

PEARL RIVER COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2023



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

May 1, 2025

Members of the Board of Supervisors
Pearl River County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2023 financial and compliance audit report for Pearl River County. This audit was performed pursuant to *Section 7-7-211(e), Mississippi Code Annotated (1972)*. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a faint, circular watermark or background.

Shad White

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

FINANCIAL SECTION

PEARL RIVER COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Pearl River County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi, (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Pearl River County, Mississippi, as of September 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 GAAS, 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

Management 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.

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 May 1, 2025 on our consideration of Pearl River County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pearl River County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pearl River County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 1, 2025

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

FINANCIAL STATEMENTS

PEARL RIVER COUNTY

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PEARL RIVER COUNTY
Statement of Net Position
September 30, 2023

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 30,923,898
Restricted assets - investments	3,003
Property tax receivable	19,801,500
Fines receivable (net of allowance for uncollectibles of \$4,372,697)	1,945,445
Lease receivable	18,556,670
Intergovernmental receivables	963,777
Other receivables	58,105
Capital assets:	
Land and construction in progress	6,724,564
Other capital assets, net	92,600,987
Total Assets	<u>171,577,949</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	9,634,108
Total Deferred Outflows of Resources	<u>9,634,108</u>
LIABILITIES	
Claims payable	1,214,218
Intergovernmental payables	904,870
Accrued interest payable	196,087
Unearned revenue	100,000
Other payables	148,411
Long-term liabilities	
Due within one year:	
Capital debt	2,758,187
Lease liabilities	39,268
Due in more than one year:	
Capital debt	20,862,886
Non-capital debt	2,524,627
Lease liabilities	100,457
Net pension liability	41,355,058
Total Liabilities	<u>70,204,069</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	16,771,903
Deferred revenues - property taxes	19,801,500
Total Deferred Inflows of Resources	<u>36,573,403</u>
NET POSITION	
Net investment in capital assets	75,564,753
Restricted for:	
Expendable:	
General government	4,469,610
Public safety	1,425,060
Public works	6,133,471
Health and welfare	4,224,792
Culture and recreation	20,809
Conservation of natural resources	119,858
Debt service	224,735
Unrestricted	(17,748,503)
Total Net Position	<u>\$ 74,434,585</u>

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

PEARL RIVER COUNTY
Statement of Activities
For the Year Ended September 30, 2023

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 11,077,583	1,941,650	525,522		(8,610,411)
Public safety	10,922,767	3,097,246	355,923		(7,469,598)
Public works	12,999,876		3,834,186	1,393,789	(7,771,901)
Health and welfare	539,594		33,732		(505,862)
Culture and recreation	611,949				(611,949)
Education	322,894				(322,894)
Conservation of natural resources	254,824				(254,824)
Economic development and assistance	418,469			1,600,000	1,181,531
Interest on long-term debt	612,661				(612,661)
Pension expense	6,471,785				(6,471,785)
Total Governmental Activities	\$ 44,232,402	5,038,896	4,749,363	2,993,789	(31,450,354)
General revenues:					
Property taxes					\$ 20,757,722
Road & bridge privilege taxes					820,252
Grants and contributions not restricted to specific programs					1,185,820
Unrestricted interest income					1,154,294
Miscellaneous					3,031,164
Total General Revenues					26,949,252
Changes in Net Position					(4,501,102)
Net Position - Beginning, as previously reported					78,626,054
Prior period adjustments					309,633
Net Position - Beginning, as restated					78,935,687
Net Position - Ending					\$ 74,434,585

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

PEARL RIVER COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2023

Exhibit 3

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Countywide Road Fund	PRC Bond Paving Fund	Hospital Support Fund			
ASSETS							
Cash	\$ 15,340,002	1,674,895	1,275,652	2,439,983	10,193,366		30,923,898
Restricted assets - investments			3,003				3,003
Property tax receivable	13,951,500	1,820,000			4,030,000		19,801,500
Fines receivable (net of allowance for uncollectibles of \$ 4,372,697)	1,945,445						1,945,445
Lease receivable				18,556,670			18,556,670
Intergovernmental receivables	729,006				234,771		963,777
Other receivables	58,105						58,105
Due from other funds		97,840		42	65,024		162,906
Total Assets	\$ 32,024,058	3,592,735	1,278,655	20,996,695	14,523,161		72,415,304
LIABILITIES							
Liabilities:							
Claims payable	\$ 309,297	275,210	445,008		184,703		1,214,218
Intergovernmental payables	870,159						870,159
Due to other funds	197,617						197,617
Unearned revenue	50,000				50,000		100,000
Other payables	148,411						148,411
Total Liabilities	1,575,484	275,210	445,008	0	234,703		2,530,405
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue - property taxes	13,951,500	1,820,000			4,030,000		19,801,500
Unavailable revenue - fines	1,945,445						1,945,445
Leases				16,771,903			16,771,903
Total Deferred Inflows of Resources	15,896,945	1,820,000	0	16,771,903	4,030,000		38,518,848
Fund balances:							
Restricted for:							
General government					4,469,610		4,469,610
Public safety					1,425,060		1,425,060
Public works		1,497,525	833,647		3,802,299		6,133,471
Health and welfare				4,224,792			4,224,792
Culture and recreation					20,809		20,809
Conservation of natural resources					119,858		119,858
Debt service					420,822		420,822
Unassigned	14,551,629						14,551,629
Total Fund Balances	14,551,629	1,497,525	833,647	4,224,792	10,258,458		31,366,051
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,024,058	3,592,735	1,278,655	20,996,695	14,523,161		72,415,304

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

PEARL RIVER COUNTY
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
 September 30, 2023

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 31,366,051
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 \$3,132,061 and accumulated amortization of \$40,900.	99,325,551
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,945,445
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(26,285,425)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(41,355,058)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(196,087)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	9,634,108
Total Net Position - Governmental Activities	<u>\$ 74,434,585</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2023

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Fund	PRC Bond Paving Fund	Hospital Support Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 14,671,297	1,857,196		515	4,228,714	20,757,722
Road and bridge privilege taxes		820,252				820,252
Licenses, commissions and other revenue	1,418,251				400,883	1,819,134
Fines and forfeitures	585,775				10,718	596,493
Intergovernmental revenues	3,505,476	2,881,569			2,541,927	8,928,972
Charges for services	1,953,684				539,002	2,492,686
Interest income	325,561	20,546	39,796	643,155	125,236	1,154,294
Miscellaneous revenues	1,439,503	52,239		591,950	947,472	3,031,164
Total Revenues	<u>23,899,547</u>	<u>5,631,802</u>	<u>39,796</u>	<u>1,235,620</u>	<u>8,793,952</u>	<u>39,600,717</u>
EXPENDITURES						
Current:						
General government	10,703,937				3,308,447	14,012,384
Public safety	9,295,848				1,948,254	11,244,102
Public works	526,729	4,896,149	4,918,289		3,747,753	14,088,920
Health and welfare	538,479			2,500		540,979
Culture and recreation	591,117				25,588	616,705
Education	313,299				9,595	322,894
Conservation of natural resources	155,543				93,187	248,730
Economic development and assistance	447,375					447,375
Debt service:						
Principal	363,619	404,300		253,000	1,988,702	3,009,621
Interest	29,200	25,803	351	33,894	539,824	629,072
Total Expenditures	<u>22,965,146</u>	<u>5,326,252</u>	<u>4,918,640</u>	<u>289,394</u>	<u>11,661,350</u>	<u>45,160,782</u>
Excess of Revenues over (under) Expenditures	<u>934,401</u>	<u>305,550</u>	<u>(4,878,844)</u>	<u>946,226</u>	<u>(2,867,398)</u>	<u>(5,560,065)</u>
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	619,651				541,389	1,161,040
Leases issued	13,730					13,730
Transfers in	66,514				4,998,528	5,065,042
Transfers out	(4,910,881)				(154,161)	(5,065,042)
Total Other Financing Sources and Uses	<u>(4,210,986)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,385,756</u>	<u>1,174,770</u>
Net Changes in Fund Balances	<u>(3,276,585)</u>	<u>305,550</u>	<u>(4,878,844)</u>	<u>946,226</u>	<u>2,518,358</u>	<u>(4,385,295)</u>
Fund Balances - Beginning	<u>17,828,214</u>	<u>1,191,975</u>	<u>5,712,491</u>	<u>3,278,566</u>	<u>7,740,100</u>	<u>35,751,346</u>
Fund Balances - Ending	\$ <u>14,551,629</u>	<u>1,497,525</u>	<u>833,647</u>	<u>4,224,792</u>	<u>10,258,458</u>	<u>31,366,051</u>

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

PEARL RIVER COUNTY
 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, 2023

Exhibit 4-1

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ (4,385,295)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$5,637,200 exceeded depreciation of \$3,132,061 and amortization of \$40,900 in the current period.	2,464,239
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.	130,583
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 \$3,009,621 exceeded debt proceeds of \$1,174,770.	1,834,851
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability.	(165,412)
The amount of decrease in accrued interest payable.	16,411
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	(6,471,785)
Recording of contributions made during the year	2,075,306
Change in Net Position of Governmental Activities	\$ (4,501,102)

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

PEARL RIVER COUNTY
Statement of Fiduciary Net Position
September 30, 2023

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 720,121
Receivables:	
Due from other funds	34,711
Other receivables	<u>68,520</u>
Total Assets	<u><u>823,352</u></u>
LIABILITIES	
Intergovernmental payables	<u>103,231</u>
Total Liabilities	<u><u>103,231</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>720,121</u>
Total Net Position	\$ <u><u>720,121</u></u>

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

PEARL RIVER COUNTY
 Statement of Changes in Fiduciary Net Position
 For the Year Ended September 30, 2023

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 253,306
Licenses and fees collected for State	602,365
Grants received for other governments	<u>615,673</u>
Total Additions	<u>1,471,344</u>
DEDUCTIONS	
Payments of tax to other governments	253,306
Payments of licenses and fees to State	651,373
Payments of grants to other governments	<u>453,739</u>
Total Deductions	<u>1,358,418</u>
Net increase (decrease) in fiduciary net position	112,926
Net Position - Beginning	<u>607,195</u>
Net Position - Ending	<u>\$ 720,121</u>

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

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or 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

PEARL RIVER COUNTY

Notes to Financial Statements For the Year Ended September 30, 2023

particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

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

PRC Bond Paving Fund – This fund accounts for the proceeds of a bond issue to be used to repair and construct road and bridges.

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

Additionally, the County reports the following fund types:

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Restricted Assets.

Assets required to be held and/or used as specified in bond indentures, bond resolutions, trust agreements, board resolutions and donor specifications have been reported as restricted assets. Certain resources and revenues associated with the County's revenue bonds, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "administrative expense" fund is used to provide for, to the extent of monies available, all expenses of the developer or the County (not otherwise paid or provided out of proceeds of the sale of certificates) incidental to the certificates and required to be paid by either of them in order to comply with the terms of the certificates or the

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

trust indenture. The “base rental” fund is used to accumulate base rental payments until transfer of funds to the interest account and the principal account in amounts of interest and principal then due. The “debt service reserve” account is used to report resources set aside to subsidize potential deficiencies from the County’s operation that could adversely affect debt service payments. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

I. Capital Assets.

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

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

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

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

J. Deferred Outflows/Inflows of Resources.

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

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

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

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

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

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

Deferred inflows related to leases/leases – Deferred inflows of resources measured at the initial value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods.

K. Leases.

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

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

L. Long-term Liabilities.

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

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

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

M. Pensions.

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

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

N. Compensated Absences.

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

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

Fund Balance Flow Assumption:

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

P. Property Tax Revenues:

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

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

R. Changes in Accounting Standards.

GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance, and consistency of information about SBITAs.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

(2) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital asset, net.	\$ 319,751
To correct beginning balances in right-to-use assets, net.	77,090
To correct beginning balances in lease liabilities.	<u>(87,208)</u>
Total prior period adjustment(s)	<u>\$ 309,633</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2023, was \$31,644,019, and the bank balance was \$32,680,472. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

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

Investments balances at September 30, 2023, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
Goldman Sachs Financial Square Governmental Money Market Fund	Less than one year	1	\$ <u>3,003</u>	AAA

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

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

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

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

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

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

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2023:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Fund	General Fund	\$ 97,840
Hospital Support Fund	General Fund	42
Other Governmental Funds	General Fund	65,024
Custodial Funds	General Fund	<u>34,711</u>
Total		<u>\$ 197,617</u>

The receivables represent the tax revenue collected in September, 2023, but not settled until October, 2023. All interfund balances are expected to be repaid within one year from the date of the financial statements.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 66,514
Other Governmental Funds	General Fund	4,910,881
Other Governmental Funds	Other Governmental Funds	<u>87,647</u>
Total		<u>\$ 5,065,042</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2023, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 502,938
Insurance fire rebate	205,560
Reimbursement for housing prisoners	153,443
Emergency management performance grant reimbursement	45,005
Victims of crime act reimbursement	28,889
Solid waste grant reimbursement	22,120
Various reimbursement grants	<u>5,822</u>
Total Governmental Activities	<u>\$ 963,777</u>

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2023:

Governmental activities:

	Balance Oct. 1, 2022	Additions	Adjustments*	Balance Sept. 30, 2023
<u>Non-depreciable capital assets:</u>				
Land	\$ 3,830,230			3,830,230
Construction in progress	653,747	3,695,321	(1,454,734)	2,894,334
Total non-depreciable capital assets	4,483,977	3,695,321	(1,454,734)	6,724,564
<u>Depreciable capital assets:</u>				
Infrastructure	153,802,418		1,385,083	155,187,501
Buildings	37,404,984		(540,000)	36,864,984
Improvements other than buildings	26,931		667,862	694,793
Mobile equipment	8,586,368	1,557,041	(217,016)	9,926,393
Furniture and equipment	5,641,951	371,108	(14,855)	5,998,204
Total depreciable capital assets	205,462,652	1,928,149	1,281,074	208,671,875
<u>Less accumulated depreciation for:</u>				
Infrastructure	94,253,253	1,107,692		95,360,945
Buildings	9,145,692	717,789	(399,600)	9,463,881
Improvements other than buildings	16,170	27,792		43,962
Mobile equipment	5,803,781	678,993	(91,901)	6,390,873
Furniture and equipment	4,321,926	599,795	(1,910)	4,919,811
Total accumulated depreciation	113,540,822	3,132,061	(493,411)	116,179,472
Total depreciable capital assets, net	91,921,830	(1,203,912)	1,774,485	92,492,403
Governmental activities capital assets, net	\$ 96,405,807	2,491,409	319,751	99,216,967
Lease assets, net (Note 7)				108,584
Total capital assets, net, as reported in the statement of net position				\$ 99,325,551

*The adjustments above are to correct prior year errors in the capital asset records. Other adjustments were made to reflect routine reclassifications of completed construction in progress to infrastructure and improvements other than buildings.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 655,205
Public safety	946,033
Public works	1,526,799
Culture and recreation	1,505
Conservation of natural resources	<u>2,519</u>
Total governmental activities depreciation expense	<u>\$ 3,132,061</u>

Commitments with respect to unfinished capital projects at September 30, 2023, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Renovations of old courthouse	\$ 160,985	July, 2024
MSU Extension building	2,020,116	June, 2024

As of September 30, 2023, the County had the following commitments:

On September 23, 2020, the Pearl River County Board of Supervisors entered into a tax pledge agreement with the City of Poplarville to finance the City's Tax Increment Limited Obligation Bonds in the amount of \$2,000,000. The bonds were issued for the construction of various infrastructure improvements in connection with the College Square retail center project located within the city and county. The County pledged an amount to not exceed \$595,000 of the principal and interest on the bonds. The amount paid was \$19,884 in the 2023 fiscal year. The County's payments are made with the revenues generated by tax increment financing.

(7) Intangible Right-to-Use Lease Assets.

A summary of lease asset activity during the year ended September 30, 2023 is as follows:

	<u>Balance Oct. 1, 2022</u>	<u>Additions</u>	<u>Adjustments*</u>	<u>Balance Sept. 30, 2023</u>
<u>Lease assets:</u>				
Land	\$		143,853	143,853
Buildings	36,025			36,025
Furniture and equipment	<u>73,077</u>	<u>13,730</u>		<u>86,807</u>
Total lease assets	<u>109,102</u>	<u>13,730</u>	<u>143,853</u>	<u>266,685</u>
<u>Less accumulated amortization for:</u>				
Lease assets:				
Land		4,843	66,763	71,606
Buildings	11,364	11,364		22,728
Furniture and equipment	<u>39,074</u>	<u>24,693</u>		<u>63,767</u>
Total accumulated amortization	<u>50,438</u>	<u>40,900</u>	<u>66,763</u>	<u>158,101</u>
Total lease assets, net	<u>\$ 58,664</u>	<u>(27,170)</u>	<u>77,090</u>	<u>108,584</u>

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

A summary of lease liabilities during the year ended September 30, 2023 is as follows:

	Balance 10/1/2022	Additions	Deductions	Adjustments*	Balance 9/30/2023	Amounts due within one year
Lease liabilities	\$ 78,276	13,730	39,489	87,208	139,725	39,268

*The above adjustments reflect leased assets and liabilities not previously reported in the prior year.

Leases

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

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

The County generally uses the historical federal prime borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The rate used to measure leases of 16th section real property was 4.00% in accordance with *Section 29-3-113, Mississippi Code of 1972 Annotated*.

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

As Lessee:

Lease Assets

	Balance 10/1/2022	Additions	Amortization	Adjustments*	Balance 9/30/2023
Intangible right to use land	\$		4,843	77,090	72,247
Intangible right to use buildings	24,661		11,364		13,297
Intangible right to use equipment	34,003	13,730	24,693		23,040
Total	\$ 58,664	13,730	40,900	77,090	108,584

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

Lease Liabilities

	Balance <u>10/1/2022</u>	<u>Additions</u>	Principal <u>Payments</u>	<u>Adjustments*</u>	Balance <u>9/30/2023</u>
Land	\$		4,578	87,208	82,630
Buildings	30,510		11,109		19,401
Copiers	41,701	13,730	22,003		33,428
Postage meter & mailing system	<u>6,065</u>		<u>1,799</u>		<u>4,266</u>
Total	<u>\$ 78,276</u>	<u>13,730</u>	<u>39,489</u>	<u>87,208</u>	<u>139,725</u>

*The above adjustments reflect leased assets and liabilities not previously reported in the prior year.

Pearl River County has entered into various leases of 16th Section land with the Picayune School District. Each lease has its own fixed lease payment and term. The term of each lease corresponds with the state law in accordance with the type of lease executed. The County uses a minimum interest rate of 4.00%, as required by the Mississippi statute for sixteenth section loans, to calculate the present value of the lease.

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

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

<u>Description</u>	<u>Discount Rate</u>	<u>Term</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Monthly Payment</u>	<u>Amount Outstanding</u>
16th Section lease	4.00%	40	05/08/90	05/08/29	\$ 246 \$	15,480
16th Section lease	4.00%	25	11/06/17	11/06/41	153	24,133
16th Section lease	4.00%	25	04/17/18	04/17/42	273	43,017
Building	3.50%	38	04/01/22	05/31/25	1,000	19,401
Copier lease	3.25%	48	06/01/21	05/30/25	317	6,169
Copier lease	3.25%	36	07/01/21	06/30/24	290	2,577
Copier lease	3.25%	36	11/01/21	10/31/24	290	3,705
Copier lease	3.25%	36	11/01/21	10/31/24	290	3,705
Copier lease	3.25%	36	08/01/21	07/31/24	179	1,765
Copier lease	3.25%	36	08/01/21	07/31/24	197	1,943
Copier lease	3.25%	36	07/01/21	06/30/24	197	1,751
Copier lease	4.33%	60	01/01/23	12/31/27	254	11,813
Postage meter & mailing system	3.25%	60	07/20/20	04/20/25	124	4,266
					<u>\$ 3,810 \$</u>	<u>139,725</u>

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

The following is a schedule by years of the total payments due as of September 30, 2023:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2024	\$ 39,268	4,748
2025	21,016	3,619
2026	7,968	3,144
2027	8,301	2,813
2028	6,326	2,502
2029 - 2033	18,832	9,687
2034 - 2038	19,455	6,107
2039 - 2043	18,559	1,894
Total	\$ <u>139,725</u>	<u>34,514</u>

As Lessor:

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

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

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

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

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

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

Year Ending September 30	Principal	Interest
2024	\$ 98,365	601,635
2025	101,610	598,390
2026	104,962	595,038
2027	108,424	591,576
2028	112,001	587,999
2029 - 2033	1,473,051	2,860,282
2034 - 2038	3,588,076	2,411,924
2039 - 2043	4,220,259	1,779,741
2044 - 2048	4,963,826	1,036,174
2049 - 2053	3,786,096	213,904
Total	\$ 18,556,670	11,276,663

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2023, to January 1, 2024. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

(9) Long-term Debt.

Debt outstanding as of September 30, 2023, consisted of the following:

Governmental Activities:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2021	\$ 11,021,000	3.25%	11/2040
General Obligation Bond 2021, Road Projects	<u>7,292,000</u>	1.48%	07/2031
Total General Obligation Bonds	<u>\$ 18,313,000</u>		
B. Limited Obligation Bonds:			
Hospital Improvements, Series 2021	<u>\$ 2,479,000</u>	0.75-1.76%	07/2032
C. Financed Purchases:			
(4) Dodge Durango	\$ 28,866	2.34%	05/2024
(1) Dodge Durango	6,062	2.34%	06/2024
(1) Next generation 911 dispatch center upgrade	214,993	2.34%	12/2025
(4) Ford F-150 trucks	45,696	2.34%	04/2025
(2) 2020 Dodge Durango police pursuit	28,567	2.41%	05/2025
(1) Excavator	3,104	3.81%	10/2023
(1) Kubota loader	11,771	3.94%	04/2024
(1) Next generation 911 dispatch center	346,127	2.34%	12/2025
(1) 2022 Kenworth dump truck	55,183	2.59%	07/2026
(4) 2018 Backhoe loaders	137,932	2.46%	04/2026
(1) 2020 Asphalt distributor truck	103,183	2.48%	07/2026
(1) Dodge Ram 1500 truck	16,106	2.33%	12/2025
(2) Dodge Ram 1500 trucks	32,015	2.33%	12/2025
(1) 2022 Kenworth dump truck	61,505	2.41%	10/2026
(2) 2022 Kenworth dump trucks	135,594	2.24%	02/2027
(3) 2022 Ford F-150 trucks	101,807	5.03%	03/2027
(1) IBM server and software	67,338	4.59%	04/2026
(2) 2022 Dodge Durango	69,419	4.49%	04/2027
(1) 2023 Ford Explorer police interceptor	41,325	5.23%	07/2027
(1) 2023 Ford Explorer police interceptor	42,131	5.33%	08/2027
(1) 2024 Kenworth K370 truck	268,348	5.35%	10/2028
(1) 2023 Asphalt paver	259,104	4.58%	02/2028
(4) 2022 Ford F-150 trucks	166,315	4.92%	05/2028
(1) 2007 Brush truck	<u>75,010</u>	6.30%	08/2028
Total Financed Purchases	<u>\$ 2,317,501</u>		

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

D. Other Loans:

Short Term Notes Series 2019	\$	400,000	3.13%	04/2024
Promissory Note		<u>111,572</u>	5.25%	10/2029
Total Other Loans	\$	<u><u>511,572</u></u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 1,324,000	458,662	259,000	32,072
2025	1,351,000	430,715	260,000	30,000
2026	1,380,000	402,089	266,000	27,712
2027	1,409,000	372,750	271,000	25,158
2028	1,440,000	342,682	277,000	21,906
2029 - 2033	5,713,000	1,249,913	1,146,000	47,777
2034 - 2038	3,385,000	657,784		
2039 - 2043	<u>2,311,000</u>	<u>114,252</u>		
Total	\$ <u>18,313,000</u>	<u>4,028,847</u>	<u>2,479,000</u>	<u>184,625</u>

Year Ending September 30	Financed Purchases		Other Loans	
	Principal	Interest	Principal	Interest
2024	\$ 761,051	71,947	414,136	18,617
2025	721,677	49,109	14,874	5,379
2026	460,996	27,988	15,680	4,573
2027	239,819	13,800	16,515	3,738
2028	128,872	4,109	17,394	2,859
2029 - 2033	5,086	23	18,314	1,939
2034 - 2038			<u>14,659</u>	<u>4,303</u>
Total	\$ <u>2,317,501</u>	<u>166,976</u>	<u>511,572</u>	<u>41,408</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2023, the amount of outstanding debt was equal to 3.95 percent (3.95%) of the latest property assessments.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2023:

	Balance Oct. 1, 2022	Additions	Reductions	Adjustments	Balance Sept. 30, 2023	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 2,359,215	165,412			2,524,627	
General obligation bonds	19,609,000		1,296,000		18,313,000	1,324,000
Limited obligation bonds	2,732,000		253,000		2,479,000	259,000
Financed purchases	2,140,768	1,161,040	984,307		2,317,501	761,051
Obligations under leases	78,276	13,730	39,489	87,208	139,725	39,268
Other loans	948,397		436,825		511,572	414,136
Total	\$ 27,867,656	1,340,182	3,009,621	87,208	26,285,425	2,797,455

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

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2023, 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, 2023 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, 2023, 2022 and 2021 were \$2,075,306, \$1,909,470 and \$1,764,984, 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, 2023, the County reported a liability of \$41,355,058 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023 net pension liability was 0.164425 percent, which was based on a measurement date of June 30, 2023. This was an increase of 0.0086 percent from its proportionate share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the County recognized pension expense of \$6,471,785. At September 30, 2023 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	\$ 1,021,039
Net difference between projected and actual earnings on pension plan investments	1,647,052
Changes of assumptions	4,810,977
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,675,980
County contributions subsequent to the measurement date	<u>479,060</u>
Total	<u>\$ 9,634,108</u>

\$479,060 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

Year ending September 30		Amount
2024	\$	3,526,367
2025		2,413,330
2026		3,203,056
2027		12,295
Total	\$	9,155,048

Actuarial Assumptions. The total pension liability as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. 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	7.00 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 period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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	27.00 %	4.75
International Equity	22.00	4.75
Global Equity	12.00	4.95
Fixed Income	20.00	1.75
Real Estate	10.00	3.25
Private Equity	8.00	6.00
Cash Equivalents	1.00	0.25
Total	100.00 %	

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

Discount Rate. The discount rate used to measure the total pension liability was 7.00 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 percent) and that employer contributions will be phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 percent for FYE 2025, 21.40 percent for FYE 2026, and 22.40 percent for FYE 2027). 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 53,328,396	41,355,058	31,529,604

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) Effect of Deferred Amounts on Net Position.

The governmental activities’ unrestricted net position amount of (\$17,748,503) 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 \$479,060 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, 2024. The \$9,155,048 balance of the deferred outflows of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next four years.

The governmental activities’ unrestricted net position amount of (\$17,748,503) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$16,771,903 balance of deferred inflows of resources related to leases at September 30, 2023, will be recognized as revenue and will increase the unrestricted net position over the next twenty nine years.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

(13) Joint Ventures.

The County participates in the following joint ventures:

Pearl River County is a participant with the Cities of Picayune and Poplarville in a joint venture, authorized by *Section 39-3-8, Mississippi Code of 1972 Annotated*, to operate the Pearl River County Library System. The library system was created to provide free library service to all the people in the County. The library system is governed by a board of trustees consisting of ten members. Pearl River County appoints five members, Picayune appoints four and Poplarville appoints one. The library system is funded by each governmental entity on a previously agreed to proportional basis. The County's appropriation to the joint venture was \$300,000 in fiscal year 2023. Complete financial statements for the Pearl River County Library System can be obtained from the Margaret Reed Crosby Memorial Library located at 900 Goodyear Blvd., Picayune, MS 39466.

Pearl River County is a participant with the City of Poplarville in a joint venture, authorized by *Section 61-3-5, Mississippi Code of 1972 Annotated*, to operate the Poplarville/Pearl River County Airport. The joint venture was created to provide airport service to the area. The airport is governed by a five-member board of commissioners appointed as follows: Pearl River County, two; Poplarville, two; and jointly, one. The County provided no support during fiscal year 2023. Complete financial statements can be obtained from Highway 53 South, Poplarville, MS 39470.

(14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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

Region XII Commission for Mental Health and Mental Retardation operates in a district composed of the counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Wayne, Amite, Franklin, Lawrence, Pike, Walthall, Hancock, Harrison, and Stone. The governing body is a eighteen-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties. The County appropriated \$232,000 for support in fiscal year 2023.

Pearl River Valley Opportunity, Inc., operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Pearl River County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each county provides a modest amount of financial support when matching funds are required for federal grants. The County appropriated \$39,167 for support of the agency in fiscal year 2023.

Southeast Mississippi Air Ambulance District provides air ambulance service to the Counties of Covington, Forrest, Greene, Jefferson Davis, Lamar, Marion, Pearl River, Perry and Walthall. The Pearl River County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$150,000 for support of the district in fiscal year 2023.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Pearl River County Board of Supervisors appoints two of the 16 members of the college board of trustees. The County provided \$1,909,430 for maintenance and support of the college in fiscal year 2023.

PEARL RIVER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2023

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Pearl River County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$33,000 for support of the district in fiscal year 2023.

(15) Tax Abatements.

As of September 30, 2023, Pearl River County provides tax exempt status to three manufacturing facilities subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school, the mandatory mill, and the community college tax levies. These exemptions are authorized under *Section 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County to create jobs. The amount of taxes abated during fiscal year 2023 totaled \$192,470.

(16) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Pearl River County evaluated the activity of the County through May 1, 2025, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2023, 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>
10/19/2023	5.35%	336,900	purchase	Ad valorem taxes
01/18/2024	4.88%	336,900	purchase	Ad valorem taxes
03/05/2024	5.08%	41,895	purchase	Ad valorem taxes
07/09/2024	5.75%	46,637	purchase	Ad valorem taxes
07/23/2024	5.00%	327,180	purchase	Ad valorem taxes
10/15/2024	4.55%	363,069	purchase	Ad valorem taxes
02/19/2025	5.75%	69,510	purchase	Ad valorem taxes
03/03/2025	5.75%	50,010	purchase	Ad valorem taxes

PEARL RIVER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PEARL RIVER COUNTY

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PEARL RIVER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2023
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 13,736,000	14,683,963	14,683,963	
Licenses, commissions and other revenue	1,069,000	1,416,332	1,416,332	
Fines and forfeitures	517,000	493,849	493,849	
Intergovernmental revenues	1,769,000	3,416,887	3,416,887	
Charges for services	1,540,000	2,323,080	2,323,080	
Interest income	85,500	320,032	320,032	
Miscellaneous revenues	1,505,000	1,664,501	1,664,501	
Total Revenues	<u>20,221,500</u>	<u>24,318,644</u>	<u>24,318,644</u>	<u>0</u>
EXPENDITURES				
General government	9,445,860	10,679,599	10,679,599	
Public safety	8,307,200	9,023,650	9,023,650	
Public works	218,000	259,667	259,667	
Health and welfare	589,000	538,690	538,690	
Culture and recreation	555,000	598,009	598,009	
Education	207,500	314,498	314,498	
Conservation of natural resources	160,000	160,277	160,277	
Economic development and assistance	428,000	447,310	447,310	
Debt service:				
Principal		382,375	382,375	
Interest		18,002	18,002	
Total Expenditures	<u>19,910,560</u>	<u>22,422,077</u>	<u>22,422,077</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>310,940</u>	<u>1,896,567</u>	<u>1,896,567</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,600,000	66,514	66,514	
Transfers out	<u>(5,650,000)</u>	<u>(4,931,982)</u>	<u>(4,931,982)</u>	
Total Other Financing Sources and Uses	<u>(4,050,000)</u>	<u>(4,865,468)</u>	<u>(4,865,468)</u>	<u>0</u>
Net Change in Fund Balance	<u>(3,739,060)</u>	<u>(2,968,901)</u>	<u>(2,968,901)</u>	<u>0</u>
Fund Balances - Beginning	<u>15,241,300</u>	<u>17,305,159</u>	<u>17,305,159</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 11,502,240</u>	<u>14,336,258</u>	<u>14,336,258</u>	<u>0</u>

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

PEARL RIVER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Fund
 For the Year Ended September 30, 2023
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,762,000	1,858,205	1,858,205	
Road and bridge privilege taxes	850,000	960,403	960,403	
Intergovernmental revenues	1,610,000	2,609,235	2,609,235	
Charges for services	25,000	135,579	135,579	
Interest income	5,000	20,609	20,609	
Miscellaneous revenues	70,000	52,240	52,240	
Total Revenues	<u>4,322,000</u>	<u>5,636,271</u>	<u>5,636,271</u>	<u>0</u>
EXPENDITURES				
Public works	4,404,500	5,047,294	5,047,294	
Debt service:				
Principal		400,000	400,000	
Interest		25,000	25,000	
Total Expenditures	<u>4,404,500</u>	<u>5,472,294</u>	<u>5,472,294</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(82,500)</u>	<u>163,977</u>	<u>163,977</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		51,430	51,430	
Total Other Financing Sources and Uses	<u>0</u>	<u>51,430</u>	<u>51,430</u>	<u>0</u>
Net Change in Fund Balance	(82,500)	215,407	215,407	0
Fund Balances - Beginning	<u>1,500,000</u>	<u>1,459,488</u>	<u>1,459,488</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,417,500</u>	<u>1,674,895</u>	<u>1,674,895</u>	<u>0</u>

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

PEARL RIVER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Hospital Support Fund
 For the Year Ended September 30, 2023
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$	563	563	
Interest income	1,000	38,450	38,450	
Miscellaneous revenues	700,000	700,000	700,000	
Total Revenues	<u>701,000</u>	<u>739,013</u>	<u>739,013</u>	<u>0</u>
EXPENDITURES				
Health and welfare	587,000	2,500	2,500	
Debt service:				
Principal		253,000	253,000	
Interest		33,894	33,894	
Total Expenditures	<u>587,000</u>	<u>289,394</u>	<u>289,394</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>114,000</u>	<u>449,619</u>	<u>449,619</u>	<u>0</u>
Net Change in Fund Balance	114,000	449,619	449,619	0
Fund Balances - Beginning	<u>1,900,000</u>	<u>1,990,364</u>	<u>1,990,364</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,014,000</u>	<u>2,439,983</u>	<u>2,439,983</u>	<u>0</u>

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

PEARL RIVER COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2023
UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.164425%	0.155825%	0.150957%	0.148786%	0.140438%	0.139151%	0.134910%	0.132159%	0.137055%
County's proportionate share of the net pension liability (asset) \$	41,355,058	32,074,455	22,312,104	28,803,241	24,699,131	23,144,945	22,426,621	23,606,896	21,186,000
Covered payroll \$	12,188,456	10,727,485	10,037,078	9,907,313	9,146,355	8,935,100	8,759,534	8,757,515	8,605,542
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	339.30%	298.99%	222.30%	290.73%	270.04%	259.03%	256.03%	269.56%	246.19%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

PEARL RIVER COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2023
UNAUDITED

	<u>2023</u>	<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	\$ 2,075,306	1,909,470	1,764,984	1,737,453	1,507,276	1,407,280	1,379,627	1,379,309	1,355,373
Contributions in relation to the contractually required contribution	<u>2,075,306</u>	<u>1,909,470</u>	<u>1,764,984</u>	<u>1,737,453</u>	<u>1,507,276</u>	<u>1,407,280</u>	<u>1,379,627</u>	<u>1,379,309</u>	<u>1,355,373</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 11,927,038	10,973,964	10,143,586	9,985,347	9,298,433	8,935,100	8,759,534	8,757,515	8,605,542
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	16.21%	15.75%	15.75%	15.75%	15.75%

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

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

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2023

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Countywide Road Fund	Hospital Support Fund
Budget (Cash Basis)	\$ (2,968,901)	215,407	449,619
Increase (Decrease)			
Net adjustments for revenue accruals	214,284	(55,899)	496,607
Net adjustments for expenditure accruals	(521,968)	146,042	
GAAP Basis	\$ (3,276,585)	305,550	946,226

PEARL RIVER COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2023

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%.

PEARL RIVER COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2023

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%.

2023

The investment rate of return assumption was changed from 7.55% to 7.00%.

The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.

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

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

PEARL RIVER COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2023

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.

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, 2021 valuation for the June 30, 2023 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	26.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

PEARL RIVER COUNTY

OTHER INFORMATION

PEARL RIVER COUNTY

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PEARL RIVER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2023
UNAUDITED

Name	Position	Company	Bond
Donald Hart	Supervisor District 1	RLI Insurance Company	\$100,000
Malcolm Perry	Supervisor District 2	Western Surety Company	\$100,000
Hudson Holliday	Supervisor District 3	Western Surety Company	\$100,000
Jason Spence	Supervisor District 4	RLI Insurance Company	\$100,000
Sandy Kane Smith	Supervisor District 5	RLI Insurance Company	\$100,000
Adrain Lumpkin	County Administrator	Western Surety Company	\$100,000
Melinda Smith Bowman	Chancery Clerk	RLI Insurance Company	\$100,000
Lisa Napier	Purchase Clerk	Western Surety Company	\$100,000
Lindsey Pender	Assistant Purchase Clerk	Western Surety Company	\$75,000
Pam Bowers	Receiving Clerk	RLI Insurance Company	\$75,000
Anissa Davis - Jones	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
George Dudley Russ	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Josh Beckham	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Chris Johnson	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Shannon Beckham	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Jerry Bounds	Inventory Control Clerk	Western Surety Company	\$75,000
Charles J. Schielder	Road Manager	RLI Insurance Company	\$100,000
Danny Slade	Constable	RLI Insurance Company	\$50,000
Jason C. Hunt	Constable	RLI Insurance Company	\$50,000
Ray Bennett	Constable	RLI Insurance Company	\$50,000
Nance F. Stokes	Circuit Clerk	RLI Insurance Company	\$100,000
Donna Dubose	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Allison G. Finch	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Zeneta L. John	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Violine Jordan	Deputy Circuit Clerk	Western Surety Company	\$50,000
Sandra Cutrer	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Elena D. Shaw	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Elizabeth A. Smith	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
David Rimkus	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Christian Saucier	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
David Allison	Sheriff	RLI Insurance Company	\$100,000
Donald D. Fail	Justice Court Judge	RLI Insurance Company	\$50,000
John Mark Mitchell	Justice Court Judge	RLI Insurance Company	\$50,000
Benjamin Breland	Justice Court Judge	Western Surety Company	\$10,000
Brittany Smith Twiner	Justice Court Clerk	RLI Insurance Company	\$50,000
Anna Allen	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Tanya R. Herndon	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Erin Peterson	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Floy Strain	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Kristin Fleming	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Gary Beech	Tax Assessor-Collector	Western Surety Company	\$100,000
JoLynn Houston	Deputy Tax Assessor	Western Surety Company	\$10,000
Geri Grubbs	Deputy Tax Assessor	Western Surety Company	\$10,000
Latisha R. Johnson	Deputy Tax Assessor	Western Surety Company	\$10,000
Wesley A. Mitchell	Deputy Tax Assessor	Western Surety Company	\$10,000
Becky Macdonald	Deputy Tax Assessor	Western Surety Company	\$10,000
Ruby L. Ladner	Deputy Tax Assessor	Western Surety Company	\$10,000
Penny M. Fleming	Deputy Tax Assessor	Western Surety Company	\$10,000
John Corley	Deputy Tax Assessor	RLI Insurance Company	\$10,000
Dawson Brown	Deputy Tax Assessor	Western Surety Company	\$10,000
JoLynn Houston	Deputy Tax Collector	Western Surety Company	\$50,000
Michael Templeton	Deputy Tax Collector	Western Surety Company	\$50,000
Lynn Martin	Deputy Tax Collector	Western Surety Company	\$50,000
Sylvia D. Miller	Deputy Tax Collector	Western Surety Company	\$50,000
Brooke M. Spiers	Deputy Tax Collector	Western Surety Company	\$50,000
Holly R. Talley	Deputy Tax Collector	Western Surety Company	\$50,000
Kassandra Alls	Deputy Tax Collector	RLI Insurance Company	\$50,000
Bridget Howse	Deputy Tax Collector	RLI Insurance Company	\$50,000
Erynn R. Hoda	Deputy Tax Collector	Western Surety Company	\$50,000
Kelli M. Herrin	Deputy Tax Collector	Western Surety Company	\$50,000
Sarah Lee	Deputy Tax Collector	RLI Insurance Company	\$50,000
Sharon Odom	Deputy Tax Collector	RLI Insurance Company	\$50,000
Ciara Hwang	Deputy Tax Collector	Western Surety Company	\$50,000

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

SPECIAL REPORTS

PEARL RIVER COUNTY

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

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

Members of the Board of Supervisors
Pearl River County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County, Mississippi (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 1, 2025. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, 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 Responses as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to the management of Pearl River County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated May 1, 2025, included within this document.

Pearl River County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Pearl River County, Mississippi's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. Pearl River County, Mississippi's responses were not subjected to the other 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

May 1, 2025



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

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

Members of the Board of Supervisors
Pearl River County, Mississippi

We have examined Pearl River County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2023. The Board of Supervisors of Pearl River County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Purchase Clerk.

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

Repeat Finding Yes

Criteria *Section 31-7-107, Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish

County assets from one another, thereby safeguarding County assets from loss or misappropriation. The information is also very important in the financial reporting process.

- Condition** As reported in the prior two years' audit reports, during our review of capital assets, the following deficiencies were noted in the capital asset records:
- a. Three assets were added with an incorrect purchase date.
 - b. Four assets were added with an incorrect cost.
 - c. One asset purchased during the year was not added to inventory.
 - d. Two assets were removed from the inventory listing in error.
- Cause** The Inventory Control Clerk lacked the necessary internal control procedures required to ensure that all items are recorded, properly valued, and properly classified in the County's capital asset records.
- Effect** The failure to properly maintain the inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.
- Recommendation** The Inventory Control Clerk should implement appropriate control procedures to ensure that all assets are recorded, properly valued and properly classified in the County's capital asset records. The information in the County's capital asset records should be reconciled by all department heads through an annual inventory to ensure records are accurate and complete.

Views of Responsible Official(s)

The County Administrator has met with the Inventory Control Clerk and advised him how to run reports to check additions. The County Administrator and Inventory Control Clerk will meet quarterly going forward to review all additions and deletions for accuracy.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Pearl River County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2023.

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section
May 1, 2025

PEARL RIVER COUNTY
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2023

Schedule 1

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

PEARL RIVER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2023

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
7/3/2023	Water mitigation	\$ 40,312	Service Master	To keep records from being destroyed from building flooding.

PEARL RIVER COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2023

Schedule 3

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
2/9/2023	Software	\$	23,353	ESRI

PEARL RIVER COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Pearl River County, Mississippi

In planning and performing our audit of the financial statements of Pearl River County, Mississippi for the year ended September 30, 2023, we considered Pearl River County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Pearl River County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 1, 2025, on the financial statements of Pearl River County, Mississippi.

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

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

Board of Supervisors and Payroll Clerk.

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

Repeat Finding Yes

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

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

Cause The County did not comply with state laws.

Effect Failure to pay retirees within the allowable amounts resulted in the violation of state laws.

Recommendation The County should strengthen controls to ensure retirees are not paid more than allowable amounts, as required by law.

Views of Responsible Official(s) The two employees suspended their retirement in January 2023.

2. Justice Court Judges should be properly bonded.

Repeat Finding Yes

Criteria *Section 9-11-7, Mississippi Code of 1972 Annotated*, requires Justice Court Judges to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.

Condition As noted in the prior three years' audit reports, we noted that one Justice Court Judge did not have a surety bond in the amount required by law for this position. The surety bond was for \$10,000 instead of the required \$50,000.

Cause The County did not comply with state laws.

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

Recommendation The Justice Court Judge should be bonded in an amount required by state law.

Views of Responsible Official(s) This bond was corrected when the Judge was re-elected for Justice Court Judge for the term 2024 thru 2027.

Board of Supervisors and Tax Assessor-Collector

3. Tax exemptions should not exempt taxes levied for schools or the 1 mill mandatory levy.

Repeat Finding Yes

Criteria *Section 27-31-109, Mississippi Code of 1972 Annotated*, requires the board of supervisors, at its next board meeting, after receipt of certification from the State Tax Commission, to declare exemptions of property taxes. *Section 27-31-101, Mississippi Code of 1972 Annotated*, authorizes the Board of Supervisors, at their discretion, to grant exemptions from ad valorem taxation, on tangible property used in, or necessary to, the operation of manufacturers and other new enterprises enumerated by classes in this section. Furthermore, *Section 27-31-105, Mississippi Code of 1972 Annotated*, authorizes the Board of Supervisors to also grant exemption from ad valorem taxation to the owner or operator of a manufacturing or other enterprise of public utility who makes additions to or expansions of the enterprise. However, in the cases of both exemptions, the Board of Supervisors may not grant exemption from taxes for school purposes or the 1 mill levy required by *Section 27-39-329(2)(c), Mississippi Code of 1972 Annotated*.

Condition As reported in the prior two years' audit reports, the County has approved tax abatements which exempt the mandatory one mill levy and the levies for community college support and maintenance.

Cause The Board of Supervisors and Tax Assessor-Collector did not comply with state laws.

Effect Failure to assess the community college and the mandatory 1 mill ad valorem tax levies on industrial exempt properties resulted in a shortage of taxes collected in the amount of \$12,261 for the community college levies and \$2,570 for the mandatory 1 mill levy.

Recommendation The Board of Supervisors and the Tax Assessor-Collector should ensure that the appropriate ad valorem taxes are levied on industrial exempt properties in accordance with state law.

Views of Responsible Official(s) The correct tax district has now been applied.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 1, 2025

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PEARL RIVER COUNTY

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PEARL RIVER COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2023

Section 1: Summary of Auditor's Results

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| Countywide Road Fund | Unmodified |
| PRC Bond Paving Fund | Unmodified |
| Hospital Support Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2023-001. The Inventory Control Clerk should maintain an accurate inventory control system.

Repeat Finding Yes

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

Condition As reported in the prior two years' audit reports, during our review of the County's inventory control system, the following deficiencies were noted in the capital asset records:

- a. Three assets were added with an incorrect purchase date.
- b. Four assets were added with an incorrect cost.
- c. One asset purchased during the year was not added to the inventory.
- d. Two assets were removed from the inventory listing in error.

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

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

PEARL RIVER COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2023

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

Views of Responsible Official(s) The County Administrator has met with the Inventory Control Clerk and advised him how to run reports to check additions. The County Administrator and Inventory Control Clerk will meet quarterly going forward to review all additions and deletions for accuracy.

Significant Deficiency

2023-002. The Board of Supervisors should have adequate controls over beginning cash balances.

Repeat Finding Yes

Criteria An effective system of internal controls should include ensuring the prior year's ending cash balances are used to record the beginning cash for the new fiscal year.

Condition As reported in the prior year's audit report, the beginning cash balance for cash did not agree to the prior year's ending balance in the General Fund and the Northeast Volunteer Fire Department Fund.

Cause The County lacks the necessary internal controls to ensure the accurate recording of beginning cash balances.

Effect Failure to accurately record beginning balances could result in a misappropriation of public funds.

Recommendation The Board of Supervisors should improve internal controls over beginning cash balances.

Views of Responsible Official(s) Accounts Payable clerk has been instructed not to void prior year checks in the Delta system. To forward all checks to the County Administrator to be voided by a journal entry.