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PONTOTOC COUNTY, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS AND
SPECIAL REPORTS**

For the Year Ended September 30, 2023

*M. M. WINKLER & ASSOCIATES, PLLC
Certified Public Accountants
Tupelo, Mississippi*

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PONTOTOC COUNTY, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Pontotoc County, Mississippi

Report on the Audit of the Financial Statements

Adverse, Qualified, and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Pontotoc 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, Qualified, 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 Pontotoc 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.

Qualified Opinion on Governmental Activities, Business-Type Activities and the Solid Waste Fund

In our opinion, except for the effects of the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and the Solid Waste Fund of Pontotoc 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 principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund, County-Wide Road Maintenance Fund, American Rescue Act Fund, County-Wide Road Bond Fund, and the aggregate remaining fund information of Pontotoc County, Mississippi, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse, Qualified, 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, qualified, and unmodified opinions.

INDEPENDENT AUDITOR'S REPORT

- Continued -

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units and Qualified Opinion on the Governmental Activities, Business-Type Activities and Solid Waste Fund

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.

As discussed in Note 11 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, the business-type activities and the Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities, the business-type activities, and the Solid Waste Fund. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities, the business-type activities, and the Solid Waste Fund has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT

- Continued -

- 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 Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Pontotoc County, Mississippi, has omitted the Schedule of Changes in County's Total OPEB Liability and Related Ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT

- Continued -

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 December 19, 2025, on our consideration of Pontotoc 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 Pontotoc 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 Pontotoc County, Mississippi's internal control over financial reporting and compliance.

M. M. Winkler & Associates, PLLC

December 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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PONTOTOC COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

INTRODUCTION

The discussion and analysis of Pontotoc County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2023. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Pontotoc County is located in northeast Mississippi on Highways 6 and 15. The population, according to the 2020 census, is 31,184. The local economic base is driven mainly by furniture manufacturing and farming.

FINANCIAL HIGHLIGHTS

Pontotoc County is financially stable and has a relative low tax levy. The County has been committed to financial excellence for many years, using sound financial planning, careful budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Pontotoc County continues to grow annually both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government tax rate has increased an average of less than 1% per year over the last 10 years, including school tax increases.

Total net position decreased from \$52,605,136 in FY 2022 to \$52,520,264, which represents a decrease of 0.16%. The county's cash balance decreased from \$38,989,917 in FY 2022 to \$28,387,080, which represents an decrease of 27.19%.

The county had \$22,378,965 in total revenues. Property tax revenues account for \$11,129,416 or 49.73% of total revenues. Program specific revenues in the form of charges for services and grants accounted for \$5,353,880 or 23.92% of total revenues.

The county had \$22,463,837 in total expenses which represents a increase of \$2,060,471 or 10.10% from the prior fiscal year. Expenses in the amount of \$5,353,880 were offset by program specific revenues in the form of charges for services and grants. With general revenues in the amount of \$17,025,085 a net decrease in net position occurred of \$84,872.

Among major funds, the General Fund had \$10,444,016 in revenues and \$10,028,535 in expenditures. The General Fund balance decreased \$754,910 over the prior year.

Among major funds, the County Wide Road Maintenance Fund had \$2,750,384 in revenues and \$328,909 in expenditures. The County Wide Road Maintenance Fund balance increased \$36,975 from the prior year.

Among major funds, the American Rescue Act Fund had \$1,119,761 in revenues and \$972,103 in expenditures. The American Rescue Act Fund balance increased \$147,658 over the prior year.

FINANCIAL HIGHLIGHTS - Continued

Among major funds, the County Wide Road Bond Fund had \$315,600 in revenues and \$10,064,184 in expenditures. The County Wide Road Bond Fund balance decreased \$9,948,484 over the prior year.

The Solid Waste Fund had \$1,557,746 in operating revenues and \$1,775,672 in operating expenses. The Solid Waste Fund net position decreased \$196,618 over the prior year.

Net investment in capital assets, increased by \$11,868,545. This increase is mainly due to construction projects and capital asset purchases.

Total long-term debt decreased by \$2,392,727.

Net pension liability increased \$3,940,352.

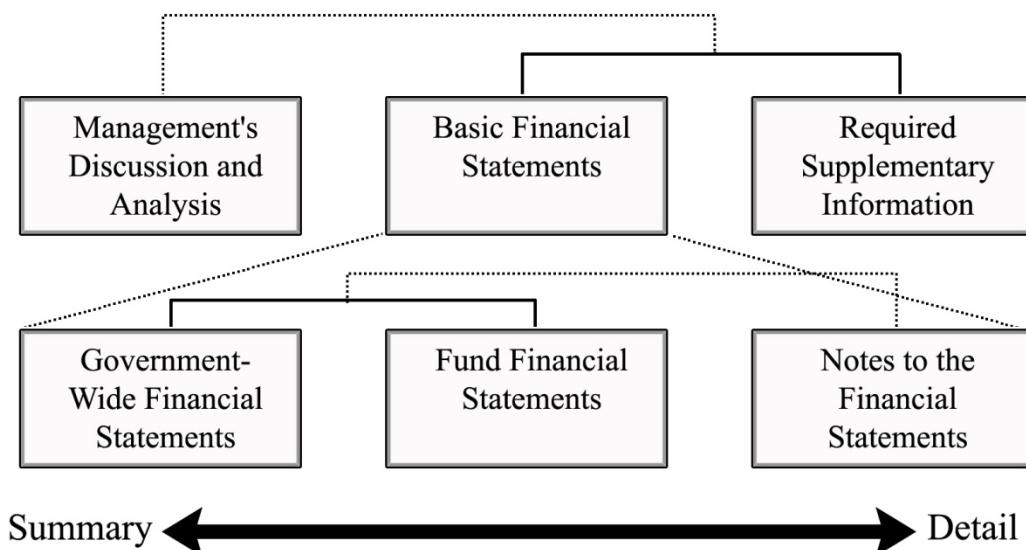
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 1 – Required Components of the County's Annual Report



OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Figure 2 – Major Features of the County’s Government-Wide and Fund Financial Statements

	Government -Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows, both short and long term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net position** presents information on all County assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; interest on long-term debt; and pension expense. The business-type activity of the County is the Solid Waste Fund.

The Government-wide Financial Statements can be found on pages 23 and 24 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 26 and 28, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual* issued by the Mississippi Office of the State Auditor. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 25 and 27 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

Proprietary funds are maintained as enterprise funds. These enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The County uses an enterprise fund to account for the Solid Waste Fund.

Fund financial statements for the proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The Solid Waste Fund is considered to be a major fund of the County. The proprietary fund financial statements can be found on pages 29 through 31 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary assets and liabilities are presented in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, which can be found on page 32 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 33 through 59 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund. Also, with the County implementation of GASB 68 and 71 the Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of County's Contributions have been provided. This required supplementary information can be found on pages 63 through 71 of this report.

Additionally, a schedule of expenditures of federal awards is required by Uniform Guidance and can be found on pages 75-76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of government's financial position. In the case of Pontotoc County, assets and deferred outflows exceeded liabilities and deferred inflows by \$52,520,264 as of September 30, 2023.

By far, the largest portion of the County's net position, 84.85%, reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property and improvements other than buildings) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following table presents a summary of the County's net position at September 30, 2023 and 2022.

	Governmental		Business-type		Percent	
	Activities		Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets	\$ 41,798,764	53,400,426	1,053,909	924,084	42,852,673	54,324,510
Capital assets, net	\$ 63,849,167	53,073,156	429,152	572,978	64,278,319	53,646,134
Total assets	\$ 105,647,931	106,473,582	1,483,061	1,497,062	107,130,992	107,970,644
Deferred Outflows	\$ 3,852,917	2,077,138	406,905	202,486	4,259,822	2,279,624
Liabilities:						
Current liabilities	\$ 7,555,659	8,909,444	191,439	188,598	7,747,098	9,098,042
Long-term debt	22,316,780	24,712,608	26,196	23,095	22,342,976	24,735,703
Net pension liability	\$ 16,977,141	13,430,824	1,886,349	1,492,314	18,863,490	14,923,138
Total liabilities	\$ 46,849,580	47,052,876	2,103,984	1,704,007	48,953,564	48,756,883
Deferred inflows	\$ 9,894,600	8,852,922	22,386	35,327	9,916,986	8,888,249
Net position:						
Net Inv. in capital asset	\$ 44,134,686	32,122,315	429,152	572,978	44,563,838	32,695,293
Restricted	18,372,195	27,873,893	-	-	18,372,195	27,873,893
Unrestricted	\$ (9,750,213)	(7,351,286)	(665,556)	(612,764)	(10,415,769)	(7,964,050)
Total net position	\$ 52,756,668	52,644,922	(236,404)	(39,786)	52,520,264	52,605,136

Additional information on unrestricted net position:

In connection with the implementation of standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position	\$ (10,415,769)
Less unrestricted deficit in net position resulting from recognition	
of GASB 68 and 71	15,018,033
Unrestricted net position, exclusive of the net pension liability effect	\$ 4,602,264

Note: The business-type activities consist of the collection and disposal of household garbage financed by a monthly fee of \$10.00 per household. This business-type activity also furnishes various size dumpsters, varying collection schedules, and disposal of garbage at varying rates. This business-type activity generated \$1,557,746, in charges for services for the proprietary fund for the year ended September 30, 2023.

The following are significant current year transactions that have had an impact on the Statement of Net Position:

- The County work on industrial park, replacing bridges, roads and started a light improvement airport project for \$13,013,503, acquired vehicles, equipment and other improvements for \$1,349,057 during fiscal year 2023. Current year depreciation expense was \$3,583,672.
- The County issued \$152,198 in equipment notes, and made \$2,532,764 in debt payments including lease obligations.
- The Ad Valorem Tax Fee-In-Lieu receivable decreased by \$670,435 due to receipt of payment and adjustment to estimated present value.
- The County's net pension liability increased \$3,940,352 along with related deferred outflows increase of \$2,044,470 and deferred inflows decrease of \$129,402 and recognition of pension expense of \$2,735,234.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Changes in Net Positions – Pontotoc County's total revenues for the fiscal year ended September 30, 2023 were \$22,378,965. The total cost for all services provided was \$22,463,837. The decrease in net position was \$84,872. the following table presents a summary of the changes in net position for each of the fiscal year ended September 30, 2023 and 2022.

	Governmental Activities		Business-type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program revenues							
Charges for services	\$ 1,813,538	2,050,395	1,557,746	1,585,245	3,371,284	3,635,640	-7.27%
Operating grants and contributions	1,555,068	2,790,180	-	-	1,555,068	2,790,180	-44.27%
Capital grants and contributions	427,528	3,328,773	-	-	427,528	3,328,773	-87.16%
General revenues							
Property taxes	11,129,416	10,781,611	-	-	11,129,416	10,781,611	3.23%
Road & Bridge privilege taxes	417,745	416,620	-	-	417,745	416,620	0.27%
Ad Valorem tax fee in-lieu	710,216	247,248	-	-	710,216	247,248	187.25%
Other Grants and contributions	3,283,691	1,655,994	-	-	3,283,691	1,655,994	98.29%
Other	1,462,709	504,034	21,308	6,073	1,484,017	510,107	190.92%
Total Revenues	\$ 20,799,911	21,774,855	1,579,054	1,591,318	22,378,965	23,366,173	-4.22%
Expenses:							
General government	4,794,557	4,332,828	-	-	4,794,557	4,332,828	10.66%
Public safety	5,200,989	4,456,218	-	-	5,200,989	4,456,218	16.71%
Public works	6,290,070	6,411,363	-	-	6,290,070	6,411,363	-1.89%
Health and welfare	294,843	282,674	-	-	294,843	282,674	4.30%
Culture and recreation	565,661	578,270	-	-	565,661	578,270	-2.18%
Conservation of natural resources	130,488	227,008	-	-	130,488	227,008	-42.52%
Economic development	84,548	245,406	-	-	84,548	245,406	-65.55%
Interest on long-term debt	865,325	748,344	-	-	865,325	748,344	15.63%
Pension Expense	2,461,684	1,361,033	-	-	2,461,684	1,361,033	80.87%
Solid waste collection & disposal	-	-	1,775,672	1,760,222	1,775,672	1,760,222	0.88%
Total Expenses	\$ 20,688,165	18,643,144	1,775,672	1,760,222	22,463,837	20,403,366	10.10%
Increase (Decrease) in Net Position	\$ 111,746	3,131,711	(196,618)	(168,904)	(84,872)	2,962,807	-102.86%

Governmental Activities – The following table presents the cost of ten major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, Interest on Long-term Debt, Pension Expense and Solid Waste Collection and Disposal.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Pontotoc County's taxpayers by each of these activities.

	Total Costs of Services	Net (Expense) Revenue		Percent Change
		2023	2022	
General government	\$ 4,794,557	4,332,828	(3,696,304)	(2,223,610) -66.23%
Public safety	5,200,989	4,456,218	(4,058,075)	(3,172,098) -27.93%
Public works	6,290,070	6,411,363	(4,942,539)	(3,624,038) -36.38%
Health & welfare	294,843	282,674	(260,481)	(228,878) -13.81%
Culture and recreation	565,661	578,270	(565,661)	(502,791) -12.50%
Conservation of natural resources	130,488	227,008	(130,488)	(227,008) 42.52%
Economic development	84,548	245,406	88,526	1,614,004 -94.52%
Interest on long-term debt	865,325	748,344	(865,325)	(748,344) -15.63%
Pension Expense	2,461,684	1,361,033	(2,461,684)	(1,361,033) -80.87%
Solid Waste	1,775,672	1,760,222	(217,926)	(174,977) -24.55%

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, Pontotoc County's governmental funds reported a combined fund balance of \$20,908,597, a decrease of \$10,235,080.

The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$754,910.

Business-type funds – Operating revenue from the County's Garbage Collection Fund decreased by 1.73% to \$1,557,746 and expenses increased by 2.30% to \$1,775,672.

BUDGETARY HIGHLIGHTS

Over the course of the year, Pontotoc County revised its annual operating budget on one occasion. Significant budget amendments are explained as follows:

- Final budget to actual as required by state law.

BUDGETARY HIGHLIGHTS - Continued

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund, County Wide Road Maintenance Fund, and American Rescue Act Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2023, Pontotoc County's total capital assets were \$134,491,658. This includes land, construction in progress, infrastructure, buildings, mobile equipment, furniture and equipment, leased property, and improvements other than buildings. This amount represents an increase from the previous year of \$14,356,307.

Total accumulated depreciation as of September 30, 2023 was \$70,213,339, including \$3,727,498 depreciation expense for the year. The balance in total net capital assets was \$64,278,319 at year-end.

Additional information on Pontotoc County's capital assets can be found in note 6 on pages 45 - 47 of this report.

Debt Administration – At September 30, 2023, Pontotoc County had \$22,342,976 in long-term debt outstanding. This is a decrease over prior year of \$2,392,727, that is due to debt issues totaling \$152,198 in equipment notes, \$3,101 increase in compensated absences business-type activities, and \$2,532,764 in debt payments and \$15,262 decrease in compensated absences governmental activities. Of this debt, \$2,258,315 is due within one year including leases payable.

Additional information on Pontotoc County's long-term debt can be found in note 9 and 10 on pages 48 through 52 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

Pontotoc County has continued to execute and plan major capital projects throughout the County to promote further economic development. The County has completed two major water tower projects, placing water towers at a site near Ashley Furniture Industries and Fusion Furniture as well as one near Behold Washington on the County's Magee Drive Industrial Park Development site. These towers will greatly contribute to stabilizing insurance rates for the largest employers in the County in an effort to solidify long-term employment opportunities and viability in the County and Northeast Mississippi region. Furthermore, the County entered into and completed a project to construct a pad and upgrade sewage and water lines present on the Magee Drive Industrial Park Development site to ensure its availability for future industrial development opportunities.

Recently, Pontotoc County has used \$18,110,000.00 in bond proceeds to repair and overlay asphalt over fifty (50) miles of county roadways. These roadways were identified and selected by Supervisors and County Engineers using criteria that evaluated the level of traffic and degradation on the roadway. To date, the current countywide road bond project is the largest directed investment in the county road system and has resulted in the highest number of mileage in history being overlaid in the County's road system. This investment directly corresponds to the County's long-term goal of improving traffic flow to large-scale employers and improving the viability of access to all parts of the County for potential economic development in the future.

Pontotoc County has also significantly developed the infrastructure within the county government itself to better support a growing county population and tax base. This initiative began with the purchase of the former Family Dollar Building on Highway 15 South which was renovated to house Pontotoc County Justice Court. Further, the County is nearing completion of an interior and exterior Courthouse renovation project while also renovating the former Pontotoc County Justice Court Facility to now be the state's only standalone Youth Court Building. The County has also constructed the state's only standalone Veteran's Service Office and has begun construction on a Multipurpose Building and is finalizing efforts to renovate the W.A. Grist Chancery Annex Building. Most recently, the County has obligated funds for the construction of a new public assistance complex along Ridge Drive. This public assistance complex will consist of new constructions to house the County Health Department, DHS and CPS departments in consideration of residents within the county and in surrounding counties maintaining easier access to higher quality facilities offering those state services. These capital improvement projects are a reflection of efforts by the County to anticipate continued growth and needs of the community in Pontotoc County in coming years as well as those of Northeast Mississippi residents and beyond who wish to conduct business or introduce industry inside the boundaries of Pontotoc County.

CURRENT AND FUTURE ITEMS OF IMPACT – Continued

We have experienced resurgence, as many of our manufacturing buildings have either been purchased outright or leased and have created many new jobs. Pontotoc County historically grants ten-year tax exemptions to new industries and expansions to encourage industrial development and growth. The county also has a policy for granting Freeport Warehouse tax exemptions to encourage manufacturers to choose Pontotoc County as a major distribution point. All industrial growth provides new jobs and an increase in the assessed value of the county and despite any kind of tax exemptions granted to industries none are exempt from paying school tax.

There are currently several ten-year tax exemptions in place for different manufacturers and each year some of these mature and they begin paying tax, which brings in more revenue for the county.

According to the 2023 Unemployment Rates released by the MS Department of Employment Security, Pontotoc County's average unemployment rate for 2023 was 3.1%, which is equal to the state average rate of 3.1% and the national average rate of 3.6%.

Pontotoc County continues to pledge \$100,000 per year for ten years to a Community College Tuition Assistance Program in an effort to see that any child graduating from high school in Pontotoc County can attend Itawamba Community College for further education. Pontotoc County has met commitment.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Ricky Ferguson, Pontotoc County Chancery Clerk office at P. O. Box 209, Pontotoc, Mississippi.

FINANCIAL STATEMENTS

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Pontotoc County, Mississippi
Statement of Net Position
September 30, 2023

Exhibit 1

	Primary Government		
	Governmental Activities		Business-type Activities
			Total
ASSETS			
Cash	\$ 27,637,573	\$ 749,507	\$ 28,387,080
Property tax receivable	9,573,362	-	9,573,362
Accounts receivable, (net of allowance for uncollectibles of \$1,003,254)	-	179,931	179,931
Fines receivable, (net of allowance for uncollectibles of \$2,216,557)	445,213	-	445,213
Intergovernmental receivables	898,159	4,000	902,159
Other receivables	61,898	120,471	182,369
Notes receivable	937,969	-	937,969
Ad valorem tax fee in-lieu receivable, net	2,244,590	-	2,244,590
Capital assets:			
Land	15,676,773	-	15,676,773
Other capital assets, net	48,172,394	429,152	48,601,546
Total Assets	<u>\$ 105,647,931</u>	<u>\$ 1,483,061</u>	<u>\$ 107,130,992</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 3,662,419	\$ 406,905	\$ 4,069,324
Deferred amount on refunding	190,498	-	190,498
Total Deferred Outflows of Resources	<u>\$ 3,852,917</u>	<u>\$ 406,905</u>	<u>\$ 4,259,822</u>
LIABILITIES			
Claims payable	\$ 2,195,892	\$ 76,119	\$ 2,272,011
Intergovernmental payables	426,212	-	426,212
Accrued interest payable	64,828	-	64,828
Unearned revenue	4,739,267	115,320	4,854,587
Amounts held in custody for others	129,460	-	129,460
Long-term liabilities			
Net pension liability	16,977,141	1,886,349	18,863,490
Due within one year:			
Leases payable	22,644	-	22,644
Capital debt	1,329,826	-	1,329,826
Non-capital debt	905,845	-	905,845
Due in more than one year:			
Leases payable	25,330	-	25,330
Capital debt	18,336,493	-	18,336,493
Non-capital debt	1,696,642	26,196	1,722,838
Total Liabilities	<u>\$ 46,849,580</u>	<u>\$ 2,103,984</u>	<u>\$ 48,953,564</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 201,481	\$ 22,386	\$ 223,867
Deferred revenues - property taxes	9,573,362	-	9,573,362
Deferred revenues - note receivable interest	94,212	-	94,212
Deferred inflows amount on refunding	25,545	-	25,545
Total Deferred Inflows of Resources	<u>\$ 9,894,600</u>	<u>\$ 22,386</u>	<u>\$ 9,916,986</u>
NET POSITION			
Net investment in capital assets	\$ 44,134,686	\$ 429,152	\$ 44,563,838
Restricted for:			
Expendable:			
General government	171,003	-	171,003
Public safety	1,963,485	-	1,963,485
Public works	14,752,457	-	14,752,457
Culture and recreation	27,730	-	27,730
Conservation of natural resources	4	-	4
Economic development and assistance	66,450	-	66,450
Debt service	1,083,901	-	1,083,901
Capital Projects	307,165	-	307,165
Unrestricted	<u>(9,750,213)</u>	<u>(665,556)</u>	<u>(10,415,769)</u>
Total Net Position	<u>\$ 52,756,668</u>	<u>\$ (236,404)</u>	<u>\$ 52,520,264</u>

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

Pontotoc County, Mississippi
Statement of Activities
For the Year Ended September 30, 2023

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total					
					Governmental Activities	Business-type Activities						
Primary government:												
Governmental activities:												
General government	\$ 4,794,557	\$ 996,298	\$ 101,955	\$ -	\$ (3,696,304)		\$ (3,696,304)					
Public safety	5,200,989	810,475	332,439	-	(4,058,075)		(4,058,075)					
Public works	6,290,070	6,765	1,086,312	254,454	(4,942,539)		(4,942,539)					
Health and welfare	294,843	-	34,362	-	(260,481)		(260,481)					
Culture and recreation	565,661	-	-	-	(565,661)		(565,661)					
Conservation of natural resources	130,488	-	-	-	(130,488)		(130,488)					
Economic development and assistance	84,548	-	-	173,074	88,526		88,526					
Interest on long-term debt	865,325	-	-	-	(865,325)		(865,325)					
Pension expense	2,461,684	-	-	-	(2,461,684)		(2,461,684)					
Total Governmental Activities	\$ 20,688,165	\$ 1,813,538	\$ 1,555,068	\$ 427,528	\$ (16,892,031)		\$ (16,892,031)					
Business-type activities:												
Solid waste	\$ 1,775,672	\$ 1,557,746	\$ -	\$ -	\$ -		\$ (217,926)					
Total Business-type Activities	\$ 1,775,672	\$ 1,557,746	\$ -	\$ -	\$ -		\$ (217,926)					
Total Primary Government	\$ 22,463,837	\$ 3,371,284	\$ 1,555,068	\$ 427,528	\$ (16,892,031)	\$ (217,926)	\$ (17,109,957)					
 General revenues:												
Taxes:												
Property taxes				\$ 11,129,416	\$ -	\$ -	\$ 11,129,416					
Road & bridge privilege taxes				417,745	-		417,745					
Ad Valorem tax fee-in-lieu revenue				710,216	-		710,216					
Grants and contributions not restricted to specific programs				3,283,691	-		3,283,691					
Unrestricted investment income				981,128	20,373		1,001,501					
Miscellaneous				481,581	935		482,516					
Total General Revenues				\$ 17,003,777	\$ 21,308	\$ -	\$ 17,025,085					
 Changes in Net Position												
Net Position - Beginning				\$ 111,746	\$ (196,618)	\$ -	\$ (84,872)					
Net Position - Ending				\$ 52,756,668	\$ (236,404)	\$ -	\$ 52,520,264					

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

Pontotoc County, Mississippi
Balance Sheet - Governmental Funds
September 30, 2023

Exhibit 3

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	County Wide Road Maintenance Fund	American Rescue Act Fund	County Wide Road Bond Fund			
ASSETS							
Cash	\$ 3,292,663	\$ 841,127	\$ 4,910,270	\$ 8,512,883	\$ 10,080,630	\$ 27,637,573	
Property tax receivable	\$ 6,246,021	\$ 2,195,856	-	-	\$ 1,131,485	\$ 9,573,362	
Fines receivable (net of allowance for uncollectibles of \$ 2,216,557)	445,213	-	-	-	-	445,213	
Notes receivable	-	-	-	-	937,969	937,969	
Intergovernmental receivables	669,092	59,491	-	-	169,577	898,160	
Other receivables	11,439	-	-	-	50,459	61,898	
Due from other funds	29,500	38,311	-	-	68,399	136,210	
Advances to other funds	1,326	-	-	-	1,563	2,889	
Total Assets	\$ 10,695,254	\$ 3,134,785	\$ 4,910,270	\$ 8,512,883	\$ 12,440,082	\$ 39,693,274	
LIABILITIES							
Liabilities:							
Claims payable	\$ 411,972	\$ 17,066	\$ -	\$ 891,404	\$ 875,450	\$ 2,195,892	
Intergovernmental payables	426,212	-	-	-	-	426,212	
Due to other funds	106,710	-	-	-	29,500	136,210	
Advances from other funds	-	1,563	-	-	1,326	2,889	
Unearned revenue - grants	-	-	4,739,267	-	-	4,739,267	
Amounts held in custody for others	129,460	-	-	-	-	129,460	
Total Liabilities	\$ 1,074,354	\$ 18,629	\$ 4,739,267	\$ 891,404	\$ 906,276	\$ 7,629,930	
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue - property taxes	\$ 6,246,021	\$ 2,195,856	\$ -	\$ -	\$ 1,131,485	\$ 9,573,362	
Unavailable revenue - notes receivable	-	-	-	-	937,969	937,969	
Unavailable revenue - fines	445,213	-	-	-	-	445,213	
Unavailable revenue - Intergovernmental receivable	198,203	-	-	-	-	198,203	
Total Deferred Inflows of Resources	\$ 6,889,437	\$ 2,195,856	\$ -	\$ -	\$ 2,069,454	\$ 11,154,747	
FUND BALANCES:							
Nonspendable:							
Advances	\$ 1,326	\$ -	\$ -	\$ -	\$ 1,563	\$ 2,889	
Restricted for:							
General government	-	-	171,003	-	-	171,003	
Public safety	-	-	-	-	1,963,485	1,963,485	
Public works	-	920,300	-	7,621,479	6,259,941	14,801,720	
Culture and recreation	-	-	-	-	27,729	27,729	
Conservation of natural resources	-	-	-	-	4	4	
Economic development and assistance	-	-	-	-	86,190	86,190	
Debt service	-	-	-	-	1,097,903	1,097,903	
Capital projects	-	-	-	-	307,165	307,165	
Unassigned	2,730,137	-	-	-	(279,628)	2,450,509	
Total Fund Balances	\$ 2,731,463	\$ 920,300	\$ 171,003	\$ 7,621,479	\$ 9,464,352	\$ 20,908,597	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,695,254	\$ 3,134,785	\$ 4,910,270	\$ 8,512,883	\$ 12,440,082	\$ 39,693,274	

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

Pontotoc County, Mississippi
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 (Exhibit 3)	\$ 20,908,597
Amounts reported for governmental services in the statement of net position (Exhibit 1) 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 \$ 69,051,301.	63,849,167
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Fine receivables, net	445,213
Accrued receivables that are not available to pay for current expenditures and therefore are not recorded in the funds.	
Ad valorem tax fee in-lieu receivable, net	2,244,590
T.V.A in-lieu receivable	198,203
Notes receivable are not available to pay for current period expenditures and, therefore are deferred in the funds.	843,756
Long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.	(22,316,780)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(16,977,141)
Accrued interest payable is not due and payable in the current period and, therefore, is not recorded in the funds.	(64,828)
Deferred outflows and inflows of resources related to refunding are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to refunding	190,498
Deferred inflows of resources related to refunding	(25,545)
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	3,662,419
Deferred inflows of resources related to pensions	(201,481)
Total net position - governmental activities (Exhibit 1)	<u>\$ 52,756,668</u>

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

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

Exhibit 4

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	County Wide Road Maintenance Fund	American Rescue Act Fund	County Wide Road Bond Fund			
REVENUES							
Property taxes	\$ 7,203,414	\$ 2,027,377	\$ -	\$ -	\$ 1,898,625	\$ 11,129,416	
Road and bridge privilege taxes	-	-	-	-	417,744	417,744	
Licenses, commissions and other revenue	503,683	-	-	-	30,490	534,173	
Fines and forfeitures	544,358	-	-	-	27,823	572,181	
Intergovernmental revenues	1,294,877	707,045	972,103	-	2,241,874	5,215,899	
Charges for services	238,879	-	-	-	480,048	718,927	
In lieu tax - Toyota	131,785	-	-	-	1,248,866	1,380,651	
Interest income	156,653	15,962	147,658	315,600	345,255	981,128	
Miscellaneous revenues	370,367	-	-	-	111,214	481,581	
Total Revenues	<u>\$ 10,444,016</u>	<u>\$ 2,750,384</u>	<u>\$ 1,119,761</u>	<u>\$ 315,600</u>	<u>\$ 6,801,939</u>	<u>\$ 21,431,700</u>	
EXPENDITURES							
Current:							
General government	\$ 4,754,403	\$ -	\$ 972,103	\$ -	\$ 101,132	\$ 5,827,638	
Public safety	4,519,420	-	-	-	1,738,942	6,258,362	
Public works	9,076	328,909	-	9,779,255	3,862,842	13,980,082	
Health and welfare	286,752	-	-	-	-	286,752	
Culture and recreation	246,231	-	-	-	341,215	587,446	
Conservation of natural resources	130,488	-	-	-	-	130,488	
Economic development and assistance	-	-	-	-	1,953,540	1,953,540	
Debt service:							
Principal	72,419	-	-	-	2,460,345	2,532,764	
Interest	9,746	-	-	284,929	522,467	817,142	
Total Expenditures	<u>\$ 10,028,535</u>	<u>\$ 328,909</u>	<u>\$ 972,103</u>	<u>\$ 10,064,184</u>	<u>\$ 10,980,483</u>	<u>\$ 32,374,214</u>	
Excess of Revenues over (under) Expenditures	<u>\$ 415,481</u>	<u>\$ 2,421,475</u>	<u>\$ 147,658</u>	<u>\$ (9,748,584)</u>	<u>\$ (4,178,544)</u>	<u>\$ (10,942,514)</u>	
OTHER FINANCING SOURCES (USES)							
Long-term capital debt issued	\$ -	\$ -	\$ -	\$ -	\$ 152,198	\$ 152,198	
Transfers in	-	115,500	-	-	5,871,064	5,986,564	
Transfers out	(1,170,391)	(2,500,000)	-	(199,900)	(2,116,273)	(5,986,564)	
Notes principal payments	-	-	-	-	555,236	555,236	
Total Other Financing Sources and Uses	<u>\$ (1,170,391)</u>	<u>\$ (2,384,500)</u>	<u>\$ -</u>	<u>\$ (199,900)</u>	<u>\$ 4,462,225</u>	<u>\$ 707,434</u>	
Net Changes in Fund Balances	<u>\$ (754,910)</u>	<u>\$ 36,975</u>	<u>\$ 147,658</u>	<u>\$ (9,948,484)</u>	<u>\$ 283,681</u>	<u>\$ (10,235,080)</u>	
Fund Balances - Beginning	<u>\$ 3,486,373</u>	<u>\$ 883,325</u>	<u>\$ 23,345</u>	<u>\$ 17,569,963</u>	<u>\$ 9,180,671</u>	<u>\$ 31,143,677</u>	
Fund Balances - Ending	<u><u>\$ 2,731,463</u></u>	<u><u>\$ 920,300</u></u>	<u><u>\$ 171,003</u></u>	<u><u>\$ 7,621,479</u></u>	<u><u>\$ 9,464,352</u></u>	<u><u>\$ 20,908,597</u></u>	

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

Pontotoc County, Mississippi
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

Net changes in fund balances - total governmental funds (Exhibit 4)	\$ (10,235,080)
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 \$14,362,560 exceeded depreciation of \$3,583,672 in the current period.	10,778,888
In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$2,877.	(2,877)
Fines revenue recognized on the modified accrual basis in the funds during the current year is increased because recognition is required on the Statement of Activities using the full-accrual basis of accounting.	(11,741)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Ad Valorem tax fee-in-lieu	(670,435)
T.V.A. in lieu of tax	50,387
In the Statement of Activities, only interest income from payments received on notes receivable are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the notes receivable.	(555,236)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$152,198 were exceeded by debt repayments of \$2,510,893 and lease principal payments of \$21,871.	2,380,566
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 the following items:	
The amount of decrease in accrued interest	6,770
The amount of decrease in compensated absences	15,262
Amortization of deferred outflow on bond refunding	(64,272)
Amortization of deferred inflow on bond refunding	9,319
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	(2,461,684)
Recording of contributions made before the measurement date	653,890
Recording of contributions made subsequent to the measurement date	217,989
Change in net position of governmental activities (Exhibit 2)	<u>\$ 111,746</u>

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

Pontotoc County, Mississippi
Statement of Net Position - Proprietary Fund
September 30, 2023

Exhibit 5

	Business - Type Activities
	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
	<u>Fund</u>
ASSETS	
Current assets:	
Cash	\$ 749,507
Intergovernmental receivables	4,000
Accounts receivable, (net of allowance for uncollectibles of \$1,003,254)	179,931
Other receivables	<u>120,471</u>
Total Current Assets	<u>\$ 1,053,909</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	\$ 429,152
Total Noncurrent Assets	<u>\$ 429,152</u>
Total Assets	<u>\$ 1,483,061</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>\$ 406,905</u>
Total Deferred Outflows of Resources	<u>\$ 406,905</u>
LIABILITIES	
Current liabilities:	
Claims payable	\$ 76,119
Unearned revenue	<u>115,320</u>
Total Current Liabilities	<u>\$ 191,439</u>
Noncurrent liabilities:	
Net Pension Liability	\$ 1,886,349
Non-capital related debt:	
Compensated absences payable	<u>26,196</u>
Total Noncurrent Liabilities	<u>1,912,545</u>
Total Liabilities	<u>\$ 2,103,984</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>\$ 22,386</u>
Total Deferred Inflows of Resources	<u>\$ 22,386</u>
NET POSITION	
Net investment in capital assets	\$ 429,152
Unrestricted	<u>(665,556)</u>
Total Net Position	<u>\$ (236,404)</u>

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

Pontotoc County, Mississippi
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2023

Exhibit 6

	<u>Business-type Activities</u> <u>Enterprise Fund</u>
	<u>Solid Waste</u> <u>Fund</u>
Operating Revenues	
Charges for services	\$ <u>1,557,746</u>
Total Operating Revenues	<u>\$ 1,557,746</u>
Operating Expenses	
Personal services	\$ 795,472
Contractual services	270,785
Materials and supplies	268,039
Depreciation expense	143,826
Indirect administrative cost	24,000
Pension expense	<u>273,550</u>
Total Operating Expenses	<u>\$ 1,775,672</u>
Operating Income (Loss)	<u>\$ (217,926)</u>
Nonoperating Revenues (Expenses)	
Interest income	\$ 20,373
Other income (expense)	<u>935</u>
Net Nonoperating Revenue (Expenses)	<u>\$ 21,308</u>
Change in Net Position	<u>\$ (196,618)</u>
Net Position - Beginning	<u>\$ (39,786)</u>
Net Position - Ending	<u><u>\$ (236,404)</u></u>

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

Pontotoc County, Mississippi
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2023

Exhibit 7

	<u>Business-type Activities</u> <u>Enterprise Funds</u>
	<u>Solid Waste</u> <u>Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,561,357
Payments to suppliers	(538,785)
Payments to/for employees	<u>(913,246)</u>
Net Cash Provided (Used) by Operating Activities	\$ 109,326
Cash Flows From Noncapital Financing Activities	
Other receipts	\$ 935
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 935
Cash Flows From Investing Activities	
Interest and dividends on investments	\$ 20,373
Net Cash Provided (Used) by Investing Activities	\$ 20,373
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 130,634
Cash and Cash Equivalents at Beginning of Year	<u>618,873</u>
Cash and Cash Equivalents at End of Year	\$ 749,507
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (217,926)
Adjustments to reconcile operating income to net cash	
provided (used) by operating activities:	
Depreciation expense	\$ 143,826
Provision for uncollectible accounts	(29,536)
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivable	(90)
(Increase) decrease in accounts receivable	33,953
(Increase) decrease in other receivables	(3,518)
(Increase) decrease in deferred outflows - pensions	(204,419)
Increase (decrease) in claims payable	39
Increase (decrease) in compensated absences liability	3,101
Increase (decrease) in unearned revenue	2,802
Increase (decrease) in net pension liability	394,035
Increase (decrease) in deferred inflows - pensions	(12,941)
Total Adjustments	\$ 327,252
Net Cash Provided (Used) by Operating Activities	\$ 109,326

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

Pontotoc County, Mississippi
Statement of Fiduciary Net Position
September 30, 2023

Exhibit 8

	Custodial Funds
Assets	
Cash	\$ 3,598,976
Receivables:	
Other receivables	1,553
Total Assets	<u><u>\$ 3,600,529</u></u>

	Custodial Funds
Liabilities	
Intergovernmental payables	\$ 3,600,529
Total Liabilities	<u><u>\$ 3,600,529</u></u>

Net Position

Restricted for:	
Individuals, organizations and other governments	\$ -
Total net position	<u><u>\$ -</u></u>

Pontotoc County, Mississippi
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2023

Exhibit 9

Additions	
Contributions:	
Assessments of fines for other governments	\$ 735,761
Tax collections for other governments	1,684,870
Total Additions	<u><u>\$ 2,420,631</u></u>

Deductions	
Payments of assessments of fines to other governments	\$ 735,761
Payments of tax collections to other governments	1,684,870
Total Deductions	<u><u>\$ 2,420,631</u></u>

Net increase (decrease) in fiduciary net position	\$ -
Net Position - Beginning	\$ -
Net Position - Ending	<u><u>\$ -</u></u>

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

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Pontotoc 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 Pontotoc 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 unit which has a significant operational or financial relationship with the county. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Hurricane Volunteer Fire Department

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 and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

B. Basis of Presentation – Continued.

The Statement of Net Position presents the financial condition of the governmental activities and business-type 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 and business-type 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or 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/net position, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Fund 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.

The revenues and expenses of the Proprietary Fund are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

C. Measurement Focus and Basis of Accounting – Continued.

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.

County Wide Road Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

American Rescue Act Fund – This fund is used to account for specific grant monies.

County Wide Road Bond Fund – This fund is a capital project fund used to account for bond money issued for county road improvements.

The county reports the following major Proprietary Fund:

Solid Waste Fund – This fund is used to account for the county's activities of disposal of solid waste within the county.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures 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 debt principal, interest and related costs.

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 acquisition or construction of capital facilities and other capital assets.

PROPRIETARY FUND TYPE

Enterprise Fund - This fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

C. Measurement Focus and Basis of Accounting – Continued.

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. Use of Estimates.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

F. Deposits and Investments.

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

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

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts and at net present value, where applicable.

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

H. Interfund Transactions and Balances - continued.

However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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 applicable governmental or business-type 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.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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 and Proprietary Fund. 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	\$ -	N/A
Infrastructure	\$ -	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.

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

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

J. Deferred Outflows/Inflows of Resources

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 16 for additional details.

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

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 16 for additional details.

Deferred revenue - notes receivable interest – This amount represents the County's interest income on future payments and should be reported as a deferred inflow of resources until such time as the revenue becomes available.

Unavailable revenue – notes receivable – These amounts represent notes receivables, including interest, that are not available to pay for current period expenditures and therefore are deferred in the funds.

Unavailable revenue – intergovernmental receivables – This amount represents receivables that are not available to pay for current expenditures and is therefore deferred in the funds.

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

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

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 3.48% 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 and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund Statement of Net Position.

M. Pensions.

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

N. Other Postemployment Benefits.

Plan Description

The Pontotoc County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Pontotoc County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

O. 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 and Proprietary Funds 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.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

P. 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, constructions or improvements 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 or regulation 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.

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, 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.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(1) Summary of Significant Accounting Policies – Continued.

P. Equity Classifications - continued

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.

Q. Property Tax Revenues.

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

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

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

R. 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.

S. Changes in Accounting Standards.

GASB 96, *Subscription-Based Technology Arrangements*, was implemented during the fiscal year 2023. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purpose of this 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, relatability, relevance, and consistency of information about SBITAs. The adoption of this standard had no effect on the County's financial statements.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2023, was \$31,986,056, and the bank balance was \$32,294,742. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(3) Inter-fund Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2023:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	1 Other Governmental Funds	\$ 29,500
County Wide Rd. Maintenance Fund	1 General Fund	38,311
Other Governmental Funds	1 General Fund	68,399
Total		\$ <u>136,210</u>

1. These receivables represent the tax revenue collected but not settled until October 2022.

All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	1 Other Governmental Funds	\$ 1,326
Other Governmental Funds	1 County Wide Road Maintenance Fd	1,563
Total		\$ <u>2,889</u>

1. These advances represent money due for expenditures paid for another fund.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(3) Inter-fund Transactions and Balances – Continued

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
County Wide Road Maintenance Fund	Other Governmental Funds	\$ 115,500
Other Governmental Funds	General Fund	1,170,391
Other Governmental Funds	County Wide Rd. Maintenance Fund	2,500,000
Other Governmental Funds	County Wide Road Bond Fund	199,900
Other Governmental Funds	Other Governmental Funds	2,000,773
Total		<u><u>\$ 5,986,564</u></u>

The principal purpose of interfund transfers was to provide for daily operations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

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

Governmental Activities:

Description	Amount
Legislative Tax Credit	\$ 255,952
T.V.A. Grant	198,202
Mississippi Department of Insurance	149,085
Mississippi Department of Corrections	66,663
Mississippi Emergency Management	50,570
Motor Vehicle Fuel Tax	49,253
Motor Vehicle License Tax	59,100
Mississippi Department of Human Services	3,802
City of Pontotoc	12,000
Other	53,533
Total Governmental Activities	<u><u>\$ 898,160</u></u>

Business-type Activities:

Garbage Collection Fees	\$ 4,000
Total Business-type Activities	<u><u>\$ 4,000</u></u>

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(5) Ad Valorem Tax Fee-In-Lieu Receivable

Pontotoc County, Union County, and Lee County (PUL Alliance) entered into an Ad Valorem Tax Fee-In-Lieu Agreement (agreement) with the Mississippi Development Authority, the Mississippi Major Economic Impact Authority and Toyota Motor Manufacturing Mississippi Inc. (TMMMS). The agreement provides that beginning in January, 2011, and continuing until the retirement of the Public Bonds, TMMMS agreed to make an annual fee payment of \$ 2,500,000 to the PUL Alliance. The first fee payment was made on or before January 31, 2011 and subsequent fee payments shall be made on or before January 31 of each succeeding year. The fee payment shall expire after the 2026 payment or, if the Public Bonds are retired sooner than 2026, it shall expire in the year of retirement. Pontotoc County's portion of this annual payment is one third or \$ 833,333.

Ad Valorem Tax Fee-In-Lieu Receivable at September 30, 2023, is as follows:

Ad Valorem Tax Fee-In-Lieu Receivable	\$ <u>2,244,590</u>
<hr/>	
September 30,	
2024	\$ 833,333
2025	833,333
2026	<u>833,336</u>
 Total	 \$ 2,500,002
 Less: Discount to present value	 <u>255,412</u>
 Net receivable	 \$ <u>2,244,590</u>

Receivables due in more than one year are discounted to net present value using the County's average interest rate of 5.45% on the bonds issued for the project, which management has determined is an appropriate discount rate commensurate with the risks involved.

PONTOTOC COUNTY, MISSISSIPPI
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				Balance
	Oct. 1, 2022	Additions	Deletions	Adjustments*	Sept. 30, 2023
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,436,732	\$ -	\$ -	\$ -	\$ 3,436,732
Construction in progress	<u>4,833,340</u>	<u>13,013,503</u>	<u>-</u>	<u>1</u>	<u>(5,606,802)</u>
Total non-depreciable capital assets	<u>\$ 8,270,072</u>	<u>\$ 13,013,503</u>	<u>\$ -</u>	<u>\$ (5,606,802)</u>	<u>\$ 15,676,773</u>
<u>Depreciable capital assets:</u>					
Infrastructure	\$ 76,359,833	\$ -	\$ 1	\$ 864,286	\$ 77,224,119
Buildings	18,002,907	-	-	1	2,179,463
Improvements other than buildings	3,027,543	12,450	-	1	2,563,053
Mobile equipment	11,418,222	1,146,281	-	-	12,564,503
Furniture and equipment	1,379,346	190,326	6,253	-	1,563,419
Intangible right to use equipment	<u>86,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,238</u>
Total depreciable capital assets	<u>\$ 110,274,089</u>	<u>\$ 1,349,057</u>	<u>\$ 6,253</u>	<u>\$ 5,606,802</u>	<u>\$ 117,223,695</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	\$ 45,348,355	\$ 2,500,050	\$ -	\$ -	\$ 47,848,405
Buildings	7,338,748	366,635	-	-	7,705,383
Improvements other than buildings	1,876,259	183,673	-	-	2,059,932
Mobile equipment	9,823,154	431,308	-	-	10,254,462
Furniture and equipment	1,066,879	79,618	3,376	-	1,143,121
Intangible right to use equipment	<u>17,610</u>	<u>22,388</u>	<u>-</u>	<u>-</u>	<u>39,998</u>
Total accumulated depreciation	<u>\$ 65,471,005</u>	<u>\$ 3,583,672</u>	<u>\$ 3,376</u>	<u>\$ -</u>	<u>\$ 69,051,301</u>
Total depreciable capital assets, net	<u>\$ 44,803,084</u>	<u>\$ (2,234,615)</u>	<u>\$ 2,877</u>	<u>\$ 5,606,802</u>	<u>\$ 48,172,394</u>
Governmental activities capital assets, net	<u>\$ 53,073,156</u>	<u>\$ 10,778,888</u>	<u>\$ 2,877</u>	<u>\$ -</u>	<u>\$ 63,849,167</u>
Total capital assets, net, excluding intangible right to use assets	\$ -	\$ -	\$ -	\$ -	\$ 63,802,927
Intangible right to use assets, net	\$ -	\$ -	\$ -	\$ -	\$ 46,240
Total capital assets, as reported in the statement of net position	\$ -	\$ -	\$ -	\$ -	\$ 63,849,167

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(6) Capital Assets – Continued.

Business-type activities:

	<u>Balance</u>				<u>Balance</u>
	<u>Oct. 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Sept. 30, 2023</u>
<u>Depreciable capital assets:</u>					
Mobile equipment	\$ 1,570,190	\$ -	\$ -	\$ -	\$ 1,570,190
Furniture and equipment	21,000	-	-	-	21,000
Total depreciable capital assets	<u>\$ 1,591,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,591,190</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	\$ 1,010,652	\$ 140,046	\$ -	\$ -	\$ 1,150,698
Furniture and equipment	7,560	3,780	-	-	11,340
Total accumulated depreciation	<u>\$ 1,018,212</u>	<u>\$ 143,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162,038</u>
Total depreciable capital assets, net	<u>\$ 572,978</u>	<u>\$ (143,826)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,152</u>
Business-type activities capital assets, net	<u>\$ 572,978</u>	<u>\$ (143,826)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,152</u>

Adjustments*:

1. The adjustments above for capitalization of completed construction projects.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 457,880
Public safety	243,627
Public works	2,798,294
Health and Welfare	8,091
Culture and Recreation	75,780
Total governmental activities depreciation expense	<u>\$ 3,583,672</u>
Business-type activities:	
Solid waste	\$ 143,826
Total business-type activities depreciation expense	<u>\$ 143,826</u>

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(6) Capital Assets – Continued.

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Building Renovation	\$ 94,853	09/2024
Mubby Creek Bridge	\$ 1,876,000	08/2024
AIP Light Improvement Project Phase II	\$ 112,921	02/2024
Various Road Projects	\$ 8,533,462	12/2023
Water Tank Project	\$ 70,514	2/2024

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 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.

(8) Notes Receivable.

The County has the following note receivable with varying terms and options as of September 30, 2023:

Pride Mobility Product Corporation

On September 3, 2014, Pontotoc County entered into a note with Pride Mobility Product Corporation to purchase certain real property, building and all other improvements located at 380 Maggie Drive, Pontotoc, MS. The lease agreement stipulated that the lessee, Pride Mobility Product Corporation, would pay approximately \$13,211 per month in note payments commencing October 1, 2014 for a period of 15 years. Certain termination options are available. At the end of the fifteen years, Pride Mobility shall have the option to purchase the property for \$1.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(8) Notes Receivable – Continued

<u>Classes of Property</u>	<u>Amount</u>
Building	\$ 1,786,000
Total	<u><u>1,786,000</u></u>

The future minimum notes receivable payments as of September 30, 2023, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 129,909	\$ 28,621
2025	134,546	23,984
2026	139,307	19,223
2027	144,273	14,257
2028	152,123	6,407
2029	<u>143,599</u>	<u>1,720</u>
Total	<u><u>\$ 843,757</u></u>	<u><u>\$ 94,212</u></u>

(9) Leases.

The County is a lessee for various non-cancellable leases of 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 3.48% as the discount rate for leases unless the rate that the lessor charges is known. This was determined to be the County's incremental borrowing rate.

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		Balance
<u>Governmental Activities</u>	<u>10/01/22</u>	<u>Additions</u>	<u>9/30/23</u>
Office Equipment	\$ 68,628	\$ -	\$ 46,240

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

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(9) Leases – Continued.

Lease Liabilities:

Governmental Activities	Balance	Principal	Balance	
	10/01/22	Additions	Payments	9/30/23
Office Equipment	\$ 69,845	\$ -	\$ 21,871	\$ 47,974

At various times throughout the year, Pontotoc County leased numerous pieces of office equipment from various vendors. The monthly payments on this equipment range from \$62 to \$482 for terms of three, four, or five years.

The County's leases do not give rise to property rights. Total costs for these leases were \$29,160 for the year ended September 30, 2023.

Description	Discount	Issue	Maturity	Monthly	Outstanding	
	Rate	Term	Date	Date	Payment	Amount
Governmental Activities						
Office Equipment	3.48%	Various	Various	Various	Various	\$ 47,974

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 22,644	\$ 1,314
2025	14,935	600
2026	9,519	200
2027	876	11
Total	\$ 47,974	\$ 2,125

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(10) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Pontotoc County G.O. Refunding Bonds 2015	\$ 1,645,000	3.00-3.50	06/2026
Pontotoc County G.O. Refunding Bonds 2016	630,000	2.00-2.50	09/2025
Pontotoc County G.O. Road and Bridge Bonds, Series 2018	205,000	2.50	06/2028
Pontotoc County G.O. Road and Bridge Bonds, Series 2018	329,000	2.50	06/2028
Pontotoc County S.O. Road Bonds, Series 2022	17,846,000	3.48	08/2042
Total General Obligation Bonds	<u>20,655,000</u>		
B. Equipment Notes:			
Pot Hole Patcher	8,105	3.75	06/2024
Truck	6,927	2.50	07/2024
Motor Grader	66,716	2.39	03/2026
Tractor	74,497	5.05	05/2027
Excavator	66,201	5.05	04/2027
Total Equipment Notes	<u>222,446</u>		
C. Other Loans:			
TVA Loan*	\$ 256,415	3.00	06/2030
Building Loan (Fair Extension Building)	42,522	3.50	11/2026
Economic Development Loan (Pride Mobility)	718,551	4.05-4.75	10/2029
Economic Development Loan (Pride Mobility)	144,946	3.00	02/2030
Justice Court Center	134,935	2.25	11/2024
Total Other Loans	<u>1,297,369</u>		

*The TVA Loan is secured by the land purchased with the loan proceeds.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(10) Long-term Debt – Continued.

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		Equipment Notes	
	Principal	Interest	Principal	Interest
2024	\$ 1,867,000	\$ 699,066	\$ 77,027	\$ 8,063
2025	1,924,000	643,396	64,499	5,106
2026	898,000	583,617	53,264	2,580
2027	863,000	553,402	27,656	535
2028	893,000	524,457	-	-
2029 – 2033	4,315,000	2,182,482	-	-
2034 – 2038	5,119,000	1,377,628	-	-
2039 – 2042	4,776,000	422,646	-	-
Total	\$ <u>20,655,000</u>	\$ <u>6,986,694</u>	\$ <u>222,446</u>	\$ <u>16,284</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2024	\$ 291,644	\$ 42,877
2025	204,448	34,140
2026	186,759	26,999
2027	196,022	22,092
2028	192,652	12,628
2029 – 2030	225,844	5,250
Total	\$ <u>1,297,369</u>	\$ <u>143,986</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 9.57% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2023, \$2,240,000 of bonds outstanding were considered defeased.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(10) Long-term Debt – Continued.

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	Adjust- ments	Balance Sept. 30,2023	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 109,253	-\$ 15,262	\$ 93,991	-	\$ -	-
General obligation bonds	22,503,000	- 1,848,000	20,655,000	-	1,867,000	1,867,000
Equipment notes	182,170	152,198	111,922	-	222,446	77,027
Other loans	1,848,340	- 550,971	1,297,369	-	291,644	291,644
Total	\$ 24,642,763	\$ 152,198	\$ 2,526,155	-	\$ 22,268,806	\$ 2,235,671
Business-type Activities:						
Compensated absences	\$ 23,095	\$ 3,101	-\$ -	\$ 26,196	\$ -	-
Total	\$ 23,095	\$ 3,101	\$ -	\$ 26,196	\$ -	-

(11) Other Postemployment Benefits.

Plan Description

The Pontotoc County Board of Supervisors administers the county's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The county's health insurance plan may be amended by the Pontotoc County Board of Supervisors. The county purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. However, the county has not recorded a liability for other postemployment benefits nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(12) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 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 ended September 30, 2023, 2022, and 2021 were \$968,754, \$895,387, and \$877,813 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 \$18,863,490 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 0.0750 percent, which was based on a measurement date of June 30, 2023. This was a increase of 0.0025 percent from its proportion share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(12) Defined Benefit Pension Plan – Continued.

For the year ended September 30, 2023, the County recognized pension expense of \$2,735,234. At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 470,016	\$ -
Net difference between projected and actual		
earnings on pension plan investments	628,767	-
Changes of assumptions	2,217,260	-
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	511,071	223,867
County contributions subsequent to the measurement date	<u>242,210</u>	-
Total	\$ 4,069,324	\$ 223,867

\$242,210 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:

Year ending September 30:

2024	\$ 1,380,335
2025	788,193
2026	1,428,841
2027	5,878
Total	\$ 3,603,247

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, 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 were based on the Pub S.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 the female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the Pub G.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the Pub S.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.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(12) Defined Benefit Pension Plan – Continued.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 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 the 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	<u>1.00</u>	0.25
 Total	 <u>100.00 %</u>	

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%) 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%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 24,324,949	\$ 18,863,490	\$ 14,381,756

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

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2023:

Fund	Deficit Amount
District Four Road Fund	\$ 52,533
Courthouse Renovation Fund	\$ 37,058
Graham Road Project Fund	\$ 5,857
American Fusion Project Fund	\$ 184,180

(14) Unearned Revenue - Grants.

During the year ended September 30, 2021, the County received \$3,124,711, or one half, of the American Recovery Act grant related to the coronavirus epidemic, to be used according to specifications prescribed by the United States government. During the prior year, the County received \$3,124,711, the second half of the American Recovery Act grant. Of the total, \$4,739,267 remains unspent as of September 30, 2023.

(15) 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.

(16) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(9,750,213) includes the effect of deferred inflows / outflows of resources related to pension. A portion of the deferred outflow of resources related to pension in the amount of \$217,989 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 \$3,444,430 balance of deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next four years. The \$201,481 balance of the deferred inflow of resources related to pension at September 30, 2023, will be recognized in pension expense over the next three years.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(16) Effect of Deferred Amounts on Net Position - Continued.

The governmental activities' unrestricted net position amount of \$(9,750,213) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$185,857 balance of deferred outflows of resources related to the advance refunding at September 30, 2023, will be recognized as an expense and will decrease unrestricted net position over the next three years. The \$20,716 balance of the deferred inflow of resources related to an advance refunding at September 30, 2023, will be recognized as a reduction in interest expense and increase unrestricted net position over the next three years.

The governmental activities' unrestricted net position amount of \$(9,750,213) includes the effect of deferring the recognition of revenue resulting from notes receivable. The \$94,212 balance of deferred inflows of resources at September 30, 2023, will be recognized as revenue and will increase the unrestricted net position over the next six years.

The governmental activities' net investment in capital assets amount of \$44,134,686 includes the effect of deferring the recognition of expenditures resulting from a refunding of County debt. The \$4,641 balance of deferred outflows of resources related to the refunding at September 30, 2023, will be recognized as an expense and will decrease net investment in capital assets over the next two years. The \$4,829 balance of the deferred inflow of resources related to a refunding at September 30, 2023, will be recognized as a reduction in interest expense and increase net investment in capital assets over the next two years.

The business-type activities' unrestricted net position amount of \$(665,556) includes the effect of deferred inflows / outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$24,221 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 \$382,684 balance of the deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next four years. The \$22,386 balance of the deferred inflow of resources related to pension at September 30, 2023, will be recognized in pension expense over the next three years.

(17) Joint Ventures.

The county participates in the following joint ventures:

Pontotoc County is a participant with Calhoun County and Chickasaw County in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Dixie Regional Library System. The regional library was created to provide free public library service for the respective counties. The regional library is governed by a five-member board appointed by the Boards of Supervisors: two from the library board of Pontotoc County, one from the library board of Chickasaw County, and two from the library board of Calhoun County. The county appropriated \$ 240,000 to the library in fiscal year 2023. Complete financial statements for the regional library can be obtained from the Dixie Regional Library System, 111 North Main Street, Pontotoc, Mississippi 38863.

Pontotoc County is a participant with the City of Pontotoc in a joint venture, authorized by Section 17-13-1, Miss. Code Ann. (1972), to operate the Lyle Hansberger Sportsplex. The Sportsplex was created for the use and benefit of all residents of Pontotoc County, Mississippi. The City and County jointly share annual costs of operation and maintenance of the Sportsplex.

Pontotoc County is a participant in a joint venture with the counties of Union and Chickasaw and the municipalities of New Albany, Pontotoc, Houston, New Houlka, Ecru and Algoma, as the GM&O Rails to Trails Recreational District of North Mississippi (GM&O), as authorized by Section 55-25-1, Miss. Code Ann. (1972) which governs the Tanglefoot Trail, which is a multi-use recreational trail for hikers, equestrians, walkers, runners, skaters, cyclists, and other such uses. Pontotoc County appoints one member of the nine-member Board of GM&O and agreed to pledge on an annual basis, for a period of 15 years, an amount equal to $\frac{1}{4}$ of a mill from their General fund, or from any other available source as determined by the County, to GM&O for the purpose of servicing debt. Any funds over the amount needed for debt will be retained by GM&O for operating and maintenance expenses. Three Rivers Planning and Development District is the administrator and fiscal agent of the program. The County contributed \$48,834 to this venture in 2023.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(18) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Three Rivers Planning and Development District operates in a district composed of the Counties of Pontotoc, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Calhoun and Union. The Pontotoc County Board of Supervisors appoints five of the 40 members of the board of directors. The county contributed \$45,000 for support in fiscal year 2023.

Northeast Mental Health–Mental Retardation Commission operates in a district composed of the Counties of Benton, Itawamba, Lee, Chickasaw, Pontotoc, Monroe and Union. The Pontotoc County Board of Supervisors appoints one of the seven members of the board of commissioners. The county contributed \$29,400 for support of the commission in fiscal year 2023.

Itawamba Community College operates in a district composed of the Counties of Itawamba, Lee, Chickasaw, Pontotoc and Monroe. The Pontotoc County Board of Supervisors appoints six of the 30 members of the college board of trustees. The county provided approximately \$1,211,757 by tax levy as an appropriation for maintenance and support of the college in fiscal year 2023.

Three Rivers Solid Waste Management Authority operates in a district composed of the Counties of Pontotoc, Itawamba, Lafayette, Lee, Monroe, Calhoun and Union and the cities of Aberdeen, Amory, Fulton, New Albany, Oxford, Pontotoc and Tupelo. Each of these entities appoints one of the 14 board members. The entity is fiscally independent of all other entities as it can set its own budget, issue debt and set rates and charges. Members are billed based on the volume of solid waste received from each member. The county did not appropriate any funds for the support of the authority in fiscal year 2023.

Northeast Mississippi Emergency Medical Services serves the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Marshall, Pontotoc, Tishomingo and Union. The Pontotoc County Board of Supervisors appoints four of the 36 members of the board of directors. The county contributed \$42,405 for support of the district in fiscal year 2023.

Lift, Inc. operates in a district composed of the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Pontotoc County Board of Supervisors appoints one of the 24 members of the board of directors. The county appropriated \$5,500 for support of Lift, Inc. during fiscal year 2023.

Pontotoc Union Lee Alliance (PUL) is an alliance to promote economic development in these three counties. The Pontotoc County Board of Supervisors appoints two of the nine members of the board of directors. The county did not appropriate any funds for support of the alliance during fiscal year 2023.

(19) Tax Abatements.

On October 1, 2016, Pontotoc County implemented Governmental Accounting Standards Board Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

(19) Tax Abatements - Continued.

The County requires the corresponding state law, under which the abatement is granted, requirements to be met in order to grant the exemption. All abatements are for ten years and are for economic development.

The County has two types of abatements, none of which provide for the abatement of school or state taxes:

Section 27-31-101, Miss. Code Ann. (1972) – Enumeration of new enterprises which may be exempted.

Section 27-31-105, Miss. Code ann. (1972) – Additions to or expansions of facilities or properties or replacement of equipment used in connection with certain enterprises.

Type of Tax	Description	Amount of Taxes Abated during Fiscal Year
Personal Property Ad Valorem	Equipment, Raw Materials, Inventory and Work in Process	\$571,548
Real Property Ad Valorem	New Construction and Additions	\$356,857

There are 17 companies that have tax abatements under these statutes. The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreement other than to reduce tax.

(20) 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 Pontotoc County evaluated the activity of the County through December 19, 2025, (the date the financial statements were available to be issued,) 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:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
3/8/24	4.99%	\$ 104,500	Equipment note	Ad valorem taxes
3/8/24	4.99%	\$ 11,220	Equipment note	Ad valorem taxes
4/10/24	5.80%	\$ 56,710	Equipment note	Ad valorem taxes
4/11/24	4.99%	\$ 80,264	Equipment note	Ad valorem taxes
7/30/24	4.99%	\$ 71,435	Equipment note	Ad valorem taxes
8/15/24	4.00%	\$ 1,150,000	Equipment note	Ad valorem taxes
9/24/2024	4.99%	\$ 534,000	Equipment note	Ad valorem taxes
11/15/2024	5.10%	\$ 246,152	Equipment note	Ad valorem taxes

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REQUIRED SUPPLEMENTARY INFORMATION

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Pontotoc County, Mississippi
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	\$ 7,759,765	\$ 7,225,030	\$ 7,225,030	-
Licenses, commissions and other revenue	467,200	564,047	564,047	-
Fines and forfeitures	490,477	534,821	534,821	-
Intergovernmental revenues	1,361,500	1,431,841	1,431,841	-
Charges for services	275,000	192,395	192,395	-
Interest income	150,750	156,500	156,500	-
Miscellaneous revenues	443,426	544,954	544,954	-
Total Revenues	\$ 10,948,118	\$ 10,649,588	\$ 10,649,588	-
EXPENDITURES				
Current:				
General government	\$ 5,882,905	\$ 4,954,302	\$ 4,954,302	-
Public safety	4,141,755	4,555,324	4,555,324	-
Public works	10,000	8,076	8,076	-
Health and welfare	306,505	276,241	276,241	-
Culture and recreation	247,300	242,089	242,089	-
Conservation of natural resources	134,120	128,998	128,998	-
Economic development and assistance	2,825,133	-	-	-
Debt service:				
Principal	220,000	50,497	50,497	-
Interest	61,450	7,709	7,709	-
Total Expenditures	\$ 13,829,168	\$ 10,223,236	\$ 10,223,236	-
Excess of Revenues over (under) Expenditures	\$ (2,881,050)	\$ 426,352	\$ 426,352	-
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	\$ 15,000	\$ 26,569	\$ 26,569	-
Proceeds from insurance	10,000	14,512	14,512	-
Transfers in	375,000	336,981	336,981	-
Transfers out	(605,000)	(1,536,872)	(1,536,872)	-
Total Other Financing Sources and Uses	\$ (205,000)	\$ (1,158,810)	\$ (1,158,810)	-
Net Change in Fund Balance	\$ (3,086,050)	\$ (732,458)	\$ (732,458)	-
Fund Balances - Beginning	3,100,000	2,831,358	3,343,117	511,759
Fund Balances - Ending	\$ 13,950	\$ 2,098,900	\$ 2,610,659	\$ 511,759

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

Pontotoc County, Mississippi
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
County Wide Road Maintenance 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	\$ 2,127,500	\$ 2,032,660	\$ 2,032,660	\$ -
Intergovernmental revenues	805,000	652,196	652,196	\$ -
Interest income	10,000	15,962	15,962	\$ -
Miscellaneous revenues	- - - - -	114,383	114,383	\$ - \$ - \$ - \$ - \$ -
Total Revenues	\$ 2,942,500	\$ 2,815,201	\$ 2,815,201	\$ -
EXPENDITURES				
Current:				
Public works	\$ 442,000	\$ 398,680	\$ 398,680	\$ -
Debt service:				
Principal	50,000	-	-	-
Interest	1,000	-	-	-
Total Expenditures	\$ 493,000	\$ 398,680	\$ 398,680	\$ -
Excess of Revenues	\$ 2,449,500	\$ 2,416,521	\$ 2,416,521	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 115,500	\$ 115,500	\$ -
Transfers out	(3,000,000)	(2,500,000)	(2,500,000)	\$ -
Total Other Financing Sources and Uses	\$ (3,000,000)	\$ (2,384,500)	\$ (2,384,500)	\$ -
Net Change in Fund Balance	\$ (550,500)	\$ 32,021	\$ 32,021	\$ -
Fund Balances - Beginning	580,300	827,539	809,109	(18,430)
Fund Balances - Ending	\$ 29,800	\$ 859,560	\$ 841,130	\$ (18,430)

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

Pontotoc County, Mississippi
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
American Rescue Act Fund
For the Year Ended September 30, 2023
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest income	\$ 18,000	\$ 147,658	\$ 147,658	\$ -
Total Revenues	\$ 18,000	\$ 147,658	\$ 147,658	\$ -
EXPENDITURES				
Current:				
General Government	\$ 1,000	\$ -	\$ -	\$ -
Total Expenditures	\$ 1,000	\$ -	\$ -	\$ -
Excess of Revenues	\$ 17,000	\$ 147,658	\$ 147,658	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ 2,000,000	\$ (1,375,780)	\$ (1,375,780)	\$ -
Total Other Financing Sources and Uses	\$ 2,000,000	\$ (1,375,780)	\$ (1,375,780)	\$ -
Net Change in Fund Balance	\$ 2,017,000	\$ (1,228,122)	\$ (1,228,122)	\$ -
Fund Balances - Beginning	- 6,037,269	6,037,269	6,037,269	-
Fund Balances - Ending	\$ 2,017,000	\$ 4,809,147	\$ 4,809,147	\$ -

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

Pontotoc County, Mississippi
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.0750%	0.0725%	0.0757%	0.072%	0.071%	0.069%	0.066%	0.066%	0.064%	0.066%
County's proportionate share of the net pension liability (asset)	\$ 18,863,490	14,923,138	11,188,789	13,996,440	12,490,298	11,476,746	10,971,438	11,789,245	9,893,138	8,011,192
County's covered payroll	\$ 5,567,546	5,145,897	5,044,901	4,858,866	4,633,417	4,523,075	4,256,235	4,220,194	4,053,685	4,018,172
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	338.81%	290.00%	221.78%	288.06%	269.57%	253.74%	257.77%	279.35%	244.05%	199.37%
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%	67.21%

* The amounts presented for each fiscal year were determined as of 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.

Pontotoc County, Mississippi
Schedule of County's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 968,754	895,387	877,813	845,433	748,975	712,418	670,359	668,501	638,456	632,865
Contributions in relation to the contractually required contribution	<u>968,754</u>	<u>895,387</u>	<u>877,813</u>	<u>845,433</u>	<u>748,975</u>	<u>712,418</u>	<u>670,359</u>	<u>668,501</u>	<u>638,456</u>	<u>632,865</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
County's covered payroll	\$ 5,567,546	5,145,897	5,044,901	4,858,866	4,633,417	4,523,075	4,256,235	4,244,122	4,053,685	4,018,172
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	16.16%	15.75%	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.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplemental 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	County Wide Rd Maintenance Fund	American Rescue Act Fund
Net Change in Fund Balance- Budget (Cash Basis)	\$ (732,458)	\$ 32,021	\$ (1,228,122)
Increase (Decrease)			
Net adjustments for revenue accruals	(583,634)	(64,817)	972,103
Net adjustments for expenditure accruals	<u>561,182</u>	<u>69,771</u>	<u>403,677</u>
Net Change in Fund Balance- GAAP Basis	<u>\$ (754,910)</u>	<u>\$ 36,975</u>	<u>\$ 147,658</u>

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

Pension Schedules

A. Changes of assumptions

2015

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

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

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

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

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

2016

The assumed rate of interest credited to employee contributions was changed from 3.5% 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 assumption 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% to 7%.

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.

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
UNAUDITED

Pension Schedules - continued

A. Changes of assumptions – continued

2019 – continued

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

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PONTOTOC COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
UNAUDITED

Pension Schedules – continued

A. Changes of assumptions – continued

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.

B. Change in benefit provisions

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

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SUPPLEMENTARY INFORMATION

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Pontotoc County, Mississippi
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Office of the State Treasurer			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to States	10.665	N/A	\$ 1,882
Total U.S. Department of Agriculture			\$ 1,882
U.S. Department of Justice			
Passed-through the Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-02996 MUMU	\$ 3,778
Total U.S. Department of Justice			\$ 3,778
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Program	20.106	AIP 3-28-0061-016-22	\$ 196,197
Total Direct Programs			\$ 196,197
Highway Safety Cluster			
Passed-through Mississippi Department of Public Safety			
State and Community Highway Safety	20.600	OP-2023-15-81	\$ 18,800
State and Community Highway Safety	20.600	PT-2023-PT-15-81	\$ 52,804
National Highway Traffic Safety Administration	20.607	154AL-2023-ST-15-81	\$ 13,039
Total Highway Safety Cluster			\$ 84,643
Total U.S. Department of Transportation			\$ 280,840
U.S. Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	*	\$ 1,001,103
Local Assistance and Tribal Consistency Fund Grant	21.032	N/A	\$ 50,000
Total U.S. Department of the Treasury			\$ 1,051,103
Appalachian Regional Commission			
Passed-through Mississippi Development Agency			
Appalachian Area Development	23.002	MS-20173	\$ 154,827
Total Appalachian Regional Commission			\$ 154,827
U.S. Department of Homeland Security			
Passed-through the Mississippi Emergency Management Agency			
Emergency Management Performance Grant	97.042	EMPG 2023	\$ 7,333
Homeland Security Grant Program	97.067	EMW-2023-SS-00006	\$ 54,048
Total U.S. Department of Homeland Security			\$ 61,381
Total Expenditures of Federal Awards			\$ 1,553,811

Pontotoc County, Mississippi
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Pontotoc County under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pontotoc County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pontotoc County.

Note B: Significant Accounting Policies

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

Note C: Indirect Cost Rate

Pontotoc County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

* Denotes major federal award program

OTHER INFORMATION

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Pontotoc County, Mississippi
Schedule of Surety Bonds For County Officials
For the Year Ended September 30, 2023
"UNAUDITED"

NAME	POSITION	COMPANY	BOND
WAYNE STOKES	SUPERVISOR DISTRICT 1	WESTERN SURETY COMPANY	100,000
MIKE MCGREGOR	SUPERVISOR DISTRICT 2	WESTERN SURETY COMPANY	100,000
BRAD WARD	SUPERVISOR DISTRICT 3	WESTERN SURETY COMPANY	100,000
ERNIE WRIGHT	SUPERVISOR DISTRICT 4	WESTERN SURETY COMPANY	100,000
DAN MCKNIGHT	SUPERVISOR DISTRICT 5	WESTERN SURETY COMPANY	100,000
RICKY FERGUSON	COUNTY ADMINISTRATOR	RIDGECREST INSURANCE	100,000
RICKY FERGUSON	ASSISTANT PURCHASE CLERK	RIDGECREST INSURANCE	50,000
JOE A WARREN	ASSISTANT RECEIVING CLERK	RIDGECREST INSURANCE	50,000
CAROL M JEFFREYS	PURCHASE CLERK	WESTERN SURETY COMPANY	75,000
RICKY WILLIAMS	ASSISTANT RECEIVING CLERK	RIDGECREST INSURANCE	50,000
KRIS KEITH	ASSISTANT RECEIVING CLERK	RIDGECREST INSURANCE	50,000
EDDIE CHRISTIAN	ASSISTANT RECEIVING CLERK	RIDGECREST INSURANCE	50,000
KYLE GILLESPIE	ASSISTANT RECEIVING CLERK	RIDGECREST INSURANCE	50,000
RICKEY MILLER	ASSISTANT RECEIVING CLERK	RIDGECREST INSURANCE	50,000
RONNIE OWEN	RECEIVING CLERK	RIDGECREST INSURANCE	75,000
RICKY FERGUSON	INVENTORY CONTROL CLERK	RIDGECREST INSURANCE	75,000
LD GILLESPIE	CONSTABLE	RIDGECREST INSURANCE	50,000
NEAL DAVIS	CONSTABLE	RIDGECREST INSURANCE	50,000
LEO MASK	SHERIFF	WESTERN SURETY COMPANY	100,000
MELINDA NOWICKI	CIRCUIT CLERK	RIDGECREST INSURANCE	100,000
LESLIE FAULKNER	DEPUTY CIRCUIT CLERK	RIDGECREST INSURANCE	50,000
MELISSA POUND	DEPUTY CIRCUIT CLERK	RIDGECREST INSURANCE	50,000
DAVID HALL	JUSTICE COURT JUDGE	RIDGECREST INSURANCE	50,000
SCOTTIE HARRISON	JUSTICE COURT JUDGE	RIDGECREST INSURANCE	50,000
MELISSA FERGUSON	DEPUTY JUSTICE COURT CLERK	RIDGECREST INSURANCE	50,000
CHERYL WOODS	DEPUTY JUSTICE COURT CLERK	RIDGECREST INSURANCE	50,000
KEVIN MCGREGOR	AG CENTER DIRECTOR	RIDGECREST INSURANCE	25,000
RICKY FERGUSON	CHANCERY COURT CLERK	RIDGECREST INSURANCE	100,000
CATHY PURDON	DEPUTY CHANCERY CLERK	RIDGECREST INSURANCE	50,000
BRENDA FARR	DEPUTY CHANCERY CLERK	RIDGECREST INSURANCE	50,000
ANGIE SHETTLES	DEPUTY CHANCERY CLERK	RIDGECREST INSURANCE	50,000
MAGGIE PATRICK	DEPUTY CHANCERY CLERK	RIDGECREST INSURANCE	50,000
CHRISHON WASHINGTON	DEPUTY CHANCERY CLERK	RIDGECREST INSURANCE	50,000
HUNTER FOOSHEE	DEPUTY CHANCERY CLERK	RIDGECREST INSURANCE	50,000
VAN McWHIRTER	TAX ASSESSOR/COLLECTOR	RIDGECREST INSURANCE	100,000
MARTHA ZINN	DEPUTY TAX COLLECTOR	RIDGECREST INSURANCE	50,000
MYRTLE ELIZABETH SLEDGE	DEPUTY TAX COLLECTOR	RIDGECREST INSURANCE	50,000
KRISTY BOLIN	DEPUTY TAX COLLECTOR	RIDGECREST INSURANCE	50,000
JENNIFER RUSSELL	DEPUTY TAX COLLECTOR	RIDGECREST INSURANCE	50,000
TERESA BONE	DEPUTY TAX ASSESSOR	RIDGECREST INSURANCE	50,000
AUSTIN KYLE GILLESPIE	E911	RIDGECREST INSURANCE	50,000
CODY LAIRD	ASSISTANT RECEIVING CLERK	RIDGECREST INSURANCE	75,000
LORNA WRIGHT	DEPUTY TAX ASSESSOR	RIDGECREST INSURANCE	50,000
JEANNIE LUCROY	DEPUTY TAX COLLECTOR	RIDGECREST INSURANCE	50,000
CAMRYN NELSON	DEPUTY TAX ASSESSOR	RIDGECREST INSURANCE	50,000
ERICA BONE	DEPUTY TAX COLLECTOR	RIDGECREST INSURANCE	50,000

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SPECIAL REPORTS

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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
Pontotoc County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Pontotoc County, Mississippi, 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 December 19, 2025. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component unit which is 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 reporting entity that include the financial data for its component unit. The report is qualified on the governmental activities, business-type activities, and Solid Waste Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

**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***

- Continued -

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pontotoc County, Mississippi's financial statements are free of 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003.

We also noted certain matters that we reported to the management of Pontotoc 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 December 19, 2025, included within this document.

Pontotoc County's Responses to Findings

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

Purpose of this Report

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

M. M. Winkler & Associates, PLLC

December 19, 2025

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

Members of the Board of Supervisors
Pontotoc County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Pontotoc County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pontotoc County, Mississippi's major federal programs for the year ended September 30, 2023. Pontotoc County, Mississippi's major federal program is identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned costs.

In our opinion, Pontotoc County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pontotoc County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance

when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pontotoc County, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, 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 Pontotoc County, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pontotoc County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pontotoc County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2023-004. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

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

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

M. M. Winkler & Associates, PLLC

December 19, 2025

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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
Pontotoc County, Mississippi

We have examined Pontotoc 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 the bid requirements of Section 31-7-13, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2023. The Board of Supervisors of Pontotoc 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 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 Pontotoc County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Inventory Control Clerk

1. Assets were not added to the inventory control system as required by state law.

Repeat Finding Yes - 2022, 2021, 2020

Criteria *Mississippi Code Section 31-7-107* requires each county to maintain an inventory control system.

Condition During our test of expenditures, we noted that multiple assets were not properly added to the inventory control system.

Cause The Inventory Control Clerk did not add all assets to the inventory control system.

**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)**

-Continued-

Effect	Failure to properly update the County inventory control system could result in the misappropriation of county assets.
Recommendation	The Inventory Control Clerk should ensure all required items are properly added to the inventory control system.
Official Response	Pontotoc County will comply and ensure proper and timely additions are made to the inventory control system.

Purchase Clerk.

2. Purchases over \$5,000 but not over \$75,000 require at least two competitive quote bids and documentation of the lowest and best quote.

Repeat Finding Yes - 2022

Criteria Section 31-7-13 (b), *Mississippi Code of 1972 Annotated* specifies that purchases which involve an expenditure of more than \$5,000 but not more than \$75,000, exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two competitive written quote bids have been obtained. Furthermore, an effective system of internal controls over purchasing should include the Purchase Clerk ensuring that purchases are executed with all appropriate purchasing documents being present and properly completed with a logical date sequence along with approval by the governing authority.

Condition Purchases were made for which no quotes were obtained or were made from vendors that did not have the lowest and best quote with no apparent approval by the Board of Supervisors, and a trailer was purchased with no purchasing documentation present.

Cause Purchase laws and the related internal control procedures were not being monitored and followed.

Effect Failure to obtain at least two written quote bids for purchases requiring such with board approval of the best quote bid, and follow the related purchasing internal control procedures could result in the loss of public funds.

Recommendation The Purchase Clerk should ensure that purchases over \$5,000, but not over \$75,000 be made from the lowest and best bidder of at least two competitive written quote bids and that the related purchasing internal control system is monitored and adhered to, to include proper board approval as required.

Official Response Pontotoc County will comply and is in the process of determining and implementing a method in accordance with Section 31-7-13(b) Miss. Code Ann. (1972) to procure aviation fuel. Further, Pontotoc County will comply with state law and internal control procedures to monitor and ensure that purchases are not made and received before the issuance of purchase requisitions and purchase orders.

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

**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)**

-Continued-

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 of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

This report is intended for use in evaluating Pontotoc 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.

M. M. Winkler & Associates, PLLC

December 19, 2025

PONTOTOC COUNTY, MISSISSIPPI
Schedule of Purchases Not Made From 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.

PONTOTOC COUNTY, MISSISSIPPI

Schedule of Emergency Purchases

For the Year Ended September 30, 2023

Schedule 2

Our test did not identify any emergency purchases.

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Schedule 3</u>
03/16/2023	Expanding Polyurethane	\$ 8,000	Helms Poly Foam LLC	
05/15/2023	Express Voter Machines	\$ 19,335	Election Systems and Software	

M. M. WINKLER & ASSOCIATES, PLLC

Certified Public Accountants

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(662) 842-4641 or Fax (662) 842-4646
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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Pontotoc County, Mississippi

In planning and performing our audit of the financial statements of Pontotoc County, Mississippi for the year ended September 30, 2023, we considered Pontotoc 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 Pontotoc 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 December 19, 2025 on the financial statements of Pontotoc 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 a certain immaterial instance of noncompliance with state laws and regulations and areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors

1. Deficit Fund Balances

Repeat Finding No.

Criteria Management is responsible for establishing a proper internal control system to ensure the county operates within its means.

Condition We noted that as of September 30th, the following funds were operating at a deficit:

- District Four Road fund (Fund 154)
- Courthouse Renovation fund (Fund 300)
- Graham Road Project fund (Fund 351)
- American Fusion Project fund (Fund 315)

Cause The funds listed above were operating with a cash deficit.

Effect Extended periods of deficit fund balances, particularly in grant-funded accounts, may jeopardize eligibility for future grant awards.

Recommendation The Board of Supervisors should make efforts to identify the causes of deficit fund balances and implement appropriate measures to eliminate them.

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

-Continued-

Response	These deficit fund balances occurred due to accruals from the Cash basis of accounting. The County will ensure identification of the causes of potential deficit fund balances and implement appropriate measures to eliminate such instances.
Chancery Clerk. 2.	<u>Public Officials Should Ensure Compliance with State Laws over Settlement of Excess CAP funds</u>
Repeat Finding	No.
Criteria	Section 9-1-43, <i>Mississippi Code Annotated (1972)</i> , limits the compensation of the Chancery Clerk to \$99,500 after making deductions for expenses allowed as deduction by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be paid to the county's general fund on or before April 15th for the preceding calendar year.
Condition	The Chancery Clerk settlement to the county of excess funds for the preceding calendar year was dated after April 15 th and received by the county on May 1.
Cause	The settlement of excess CAP funds was not done timely.
Effect	Failure to properly settle amounts in excess of the salary CAP by April 15 th of each year results in noncompliance with <i>Mississippi Code Section 9-1-43</i> .
Recommendation	We recommend the Chancery Clerk ensure excess fees over the CAP be settled to county on or before April 15 th .
Official Response	The Chancery Clerk issued his check for payment of excess CAP funds on April 14 th and ensured said settlement was turned over to the County before April 15 th . The County will ensure compliance to receipt such settlement of excess CAP funds on or before April 15 th .
Purchase Clerk 3.	<u>Public officials and employees should ensure compliance with state law over surety bonds.</u>
Repeat Finding	Yes - 2022, 2021
Criteria	Section 31-7-124, <i>Mississippi Code of 1972 Annotated</i> , requires the Purchase Clerk to give bond in a penalty equal to \$100,000 (effective July 1, 2021) with sufficient surety, to be payable, conditioned and approved as provided by law.
Condition	State legal compliance audit procedures revealed that the surety bond covering the Purchase Clerk was for the amount of \$75,000.
Cause	The surety bond was not updated according to the change in statute.
Effect	Failure to comply with this statute could limit the amount available for recovery to less than the amount allowed by statute.

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

-Continued-

Recommendation We recommend the Purchase Clerk secures a surety bond for the amount of \$100,000.

Official Response Pontotoc County has updated the Purchase Clerk's bond in accordance with Section 37-7-124 Miss. Code Ann. (1972) and will ensure compliance thereafter.

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

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

M. M. Winkler & Associates, PLLC

December 19, 2025

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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PONTOTOC COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the government financial statements:	
Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component units	Adverse
Major funds:	
General Fund	Unmodified
County-Wide Road Maintenance Fund	Unmodified
American Rescue Act Fund	Unmodified
County Wide Road Bond Fund	Unmodified
Aggregate remaining fund information	Unmodified
Solid Waste Fund	Qualified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified?	None Reported
3. Noncompliance material to the financial statements noted?	Yes

Federal Awards:

4. Internal control over major federal program:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified?	None Reported
5. Type of auditor's report issued on compliance for major federal programs:	Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
7. Identification of major federal programs:	
a. ALN 21.027, Coronavirus State and Local Fiscal Recovery Funds	

PONTOTOC COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Section 1: Summary of Auditor's Results - Continued

8.	Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
9.	Auditee qualified as a low-risk auditee?	No
10.	Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)?	Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2023-001	<u>Financial data for component units not included in financial statements.</u>
Repeat Finding	Yes, 2016-001, 2017-001; 2018-001; 2019-001; 2020-001; 2021-001; 2022-001
Criteria	Generally accepted accounting principles require the financial data of the County's component unit 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 unit.
Condition	As reported in the prior years' audit reports, the financial statements do not include the financial data for the County's legally separate component unit.
Cause	The Board of Supervisors determined it was not currently economically feasible to include financial data of the County's component unit.
Effect	The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.
Recommendation	The Board of Supervisors should provide the audited financial data for its discretely presented component unit for inclusion in the County's financial statements.
Views of Responsible Officials	Pontotoc will comply when economically feasible.

PONTOTOC COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Material Weakness

2023-002	<u>Liability for postemployment benefits not recorded and note disclosures for postemployment benefits not reported.</u>
Repeat Finding	Yes, 2016-002, 2017-002; 2018-002; 2019-002; 2020-002; 2021-002; 2022-002
Criteria	Pontotoc County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage to active employees and retirees through the county's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement 75 <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i> as a single employer defined benefit health care plan. GASB Statement 75 requires the county to report on an accrual basis the liability associated with other postemployment benefits.
Condition	As stated in the prior years' audit reports, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The County does not issue a publicly available financial report for its health insurance plan.
Cause	No actuarial valuation was performed to allow the County to properly calculate the liability for postemployment benefits.
Effect	The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities, business-type activities and Solid Waste Fund.
Recommendation	The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
Views of Responsible Officials	Pontotoc will comply when economically feasible.

Material Weakness

Material Noncompliance

2023-003	<u>The Board of Supervisors did not cite the specific/correct levy authority from the Mississippi Code for each county levy.</u>
Repeat Finding	Yes, 2016-003, 2017-003; 2018-003; 2019-003; 2020-003; 2021-003; 2022-003
Criteria	Section 27-39-317, Miss. Code Ann. (1972), requires the Board of Supervisors to specify the purpose of each tax levy when approving the tax levy. The specific and correct authority from the Mississippi Code should be cited for each tax levy contained in the county ad valorem tax levy.

PONTOTOC COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Section 2: Financial Statement Findings - continued

Condition	The Board of Supervisors approved the fiscal year ended September 30, 2023 tax levy without citing the specific and/or correct authority from the Mississippi Code for each tax levy approved.
Cause	The codes were not included before the budget for fiscal year 2023 was approved by the Board of Supervisors.
Effect	The omissions of legal descriptions could lead to improper or unauthorized tax levies.
Recommendation	The Board of Supervisors should cite the specific and correct levy authority from the Mississippi Code for each county levy.
Views of Responsible Officials	This issue will be corrected. The accuracy will be reviewed during preparation of the upcoming budget year and those thereafter.

Section 3: Federal Award Findings and Questioned Costs

Material Noncompliance

2023-004	<u>Inaccurate amounts reported on annual performance report.</u>
Assistance Number	21.027
Federal Agency	United States Treasury
Pass-through	None
Questioned Cost	None
Repeat Finding	No
Criteria	Under 2 CFR 200.329, recipients must submit performance reports at the interval required by the federal awarding agency and ensure that such reports contain a comparison of actual accomplishments to the objectives of the award, along with sufficient information to evaluate performance.
Condition	The auditee did not submit an accurate performance report to the federal awarding agency in accordance with the specified criteria in the grant agreement.
Cause	A clerical error was made in the amounts reported on the required performance report.
Effect	Incomplete performance reporting reduces the federal agency's ability to evaluate program effectiveness and compliance with award objectives. Continued noncompliance may place the organization at risk for additional oversight, delayed funding, or other administrative actions.
Recommendation	Management should ensure complete and accurate submission of performance reports.
Views of Responsible Officials	The submission of the report was done timely and General Ledgers from the subject fiscal years were used in preparing the report. The County will ensure that information garnered from the General Ledgers coincide and accurately match future reports before submission.

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

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**Ricky Ferguson
Pontotoc County Chancery Clerk**

Board of Supervisors

Benny Moorman
District One

Mike McGregor
District Two

Gary Washington
District Three

Board of Supervisors

Ernie Wright
District Four

Randy Ray
District Five

December 19, 2025

CORRECTIVE ACTION PLAN

Pontotoc County Board of Supervisors respectfully submits the following corrective action plan for year ended September 30, 2023.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION 2: FINANCIAL STATEMENT FINDINGS:

2023-001 Corrective Action Planned: There is no plan to include component units in our audit report. It is not financially feasible at the current time.
Anticipated Completion Date: N/A
Name of contact person responsible for corrective action: N/A

2023-002 Corrective Action Planned: There is no plan to calculate post-employment benefits. It is not financially feasible at the current time.
Anticipated Completion Date: N/A
Name of contact person responsible for corrective action: N/A

2023-003 Corrective Action Planned: We will appropriately adjust and cite the specific and correct statutory authority from the Mississippi Code Annotated for each tax levied by Pontotoc County.
Anticipated Completion Date: September 12, 2024
Name of person responsible for corrective action: Ricky Ferguson, Chancery Clerk

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

2023-004 Corrective Action Planned: We will ensure the submission of the reports remain timely and General Ledgers from the subject fiscal years are used in preparing the reports. The County will ensure that information garnered from the General Ledgers coincide and accurately match future reports before submission.
Anticipated Completion Date: April 1, 2024
Name of Person Responsible for Corrective Action: Ricky Ferguson, Chancery Clerk

Respectfully yours,

Ricky D. Ferguson

Ricky Ferguson,
Chancery Clerk



**Ricky Ferguson
Pontotoc County Chancery Clerk**

Board of Supervisors

Benny Moorman
District One

Mike McGregor
District Two

Gary Washington
District Three

Board of Supervisors

Ernie Wright
District Four

Randy Ray
District Five

December 19, 2025

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2023**

Pontotoc County Board of Supervisors respectfully submits the following summary schedule of prior audit findings:

2022-001 Component units should be included in the County's financial statements.

NOT CORRECTED

2022-002 The County should comply with GASB Statement 74 and report on post-employment benefits.

NOT CORRECTED

2022-003 The Board of Supervisors did not cite the specific/correct levy authority from the Mississippi Code for each county levy.

This issue will be corrected for the 2024-2025 fiscal year tax levy. The accuracy will be reviewed during the preparation of the upcoming budget year and those thereafter.

Respectfully yours,

A handwritten signature in black ink that reads "Ricky D. Ferguson".

Ricky Ferguson,
Chancery Clerk