on the minutes relative to interfund transfers.
Views of Responsible Official(s)	This has been corrected.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 7, 2024

PERRY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PERRY COUNTY

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PERRY COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified? | None reported |
| 5. Type of auditor's report issued on compliance for the major federal program: | |
| a. ALN 10.665, Schools and Roads - Grants to States | Qualified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. Identification of major federal program: | |
| a. ALN 10.665, Schools and Roads - Grants to States | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2022-001. Internal controls should be strengthened to include adequate segregation of duties for the County's general accounting functions.

Repeat Finding Yes

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

PERRY COUNTY

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

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

Inventory Control Clerk.

Material Weakness

2022-002. The Inventory Control Clerk should maintain an accurate inventory control system.

Repeat Finding No

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 the financial reporting process.

Condition During our review of the County's inventory control system, the following deficiencies were noted in the capital asset records:

- a. Two (2) current year additions were added with an incorrect cost resulting in an \$11,268 understatement in capital assets.
- b. Five (5) assets totaling \$208,202 were disposed of during the fiscal year but were not removed from the capital asset listing.

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.

PERRY COUNTY

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

Effect The failure to maintain an effective 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.

Justice Court Clerk.

Significant Deficiency

2022-003. The Justice Court Clerk should establish adequate segregation of duties.

Repeat Finding Yes

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

Condition As reported in the prior eight years' audit reports, it was noted that controls were inadequate over cash. The Justice Court Clerk receipts monies, prepares all bank deposits, reconciles the bank statements, posts receipts to the cash journals, prepares monthly settlement reports, and makes all disbursements.

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

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

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

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

Tax Assessor-Collector.

Material Weakness

2022-004. Controls over the Tax Assessor-Collector's cash journal should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Assessor-Collector's office should include proper maintenance of a cash journal and reconciliation of the bank accounts on a monthly basis.

PERRY COUNTY

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

Condition	<p>Per test work performed related to Tax Assessor-Collector cash as of September 30, 2022, we noted the following areas of concern:</p> <ul style="list-style-type: none">a. The September 2022 bank reconciliation did not reconcile to the General Ledger Trial Balance report.b. The General Ledger Trial Balance report for September 2022 stated a cash amount of (\$93,920.58). The reported cash shortage was due to the Tax Assessor-Collector not posting receipts of the August (\$106,436.92) and September (\$110,122.53) legislative tax credits received, as well as other unidentified errors in the cash journal.c. The September 2022 bank reconciliation lacked adequate supporting documentation for outstanding checks, outstanding deposits and bad checks.d. We noted various transactions in the cash journal that were not cleared once they were posted to the bank account.e. We noted a \$30,246 overage in the Tax Assessor-Collector's reconciled cash amount as compared to the September 2022 collections.
Cause	The Tax Assessor-Collector lacked the necessary internal controls over cash.
Effect	Failure to properly maintain the cash journal and reconcile bank statements on a monthly basis could result in undetected errors or misappropriation of public funds.
Recommendation	The Tax Assessor-Collector should implement a system that ensures the cash journal is properly maintained and bank statements are reconciled each month.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.
Significant Deficiency	
2022-005.	<u>The Tax Assessor-Collector should establish adequate segregation of duties.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include adequate segregation of duties.
Condition	As reported in the prior seven years' audit reports, it was noted that controls were inadequate over cash. The Tax Assessor-Collector makes all deposits, reconciles bank statements, maintains cash journals, prepares monthly settlements, and makes all disbursements.
Cause	The Tax Assessor-Collector lacks the proper segregation of duties necessary to maintain effective internal controls.
Effect	The failure to implement adequate controls over cash in the Tax Collector's office could result in the loss or misappropriation of public funds.
Recommendation	The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collecting, recording and settlement functions.

PERRY COUNTY

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

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

Section 3: Federal Award Findings and Questioned Costs

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

Material Weakness Material Noncompliance

2022-006. The County should establish controls to ensure fifty percent of National Forest Distribution Title I funds are settled to the schools.

Assistance Listing Number

10.665

Federal Award Schools and Roads - Grants to States

Federal Agency U. S. Department of Agriculture-Forest Service

Pass-through Mississippi State Treasurer's Office

Questioned Costs None

Repeat Finding Yes

Statistically Valid No

Criteria During fiscal year 2022, Perry County received \$643,456 in National Forest Distribution Title I funds, a portion of the Secure Rural Schools Act State payments, which are to be used to benefit public schools and public roads in counties where national forests are located. Upon receipt of these funds, fifty percent of the total received should be settled to the County's public school.

Condition As reported in the prior four years' audit reports, the County failed to settle the required fifty percent of the National Forest Distribution Title I funds received to the County's public school. The County received a total of thirteen (13) National Forest Distribution Title I payments during fiscal year 2022. However, during our audit test procedures, we noted six (6) of these payments were not settled properly to Perry County Schools.

Cause The County lacked the necessary controls to ensure fifty percent of the total received from the Secure Rural Schools Act State payments was settled to the County's public school.

Effect The County's lack of adequate controls resulted in an overstatement of County revenues in the amount of \$15,510.

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

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

PERRY COUNTY

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PERRY COUNTY

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

PERRY COUNTY

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ROBERT MYERS, District 1

KEVIN SHOWS, District 2

TIM WISE, District 3

RICHARD LOTT, District 4

CODY WALTERS, District 5

PERRY

COUNTY

OFFICE OF
BOARD OF SUPERVISORS
NEW AUGUSTA, MISSISSIPPI 39462

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

CORRECTIVE ACTION PLAN

February 15, 2024

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

Gentlemen:

Perry 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: We have a very small county, and there are not enough employees to segregate duties. We will try our best to comply.

Anticipated Completion Date: Unknown

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

2022-002. Corrective Action Planned: We will try our best to correct and comply to the finding.

Anticipated Completion Date: Unknown

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

2022-003. Corrective Action Planned: There are only two of us working in this office. Deputy Clerk also receipts monies, prepares bank deposits, and posts receipts to the cash journal. I do reconcile the bank statements and prepare monthly settlements and disbursements.

Anticipated Completion Date: Unknown

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

2022-004. Corrective Action Planned: These issues will be noted and researched. It does appear that the legislative credits were not posted yet for August and September. As noted in the cash journal, there possibly is something that was not posted but has cleared. Better supporting documentation will be provided in the future.

Anticipated Completion Date: Unknown

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

2022-005. Corrective Action Planned: We are a rural county with small limited staff. It is hard to segregate duties but we will try to implement more to segregate duties.

Anticipated Completion Date: Unknown

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

SECTION 3: FEDERAL AWARD FINDINGS

2022-006. Corrective Action Planned: I have submitted a claim summary to correct this issue. I will do my best to keep all funds going to the proper places.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Larry Wilson, Chancery Clerk

Sincerely,



President, Perry County Board of Supervisors

ROBERT MYERS, District 1
KEVIN SHOWS, District 2

TIM WISE, District 3

RICHARD LOTT, District 4
CODY WALTERS, District 5

PERRY

COUNTY

OFFICE OF
BOARD OF SUPERVISORS
NEW AUGUSTA, MISSISSIPPI 39462

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

February 15, 2024

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

Gentlemen,

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

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

SECTION 2: FINANCIAL STATEMENT FINDINGS

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

NOT CORRECTED. Repeated as 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001, and 2022-001.

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

NOT CORRECTED. Repeated as 2015-002, 2016-003, 2017-003, 2018-005, 2019-004, 2020-003, 2021-002, and 2022-003.

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

NOT CORRECTED. Repeated as 2016-006, 2017-007, 2018-004, 2019-005, 2020-004, 2021-003, and 2022-005.

SECTION 3: FEDERAL AWARD FINDINGS

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

NOT CORRECTED. Repeated as 2019-002, 2020-005, 2021-004, and 2022-006.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Shous". The signature is fluid and cursive, with the first name "Kevin" and the last name "Shous" clearly distinguishable.

President, Perry County Board of Supervisors