HANCOCK COUNTY, MISSISSIPPI

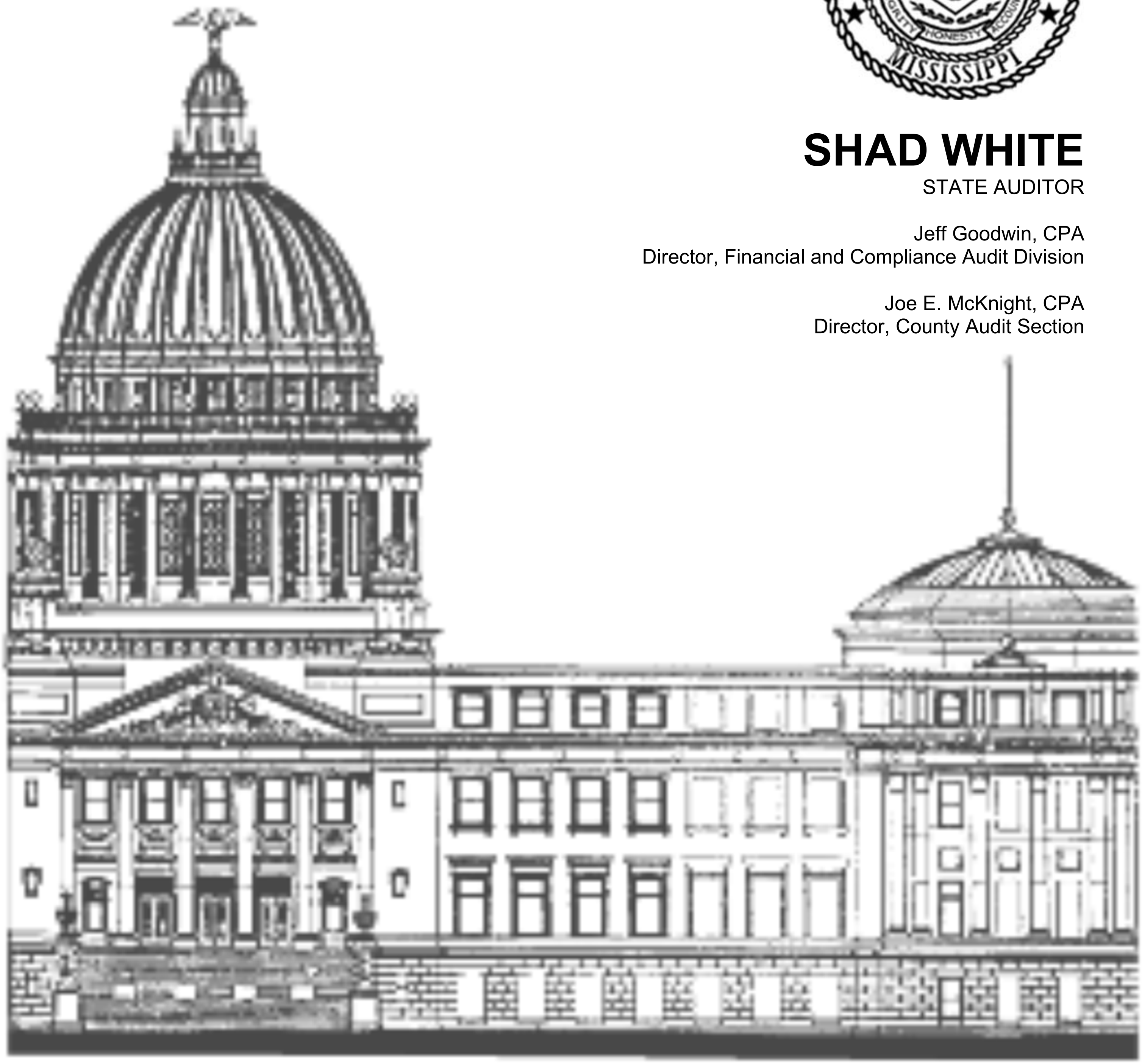
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2024

SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

June 15, 2026

Members of the Board of Supervisors
Hancock County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2024 financial and compliance audit report for Hancock County. This audit was performed pursuant to *Section 7-7-211(e), Mississippi Code Annotated (1972)*. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

Shad White

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HANCOCK COUNTY

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FINANCIAL SECTION

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Hancock County, Mississippi

Report on the Audit of the Financial Statements

Adverse Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hancock County, Mississippi, (the County) as of and for the year ended September 30, 2024, 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 Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse 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 unit of Hancock County, Mississippi, as of September 30, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on Governmental Activities, Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Hancock County, Mississippi, as of September 30, 2024, or the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse 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 opinions.

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Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. 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 unit. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component unit on the aggregate discretely presented component unit has not been determined.

Matters Giving Rise to Adverse Opinion on Governmental Activities, Each Major Fund and the Aggregate Remaining Fund Information

The County has not properly accounted for cash and cash equivalents in accordance with accounting principles generally accepted in the United States of America. Specifically, management has failed to maintain adequate records supporting the existence, completeness, and valuation of cash balances. In addition, significant reconciling items between the County's recorded cash balances and bank statements were not properly investigated or resolved, and certain cash transactions were not recorded in the appropriate accounting periods. Furthermore, the County did not maintain adequate accounting records for certain subsidiary ledgers, including but not limited to accounts receivable, capital assets, accounts payable, long-term liabilities, and other supporting schedules. Subsidiary ledgers did not agree to the general ledger, and significant discrepancies were noted that were not investigated or resolved, resulting in material misstatements across multiple accounts.

These departures from accounting principles generally accepted in the United States of America are both material and pervasive to the financial statements, affecting multiple assets, liabilities, revenues, expenditures/expenses, and cash flows. As a result, we were unable to determine the extent of adjustments that would be necessary to fairly present the financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hancock 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. Because of the significance of the matter described in the Basis for Adverse Opinions, it is inappropriate to, and we do not express an opinion on the supplementary information referred to above.

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 June 15, 2026 on our consideration of Hancock 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 Hancock 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 Hancock County, Mississippi's internal control over financial reporting and compliance.

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 15, 2026

FINANCIAL STATEMENTS

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HANCOCK COUNTY
Statement of Net Position
September 30, 2024

Exhibit 1

		Primary Government
		Governmental Activities
ASSETS		
Cash	$	101,902,493
Restricted assets - investments		6,374,200
Property tax receivable		28,134,163
Accounts receivable (net of allowance for uncollectibles of $910,827)		399,252
Fines receivable (net of allowance for uncollectibles of $6,640,702)		2,101,959
Lease receivable		10,545,015
Intergovernmental receivables		3,305,912
Other receivables		830,141
Prepaid items		569,525
Capital assets:		
Land and construction in progress		19,497,327
Other capital assets, net		168,930,321
Total Assets		342,590,308
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		8,956,801
Total Deferred Outflows of Resources		8,956,801
LIABILITIES		
Claims payable		3,006,313
Intergovernmental payables		33,120,667
Accrued interest payable		300,112
Unearned revenue		6,528,208
Other payables		489,969
Claims and judgments payable		89,873
Long-term liabilities		
Due within one year:		
Capital debt		1,509,980
Non-capital debt		1,221,587
Lease liabilities		127,187
SBITA liabilities		102,021
Due in more than one year:		
Capital debt		17,015,000
Non-capital debt		1,618,893
Lease liabilities		554,299
SBITA liabilities		121,716
Net pension liability		50,802,672
Total Liabilities		116,608,497
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		163,416
Deferred inflows related to leases		9,642,554
Deferred revenues - property taxes		28,134,163
Total Deferred Inflows of Resources		37,940,133
NET POSITION		
Net investment in capital assets		168,997,445
Restricted for:		
Expendable:		
General government		913,186
Public safety		2,819,346
Public works		30,283,213
Health and welfare		759,188
Culture and recreation		4,125,843
Debt service		4,171,872
Unrestricted		(15,071,614)
Total Net Position	$	196,998,479

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

HANCOCK COUNTY
Statement of Activities
For the Year Ended September 30, 2024

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 15,142,868	3,133,399	$ 2,032,447	622,497	(9,354,525)
Public safety	14,192,253	1,137,581	3,176,253	67,228	(9,811,191)
Public works	11,351,512		2,117,377	5,212,547	(4,021,588)
Health and welfare	1,521,163		118,243		(1,402,920)
Culture and recreation	3,132,800	840,657		2,790	(2,289,353)
Conservation of natural resources	168,501				(168,501)
Economic development and assistance	328,383	175,188		2,500	(150,695)
Interest on long-term debt	541,619				(541,619)
Pension expense	6,390,373				(6,390,373)
Total Governmental Activities	$ 52,769,472	5,286,825	7,444,320	5,907,562	(34,130,765)
General revenues:					
Property taxes					$ 29,575,381
Road & bridge privilege taxes					736,745
Grants and contributions not restricted to specific programs					4,538,269
In lieu taxes - DAK Americas Mississippi, Inc.					1,627,466
Unrestricted interest income					4,048,320
Miscellaneous					2,938,426
Total General Revenues					43,464,607
Changes in Net Position					9,333,842
Net Position - Beginning, as previously reported					201,154,613
Change within financial reporting entity (fund reclassification)					(1,179,472)
Error corrections					(12,310,504)
Net Position - Beginning, as restated					187,664,637
Net Position - Ending					$ 196,998,479

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

HANCOCK COUNTY

Exhibit 3

Balance Sheet - Governmental Funds

September 30, 2024

	Major Funds			
	General Fund	American Rescue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 58,795,951	7,634,556	34,622,925	101,053,432
Restricted assets - investments			6,374,200	6,374,200
Property tax receivable	17,884,100		10,250,063	28,134,163
Accounts receivable (net of allowance for uncollectibles of $910,827)			399,252	399,252
Fines receivable (net of allowance for uncollectibles of $6,640,702)	2,101,959			2,101,959
Lease receivable	10,545,015			10,545,015
Intergovernmental receivables	1,768,335		1,537,577	3,305,912
Other receivables	781,848		48,293	830,141
Due from other funds	3,447,486		440,201	3,887,687
Total Assets	$ 95,324,694	7,634,556	53,672,511	156,631,761
LIABILITIES				
Liabilities:				
Claims payable	$ 1,984,512		1,021,801	3,006,313
Intergovernmental payables	32,957,785			32,957,785
Due to other funds	603,083		3,447,486	4,050,569
Unearned revenue		6,528,208		6,528,208
Other payables	489,969			489,969
Total Liabilities	36,035,349	6,528,208	4,469,287	47,032,844
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	17,884,100		10,250,063	28,134,163
Unavailable revenue - accounts receivable			399,252	399,252
Unavailable revenue - fines	2,101,959			2,101,959
Leases	9,642,554			9,642,554
Total Deferred Inflows of Resources	29,628,613	0	10,649,315	40,277,928
Fund balances:				
Restricted for:				
General government			913,186	913,186
Public safety			2,819,346	2,819,346
Public works		1,106,348	28,777,613	29,883,961
Culture and recreation			4,125,843	4,125,843
Debt service			4,471,984	4,471,984
Unassigned	29,660,732		(2,554,063)	27,106,669
Total Fund Balances	29,660,732	1,106,348	38,553,909	69,320,989
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 95,324,694	7,634,556	53,672,511	156,631,761

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

HANCOCK COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2024

		Amount
Total Fund Balance - Governmental Funds	$	69,320,989
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of $133,949,699 and accumulated amortization of $986,259.		188,427,648
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,501,211
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(22,270,683)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(50,802,672)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(300,112)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition, and therefore, are not reported in the funds.		569,525
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		8,956,801
Deferred inflows of resources related to pensions		(163,416)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.		759,188
Total Net Position - Governmental Activities	$	196,998,479

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

HANCOCK COUNTY Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2024

	Major Funds		Previous Major Funds			
	General Fund	American Rescue Fund	Countywide Road Maintenance Fund	Silver Slipper Road Elevation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 19,722,969				9,852,412	29,575,381
Road and bridge privilege taxes					736,745	736,745
Licenses, commissions and other revenue	1,253,275				42,411	1,295,686
Fines and forfeitures	379,648					379,648
In lieu taxes - DAK Americas Mississippi, Inc.	1,627,466					1,627,466
Intergovernmental revenues	5,323,100	622,497			11,944,554	17,890,151
Charges for services	1,978,238				1,858,122	3,836,360
Interest income	2,213,479	290,354			1,513,087	4,016,920
Miscellaneous revenues	2,395,064				339,697	2,734,761
Total Revenues	34,893,239	912,851	0	0	26,287,028	62,093,118
EXPENDITURES						
Current:						
General government	11,004,563				3,172,181	14,176,744
Public safety	13,371,037				1,097,578	14,468,615
Public works	156,382	897,462			14,204,966	15,258,810
Health and welfare	1,531,371					1,531,371
Culture and recreation	2,454,594				271,945	2,726,539
Conservation of natural resources	176,346					176,346
Economic development and assistance	345,932					345,932
Debt service:						
Principal	54,622				3,307,746	3,362,368
Interest	22,792				855,835	878,627
Total Expenditures	29,117,639	897,462	0	0	22,910,251	52,925,352
Excess of Revenues over (under) Expenditures	5,775,600	15,389	0	0	3,376,777	9,167,766
OTHER FINANCING SOURCES (USES)						
Leases issued	28,155				24,119	52,274
SBITA issued					43,277	43,277
Proceeds from sale of capital assets	47,186				240,335	287,521
Compensation for loss of capital assets	31,797				1,000	32,797
Transfers in	1,297,000				3,427,137	4,724,137
Transfers out	(1,570,186)				(3,153,951)	(4,724,137)
Total Other Financing Sources and Uses	(166,048)	0	0	0	581,917	415,869
Net Changes in Fund Balances	5,609,552	15,389	0	0	3,958,694	9,583,635

HANCOCK COUNTY

Exhibit 4 - cont'd

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2024

	Major Funds		Previous Major Funds			
	General Fund	American Rescue Fund	Countywide Road Maintenance Fund	Silver Slipper Road Elevation Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances - Beginning, as previously reported	29,798,926		6,742,386	6,700,015	24,249,283	67,490,610
Change within financial reporting entity						
(from major to nonmajor fund)			(6,742,386)	(6,700,015)	13,442,401	0
(from nonmajor to major fund)		7,619,167			(7,619,167)	0
(fund reclassification)	(1,485,356)				305,884	(1,179,472)
Error corrections	(4,262,390)	(6,528,208)			4,216,814	(6,573,784)
Fund Balances - Beginning, as restated	24,051,180	1,090,959	0	0	34,595,215	59,737,354
Fund Balances - Ending	$ 29,660,732	1,106,348	0	0	38,553,909	69,320,989

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

HANCOCK COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

		Amount
Net Changes in Fund Balances - Governmental Funds	$	9,583,635
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 $6,245,917 exceeded depreciation of $5,691,441 and amortization of $257,059 in the current period.		297,417
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of $203,665 and the proceeds from the sale of $287,521 and the compensation for loss of $32,797 in the current period.		(116,653)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.		(624,121)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.		399,252
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of $3,362,368 exceeded debt proceeds of $95,551.		3,266,817
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:		
The amount of increase in compensated absences liability.		(111,789)
The amount of decrease in accrued interest payable.		337,008
Under the modified accrual basis of accounting used in the Governmental Funds, prepaid items are reported as expenditures. However, in the Statement of Activities, only the portion of expenses related to the current period are reported. Thus, the change in net position differs from the change in fund balance by the amount of increase in prepaid items.		97,198
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:		
Recording of pension expense for the current period.		(6,390,373)
Recording of contributions made during the year.		2,672,235
An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.		(76,784)
Change in Net Position of Governmental Activities	$	9,333,842

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

HANCOCK COUNTY

Statement of Net Position - Proprietary Fund

September 30, 2024

Exhibit 5

		Governmental Activities: Self-insurance Internal Service Fund
ASSETS		
Current assets:		
Cash	$	849,061
Total Assets		849,061
LIABILITIES		
Current liabilities:		
Claims and judgments payable		89,873
Total Liabilities		89,873
NET POSITION		
Restricted for:		
Health and welfare		759,188
Total Net Position	$	759,188

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

HANCOCK COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2024

		Governmental Activities Self-insurance Internal Service Fund
Operating Revenues		
Premiums	$	469,501
Total Operating Revenues		469,501
Operating Expenses		
Claims payments		230,988
Administrative		12,246
Insurance premiums		334,451
Total Operating Expenses		577,685
Operating Income (Loss)		(108,184)
Nonoperating Revenues (Expenses)		
Interest income		31,400
Net Nonoperating Revenue (Expenses)		31,400
Net Income (Loss)		(76,784)
Changes in Net Position		(76,784)
Net Position - Beginning, as previously reported		856,283
Error correction		(20,311)
Net Position - Beginning, as restated		835,972
Net Position - Ending	$	759,188

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

HANCOCK COUNTY

Statement of Cash Flows - Proprietary Fund

For the Year Ended September 30, 2024

Exhibit 7

	Governmental Activities Self-insurance Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	$ 469,501
Payments for claims	(148,390)
Payments to administrator for services	(12,246)
Payments for insurance premiums	(334,451)
Net Cash Provided (Used) by Operating Activities	(25,586)
Cash Flows From Investing Activities	
Interest on deposits	31,400
Net Cash Provided (Used) by Investing Activities	31,400
Net Increase (Decrease) in Cash and Cash Equivalents	5,814
Cash and Cash Equivalents at Beginning of Year	863,558
Adjustments to Beginning of Year Cash Due to Error Correction	(20,311)
Cash and Cash Equivalents at End of Year	$ 849,061
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (108,184)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in claims and judgments payable	82,598
Total Adjustments	82,598
Net Cash Provided (Used) by Operating Activities	$ (25,586)

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

HANCOCK COUNTY

Statement of Fiduciary Net Position

September 30, 2024

Exhibit 8

		Custodial Funds
ASSETS		
Cash	$	224,122
Receivables:		
Intergovernmental receivables		45,381
Due from other funds		162,882
Total Assets		432,385
LIABILITIES		
Other liabilities		132,620
Intergovernmental payables		162,882
Total Liabilities		295,502
NET POSITION		
Restricted for:		
Individuals, organizations and other governments		136,883
Total Net Position	$	136,883

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

HANCOCK COUNTY

Exhibit 9

Statement of Changes in Fiduciary Net Position

For the Year Ended September 30, 2024

		Custodial Funds
ADDITIONS		
Investment income:		
Interest	$	7
Tax collections for other governments		2,862,181
Total Additions		2,862,188
DEDUCTIONS		
Payments of tax to other governments		2,774,092
Total Deductions		2,774,092
Net increase (decrease) in fiduciary net position		88,096
Net Position - Beginning, as previously reported		190,033
Change within financial reporting entity (fund reclassification)		1,179,472
Error correction		(1,320,718)
Net Position - Beginning, as restated		48,787
Net Position - Ending	$	136,883

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

Notes to Financial Statements

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Hancock County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Hancock County to present these financial statements on the primary government and its component unit 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 accordance with accounting principles generally accepted in the United States of America.

- Hancock County Port & Harbor Commission

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. Individual Component Unit Disclosures.

Blended Component Unit

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government.

Hancock County Public Improvement Corporation was incorporated as a nonprofit under *Section 31-8-3, Mississippi Code of 1972 Annotated*, which allows counties to enter into agreements with any corporation. The Corporation's board of directors is appointed by the Board of Supervisors. The Corporation produces a financial benefit through its ability to finance the construction, acquisition, and renovation of capital facilities for the primary government and imposes a financial burden on the primary government by obligating funds to repay the debt pursuant to an agreement.

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

D. 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 Proprietary Funds 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.

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.

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service fund reports on self-insurance programs for employee medical benefits.

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.

E. 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.

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

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, 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." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

J. Restricted Assets.

Assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain resources and revenues associated with the County's revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "bond proceeds" fund is used to receive the proceeds of the bonds which shall be used to pay the cost of issuance of the bonds. The "debt service" fund is used to pay the interest on the bonds as it becomes due. The "construction" fund is used to receive the proceeds of the bond and shall be applied by the borrower to the costs of the project. The "debt service reserve" fund is used to receive pledged revenues. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

K. Capital Assets.

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

Governmental accounting and financial reporting standards require governments meeting certain criteria to retroactively report major general infrastructure by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

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

** Leased assets and subscription IT assets represent intangible right-to-use assets of the County. The estimated useful life of leased assets and subscription IT assets is the term of the respective lease or subscription agreement, including any periods covered by options to extend if it is reasonably certain that the County will exercise those options. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

L. Deferred Outflows/Inflows of Resources.

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

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

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

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

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

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

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

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

M. Leases.

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

The County uses the historical federal prime borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. The rate used to calculate the present value of lease payments of 16th section real property was 4.00% in accordance with *Section 29-3-113, Mississippi Code of 1972 Annotated.*

N. Subscription-Based Information Technology Arrangements.

The Governmental Accounts Standards Board (GASB) issued Statement No.96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) 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. GASB 96 was implemented during fiscal year 2023.

O. 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 governmental activities, or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

P. Pensions.

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

Q. Compensated Absences.

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

R. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

S. 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.

T. 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.

U. Changes in Accounting Standards.

GASB 100, *Accounting Changes and Error Corrections*, was implemented during the 2024 fiscal year. This Statement is an amendment of GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance*. The purpose of the standard is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

(2) Adjustments and Restatements of Beginning Balances.

Changes to or within the Financial Reporting Entity

The beginning fund balances/net positions of the Due to the Chancery Clerk Fund, Payroll Clearing Fund and Circuit Clerk Payroll Clearing Fund in the amounts of $17,225, $(1,500,000) and $(2,581), respectively, were reclassified from custodial funds to general funds because the activities of the fund no longer meet the definition of custodial funds.

The beginning fund balances/net positions of the Inmate Commissary Fund and Seized Drug Fund in the amounts of $193,960 and $111,924, respectively, were reclassified from custodial funds to special revenue funds because the activities of these funds no longer meet the definition of custodial funds.

Correction of Errors in Previously Issued Financial Statements

An adjustment in the amount of $(6,528,208) was made to the beginning unearned revenue balances in Governmental Activities and the American Rescue Fund.

An adjustment in the amount of $992,027 was made to the beginning balances of the lease receivable and deferred inflows related to leases/leases in Governmental Activities and the General Fund.

An adjustment in the amount of $(3,234,340) was made to the beginning capital asset balances, net of depreciation and amortization, in Governmental Activities.

An adjustment in the amount of $597,538 was made to the beginning balance of accrued interest payable in Governmental Activities.

Adjustments in the amounts of $(320,118) and $(287,908) were made to the beginning balances of lease liabilities and subscription-based IT liabilities, respectively, in Governmental Activities.

An adjustment in the amount of $582,201 was made to the beginning balances of long-term liabilities in Governmental Activities.

Adjustments in the amounts of $(4,065,661), $(4,757,196), $4,217,644 and $(1,320,718) were made to the beginning balances of cash in Governmental Activities, the General Fund, Other Governmental Funds and Custodial Funds, respectively, to reflect year-end balances reported in the County's subsidiary records.

Adjustments in the amounts of $(471,497) and $(830) were made to the beginning balance of prepaid items in the General Fund and Other Governmental Funds, respectively.

An adjustment in the amount of $(25,724) was made to the beginning balance of other assets in Governmental Activities and the General Fund.

An adjustment in the amount of $(20,311) was made to the beginning balance of cash in the Self-insurance Internal Service Fund and Governmental Activities to reflect year-end balances reported in the County's subsidiary records.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, changes to or within the financial reporting entity and error corrections resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

		Funds				
		General Fund	American Rescue Fund	Countywide Road Maintenance Fund	Silver Slipper Road Elevation Fund	Other Governmental Funds
9/30/2023, as previously reported	$	29,798,926		6,742,386	6,700,015	24,249,283
Changes to or within financial reporting entity						
(change from major to nonmajor fund)				(6,742,386)	(6,700,015)	13,442,401
(change from nonmajor to major fund)			7,619,167			(7,619,167)
(fund reclassification)		(1,485,356)				305,884
Error corrections		(4,262,390)	(6,528,208)			4,216,814
9/30/2023, as adjusted or restated	$	24,051,180	1,090,959	0	0	34,595,215

		Funds		Government-wide
		Self-insurance Internal Service Fund	Custodial Funds	Governmental Activities
9/30/2023, as previously reported	$	856,283	190,033	201,154,613
Changes to or within financial reporting entity				
(change from major to nonmajor fund)				
(change from nonmajor to major fund)				
(fund reclassification)			1,179,472	(1,179,472)
Error corrections		(20,311)	(1,320,718)	(12,310,504)
9/30/2023, as adjusted or restated	$	835,972	48,787	187,664,637

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2024, was $102,126,615, and the bank balance was $74,354,241. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

As provided in *Section 91-13-8, Mississippi Code of 1972 Annotated*, the following investments of the County are handled through a trust indenture between the County and the trustee related to qualified Gulf of Mexico Energy Security Act (GOMESA) projects.

Investments balances at September 30, 2024, are as follows:

Investment Type	Maturities	Fair Value Level	Fair Value	Rating
Goldman Sachs Financial Square Government Fund	Less than one year	1	$ 6,374,200	AAA

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

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Level 1 inputs include U.S. government and agency securities, foreign government debt, listed equities and money market securities.

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

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

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

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2024:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 3,447,486
Other Governmental Funds	General Fund	440,201
Custodial Funds	General Fund	162,882
Total		$ 4,050,569

The receivables represent operating loans for cash flow and the tax revenue collected in September, 2024, but not settled until October, 2024. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfers In	Transfers Out		Amount
General Fund	Other Governmental Funds	$	1,297,000
Other Governmental Funds	General Fund		1,570,186
Other Governmental Funds	Other Governmental Funds		1,856,951
Total		$	4,724,137

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2024, consisted of the following:

Description		Amount
Governmental Activities:		
Legislative tax credit	$	416,241
Presidentially declared disaster - Hurricane Zeta grant reimbursement		981,160
Family drug court grant reimbursement		103,356
Fire rebate grant reimbursement		61,564
Gaming fees distribution		181,626
Gas tax distribution		129,857
Household waste grant reimbursement		66,564
Housing prisoners reimbursement		197,317
Mississippi Department of Public Safety grant reimbursement		890,000
Substance abuse grant reimbursement		82,080
Other various grant reimbursements		196,147
Total Governmental Activities	$	3,305,912

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2024:

Governmental activities:

	Balance Oct. 1, 2023	Additions	Deletions	Adjustments*	Balance Sept. 30, 2024
Non-depreciable capital assets:					
Land	$ 13,178,651				13,178,651
Construction in progress	3,604,465	3,782,922		(1,068,711)	6,318,676
Total non-depreciable capital assets	16,783,116	3,782,922	0	(1,068,711)	19,497,327
Depreciable capital assets:					
Infrastructure	154,156,542			52,168	154,208,710
Buildings	113,939,332			(354,557)	113,584,775
Improvements other than buildings	13,199,501			2,400,485	15,599,986
Mobile equipment	11,509,040	2,274,281	750,298	(544,509)	12,488,514
Furniture and equipment	10,490,767	93,163	119,958	(4,330,958)	6,133,014
Total depreciable capital assets	303,295,182	2,367,444	870,256	(2,777,371)	302,014,999
Less accumulated depreciation for:					
Infrastructure	86,259,098	1,438,510		1,079,199	88,776,807
Buildings	24,162,980	2,268,724		1,655,861	28,087,565
Improvements other than buildings	3,496,810	623,999		374,014	4,494,823
Mobile equipment	6,940,599	1,087,809	648,855	7,256	7,386,809
Furniture and equipment	8,166,836	272,399	104,748	(3,130,792)	5,203,695
Total accumulated depreciation	129,026,323	5,691,441	753,603	(14,462)	133,949,699
Total depreciable capital assets, net	174,268,859	(3,323,997)	116,653	(2,762,909)	168,065,300
Governmental activities capital assets, net	$ 191,051,975	458,925	116,653	(3,831,620)	187,562,627
Lease assets, net (Note 7)					595,323
Subscription IT assets, net (Note 7)					269,698
Total capital assets, net, as reported in the statement of net position					$ 188,427,648

*Adjustments are for the reclassification of completed construction in progress and to correct prior year errors in capital assets.

Depreciation expense was charged to the following functions:

		Amount
Governmental activities:		
General government	$	1,845,790
Public safety		1,346,561
Public works		1,877,331
Health and welfare		15,665
Culture and recreation		602,063
Economic development and assistance		4,031
Total governmental activities depreciation expense	$	5,691,441

Commitments with respect to unfinished capital projects at September 30, 2024, consisted of the following:

Description of Commitment		Remaining Financial Commitment	Expected Date of Completion
Washington Access Deck	$	564,185	May 2027
Arena Plan Improvements		8,848,649	May 2028
Taxiland Sierra Overlay		1,900,060	December 2025
Aircraft Packaging Hangar		1,605,978	December 2025
Santa Rosa Pathway		670,918	December 2026
Firetower Drive Drainage Improvements		190,887	July 2025
Bayside Park Phase 2		1,396,313	May 2025
North Railroad Bridge		666,993	December 2027
McCleod Park Bulkhead		1,077,797	December 2026

(7) Intangible Right-to-Use Leases and Subscription Based IT Assets.

A summary of lease and subscription IT asset activity during the year ended September 30, 2024 is as follows:

Governmental Activities:

	Balance Oct. 1, 2023	Additions	Adjustments*	Balance Sept. 30, 2024
Lease assets:				
Land	$ 466,003	28,155	38,702	532,860
Furniture and equipment		24,119	682,674	706,793
Total lease assets	466,003	52,274	721,376	1,239,653
Less accumulated amortization for:				
Lease assets:				
Land	36,754	18,042	116,740	171,536
Furniture and equipment		110,921	361,873	472,794
Total accumulated amortization	36,754	128,963	478,613	644,330
Total lease assets, net	429,249	(76,689)	242,763	595,323
Subscription IT assets		43,277	568,350	611,627
Less accumulated amortization		128,096	213,833	341,929
Subscription IT assets, net	0	(84,819)	354,517	269,698
Total governmental activities lease and subscription IT assets, net	$ 429,249	(161,508)	597,280	865,021

*Adjustments are to correct the prior year errors in lease assets and subscription-based IT assets.

Amortization expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	$ 97,926
Public safety	141,091
Culture and recreation	18,042
Total governmental activities amortization expense	$ 257,059

A summary of lease and subscription IT liabilities during the year ended September 30, 2024 is as follows:

Governmental Activities:

	Balance 10/1/2023	Additions	Deductions	Adjustments*	Balance 9/30/2024	Amounts due within one year
Lease liabilities	$ 429,249	52,274	120,155	320,118	681,486	127,187
Subscription IT liabilities	0	43,277	107,448	287,908	223,737	102,021
Total	$ 429,249	95,551	227,603	608,026	905,223	229,208

*Adjustments are to correct prior year errors in lease liabilities and subscription-based IT liabilities.

Leases

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

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

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

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain not to 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 for the lease term.

As Lessee:

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

On June 15, 2016, Hancock County entered into a non-cancellable lease agreement with Hancock Whitney Bank for the purpose of leasing E-911 CAD/GIS equipment. The lease stipulated that the lessee would pay $44,115 per year in rental payments commencing June 22, 2016, until June 22, 2026.

On November 1, 2022, Hancock County entered into a non-cancellable lease agreement with Motorola Solutions for the purpose of leasing Motorola radios. The lease stipulated that the lessee would pay $24,030 per year in rental payments, commencing November 1, 2022, until November 1, 2027.

The County has entered into various leases of copiers from Canon Solutions America and postage meters/ mailing systems from Quadient Leasing. Each lease agreement has its own fixed lease payment and term. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreements.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
16th section lease	4.00%	25 years	5/22/2008	5/21/2033	$ 3,132	$ 21,086
16th section lease	4.00%	25 years	5/1/2014	4/30/2039	742	7,836
16th section lease	4.00%	40 years	5/1/2014	4/30/2054	7,500	127,377
16th section lease	4.00%	40 years	5/1/2014	4/30/2054	850	14,437
16th section lease	4.00%	40 years	5/1/2014	4/30/2054	2,896	49,185
16th section lease	4.00%	40 years	5/1/2014	4/30/2054	8,309	141,124
16th section lease	4.00%	25 years	6/2/2015	6/1/2040	384	4,269
16th section lease	4.00%	25 years	7/10/2022	7/9/2047	2,125	12,755
16th section lease	4.00%	10 years	9/8/2024	9/7/2034	3,338	24,817
Copier lease	3.50%	48 months	5/1/2022	4/30/2026	175	3,230
Copier lease	3.50%	48 months	5/1/2022	4/30/2026	125	2,307
Copier lease	3.50%	48 months	5/1/2022	4/30/2026	125	2,307
Copier lease	3.50%	48 months	5/1/2022	4/30/2026	125	2,307
Copier lease	3.50%	48 months	5/1/2022	4/30/2026	125	2,307
Copier lease	4.75%	48 months	7/1/2022	6/30/2026	188	3,779
Copier lease	4.75%	48 months	7/1/2022	6/30/2026	141	2,836
Copier lease	4.75%	48 months	7/1/2022	6/30/2026	201	4,035
Copier lease	4.75%	48 months	7/1/2022	6/30/2026	442	8,890
Copier lease	4.75%	48 months	7/1/2022	6/30/2026	270	5,426
Copier lease	4.75%	48 months	7/1/2022	6/30/2026	302	6,066
Copier lease	7.75%	48 months	3/1/2023	2/28/2027	174	4,587
Copier lease	7.75%	48 months	3/1/2023	2/28/2027	250	6,592
Copier lease	7.75%	48 months	3/1/2023	2/28/2027	178	4,694
Copier lease	7.75%	48 months	3/1/2023	2/28/2027	270	7,120
Copier lease	7.75%	48 months	3/1/2023	2/28/2027	169	4,457
Copier lease	7.75%	48 months	3/1/2023	2/28/2027	185	4,878
Copier lease	7.75%	48 months	3/1/2023	2/28/2027	140	3,692
Copier lease	8.50%	48 months	9/1/2024	8/31/2028	230	9,181
E-911 equipment	2.45%	10 years	6/22/2016	6/22/2026	3,676	85,041
Motorola radios	5.14%	5 years	11/1/2022	11/1/2027	2,003	65,120
Postage meter & mailing system	7.50%	60 months	1/11/2023	1/10/2028	285	13,273
Postage meter & mailing system	7.50%	60 months	1/11/2023	1/10/2028	385	13,273
Postage meter & mailing system	8.50%	60 months	3/4/2024	3/3/2029	300	13,202
Total					$ 39,740	$ 681,486

The following is a schedule by years of the total payments due as of September 30, 2024:

Year Ending September 30		Principal	Interest
2025	$	127,187	28,830
2026		125,050	22,966
2027		57,955	17,771
2028		22,828	14,883
2029		16,861	13,912
2030 - 2034		70,365	60,038
2035 - 2039		54,675	47,990
2040 - 2044		61,162	36,614
2045 - 2049		74,416	23,361
2050 - 2054		70,987	7,235
Total	$	681,486	273,600

As Lessor:

On April 1, 2018, Hancock County entered into a twenty-five year lease agreement with Ochsner Medical Center – Hancock, LLC for the lease of the Hancock County Medical Center, a county-owned facility used for the provision of healthcare services. The lease stipulated that the lessee would pay rental payments of $850,000, payable in advance on a yearly basis. Rental payments for lease years one (1) and two (2) are reduced to $600,000 annually, while payments for lease years six (6) and seven (7) are increased to $1,100,000 annually. Rental payments for the remaining twenty-one (21) lease years are set at $850,000 annually. The County is to receive $800,000 in rent annually with an implicit interest rate of 4.25%. Total income received by the County was $1,100,000 for the year ended September 30, 2024.

The lease contains two purchase options. The first allows the lessee to exercise a purchase option at any time during the lease term, with the purchase price calculated by applying a present value discount of five percent (5%) to the total of any unpaid and future rent remaining under the lease. The second purchase option allows the lessee to acquire the facility at the end of the lease term for $1.

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

Year Ending September 30		Principal	Interest
2025	$	401,837	448,163
2026		418,915	431,085
2027		436,719	413,281
2028		455,279	394,721
2029		474,629	375,371
2030 - 2034		2,693,421	1,556,579
2035 - 2039		3,316,535	933,465
2040 - 2044		2,347,680	202,321
Total	$	10,545,015	4,754,986

SBITA

In June 2022, Hancock County entered into a subscription-based information technology arrangement (SBITA) with Metrix Solutions for the right to use software related to body-worn camera and in-car video systems. The agreement provides the County with the right-to-use the vendor's software and related services for a term of five years. The County was required to make a first-year payment of $192,276 for fiscal year 2022 and annual payments of $85,000 for each of the subsequent fiscal years through fiscal year 2026.

Subsequent additions to the original agreement were executed in April 2023 and September 2024 for additional body-worn camera and in-car video systems. The April 2023 agreement provides the County with the right-to-use the software for a term of five years, with annual payments of $15,795 for fiscal years 2023 through 2027. The September 2024 agreement provides the County with the right-to-use the software for a term of forty-three months, with an initial payment of $20,380 for fiscal year 2024 and annual payments of $12,928 due on September 1 of each year for fiscal years 2025 and 2026.

Year Ending September 30		Principal Payments	Interest Payments	Total
2025	$	102,021	11,702	113,723
2026		107,125	6,598	113,723
2027		14,591	1,204	15,795
Total	$	223,737	19,504	243,241

(8) Claims and Judgments.

Risk Financing.

Worker's Compensation Benefits

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, 2024, to January 1, 2025. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Health and Accident Benefits

The County terminated its risk management fund on September 30, 2014, and a commercial insurance company began providing employee health and accident coverage.

Dental Benefits

The County is exposed to risk of loss relating to employee dental coverage. Pursuant to *Section 25-15-101, Mississippi Code of 1972 Annotated*, the County established a risk management fund (included as an Internal Service Fund) to account for and finance this risk.

Under the plan, the County funds dental claims and administrative costs through charges to County departments and payroll deductions from employees electing coverage. Benefits are subject to plan provisions, including an annual maximum benefit of $1,500 per covered individual.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2024, the amount of these liabilities was $89,873. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2022 - 2023	$ 0	0	0	0
2023 - 2024	$ 0	320,861	(230,988)	89,873

(9) Long-term Debt.

Debt outstanding as of September 30, 2024, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2017	$ 1,075,000	2.38%	05/2027
Special Obligation Bonds, Series 2019	11,300,000	4.55%	09/2040
General Obligation Bonds, Series 2021	5,895,000	1.74%	08/2033
Total General Obligation Bonds	$ 18,270,000		
B. Limited Obligation Bonds:			
Tax Increment Limited Obligation Bonds, Series 2015	$ 2,505,673	5.00%	03/2026
C. Other Loans:			
E-911 Motorola Tower Loan 2015	$ 254,980	2.49%	08/2025

Pledge of Future Revenues

The County has pledged future revenues to fund unpaid obligations from loan proceeds used by DAK Americas Mississippi, Inc. to construct facilities and equipment at the Port Bienville Industrial Park. The bond is not a general obligation of the County and, therefore, is not secured by the full faith and credit of the County. The bond is payable solely from the annual tax increment generated from the ad valorem taxation of the captured assessed value of the project property of DAK Americas Mississippi, Inc., less amounts retained by the County and school district taxes as defined in the bond documents. Annual payments are due on March 1 of each year beginning March 1, 2017, and are applied first to accrued and unpaid interest and then to the outstanding principal balance. To the extent the available tax increment in any year is insufficient to cover accrued interest, the shortfall is added to the principal balance and carried forward to the following year, increasing the principal on which interest will accrue. Under the terms of the bond purchase agreement, if the bond is not fully repaid by the final scheduled maturity date of March 1, 2026, the purchaser has agreed to forgive any remaining principal and interest. The total principal remaining to be paid on the bonds is $2,505,673. During the fiscal year ended September 30, 2024, the

County received $1,307,426 incremental tax revenues from DAK Americans Mississippi, Inc., all of which was applied toward debt service on the bond, including $1,125,850 in principal payments and $181,576 in interest payments.

The County has pledged future revenues to repay a special obligation bond issued to finance qualified projects under the Gulf of Mexico Energy Security Act (GOMESA). The bond is not a general obligation of the County and is not secured by the full faith and credit or taxing power of the County. Repayment of the bond is limited solely to GOMESA revenues received by the County. The total principal remaining to be paid on the bonds is $11,300,000. During the fiscal year ended September 30, 2024, the County received $1,593,151 in GOMESA revenues, all of which was applied toward debt service on the bond, including $1,055,000 in principal payments and $538,151 in interest payments. The bond matures in 2040 and the interest rate is 4.55%.

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

Governmental Activities:

	General Obligation Bonds		Limited Obligation Bonds	
Year Ending September 30	Principal	Interest	Principal	Interest
2025	$ 1,255,000	637,444	1,221,587	97,541
2026	1,300,000	599,133	1,284,086	35,042
2027	1,350,000	559,178		
2028	1,340,000	517,584		
2029	1,385,000	480,465		
2030 - 2034	6,805,000	1,793,239		
2035 - 2039	4,525,000	769,064		
2040 - 2044	310,000	23,546		
Total	$ 18,270,000	5,379,653	2,505,673	132,583

	Other Loans	
Year Ending September 30	Principal	Interest
2025	$ 254,980	6,179

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, 2024, the amount of outstanding debt was equal to 2.87 percent (2.87%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2024:

	Balance Oct. 1, 2023	Additions	Reductions	Adjustments *	Balance Sept. 30, 2024	Amount due within one year
Governmental Activities:						
Compensated absences	$ 223,018	111,789			334,807	
General obligation bonds	20,200,000		1,760,000	(170,000)	18,270,000	1,255,000
Limited obligation bonds	3,758,411		1,125,850	(126,888)	2,505,673	1,221,587
Other loans	503,895		248,915		254,980	254,980
Financed purchases	285,313			(285,313)		
Obligations under leases	429,249	52,274	120,155	320,118	681,486	127,187
Obligations under SBITA		43,277	107,448	287,908	223,737	102,021
Total	$ 25,399,886	207,340	3,362,368	25,825	22,270,683	2,960,775

*Adjustments are to correct prior year errors in long-term liabilities.

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

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2024, 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, 2024 was 17.90% of annual covered payroll. This rate increased as of July 1, 2024 from 17.40%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2024, 2023 and 2022 were $2,672,235, $2,493,404 and $2,268,791, 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, 2024, the County reported a liability of $50,802,672 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024 net pension liability was 0.195640 percent, which was based on a measurement date of June 30, 2024. This was an increase of 0.006740 percent from its proportionate share used to calculate the September 30, 2023 net pension liability, which was based on a measurement date of June 30, 2023.

For the year ended September 30, 2024, the County recognized pension expense of $6,390,373. At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,964,864	
Net difference between projected and actual earnings on pension plan investments		163,416
Changes of assumptions	4,218,863	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,032,760	
County contributions subsequent to the measurement date	740,314	
Total	$ 8,956,801	163,416

$740,314 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30		Amount
2025	$	2,829,955
2026		4,646,196
2027		617,773
2028		(40,853)
Total	$	8,053,071

Actuarial Assumptions. The total pension liability as of June 30, 2024 was determined by an actuarial valuation prepared as of June 30, 2023 and by the investment experience for the fiscal year ending June 30, 2024. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	5.15 %
International Equity	20.00	5.00
Global Equity	12.00	5.15
Fixed Income	18.00	2.75
Real Estate	10.00	3.50
Private Equity	10.00	6.25
Infrastructure	2.00	3.85
Private Credit	2.00	4.90
Cash Equivalents	1.00	0.50
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be phased in to 19.90 percent over five fiscal years (17.90 percent for FYE 2025, 18.40 percent for FYE 2026, 18.90 percent for FYE 2027, 19.40 percent for FYE 2028, 19.90 percent for FYE 2029 and beyond). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 65,847,656	50,802,672	38,489,492

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

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2024:

Fund		Deficit Amount
Fleet Maintenance Fund	$	23,741
Hurricane Ida Fund		1,715,911
Hurricane Zeta Fund		24,731
MDOT Lakeshore Road Preservation Fund		51,385
MDOT Turn Lane Project Fund		347,240
Solid Waste Billing Collection Fund		114,462
Solid Waste Millage Fund		3,703
USDA Fund		272,890

(12) 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.

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of $(15,071,614) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of $740,314 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, 2025. The $8,216,487 balance of the deferred outflows of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next three years. The $163,416 balance of the deferred inflows of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position amount of $(15,071,614) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The $9,642,554 balance of deferred inflows of resources related to leases at September 30, 2024, will be recognized as revenue and will increase the unrestricted net position over the next eighteen years.

(14) Related Organizations.

The Hancock County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the following entities:

Pearlington Water and Sewer District
Hancock County Water and Sewer District
Kiln Utility and Fire Protection District

The County's accountability for these organizations does not extend beyond making the appointments.

(15) Joint Ventures.

The County participates in the following joint ventures:

Hancock County is a participant with the Cities of Bay St. Louis, Waveland and Diamondhead in a joint venture, authorized by *Section 39-3-8*, *Mississippi Code of 1972 Annotated* to operate the Hancock County Library System. The joint venture was created to provide library service. The Hancock County Board of Supervisors appoints two of the five members of the board of directors. By contractual agreement, the County's appropriation to the joint venture was $1,204,000 in fiscal year 2024. Complete financial statements for the Hancock County Library System can be obtained from 312 Highway 90, Bay St. Louis, Mississippi.

Hancock County is a participant with the Cities of Bay St. Louis, Waveland and Diamondhead in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the Hancock County Solid Waste Authority. The joint venture was created to collect and dispose of solid waste for the members of the authority. The Hancock County Board of Supervisors appoints two of the eight members of the board of directors. The County's appropriation to the joint venture was $1,348,200 in fiscal year 2024. Complete financial statements for the Hancock County Solid Waste Authority can be obtained from Compton Engineering, P.A., 3036 Longfellow Drive, Bay St. Louis, Mississippi.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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

Region XII Commission for Mental Health and Mental Retardation operates in a district composed of the Counties of Amite, Covington, Forrest, Franklin, Greene, Hancock, Harrison, Jefferson Davis, Jones, Lamar, Lawrence, Marion, Pearl River, Perry, Pike, Stone, Walthall and Wayne. The governing body is an eighteen-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties. The County appropriated $332,159 for support in fiscal year 2024.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Hancock County Board of Supervisors appoints two of the 16 members of the college board of trustees. The County appropriated $1,352,260 for maintenance and support of the college in fiscal year 2024.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Hancock County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated $35,085 for support of the district in fiscal year 2024.

Gulf Regional Planning and Development District operates in a district composed of the Counties of Hancock, Harrison and Jackson. The governing body is a nine-member board of directors, three appointed by the Board of Supervisors of each member county. The County appropriated $9,077 for support of the district in fiscal year 2024.

The Hancock County Utility Authority operates the wastewater treatment facilities for the Cities of Bay St. Louis and Waveland, and three county utility districts, as authorized by *Section 49-17-171, Mississippi Code of 1972 Annotated*. The Hancock County Board of Supervisors appoints one of the six members of the board of commissioners. Complete financial statements for the Hancock County Utility Authority can be obtained from 401 Gulfside Street, Waveland, Mississippi.

Gulf Coast Community Action Agency operates in the Counties of George, Greene, Hancock and Harrison. The agency's board is composed of 24 members, one each appointed by the Counties of George, Greene, Hancock and Harrison, and the Cities of Bay St. Louis, Gulfport and Pass Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants and the member governments provide only a modest amount of financial support when the grants require matching funds.

Hancock County Tourism Development Bureau is jointly governed by Hancock County and the Cities of Bay St. Louis and Waveland. The Hancock County Board of Supervisors appoints four of the nine members of the board of directors. The County appropriated $25,000 for support of the Organization in fiscal year 2024.

(17) Tax Abatements.

As of September 30, 2024, Hancock County provides a tax exempt status to one chemical manufacturer, one wholesale apparel company, one brewery, one distillery, two aerospace companies, one mining/fracking company, one hotel, and one holdings company subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school, community college, mandatory mill and other non-exempt tax levy millage for general county and road maintenance. The exemptions are authorized under *Sections 27-31-101, 27-31-103, 27-31-104, 27-31-105, 17-21-5* and *17-21-7* of the *Mississippi Code of 1972 Annotated*. The exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2024 totaled $2,007,923.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Hancock County evaluated the activity of the County through June 15, 2026, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Subsequent to September 30, 2024, the County entered into the following equipment leases and subscription-based information technology arrangements:

06/01/2025	7.50%	259/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	209/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	326/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	310/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	159/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	249/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	282/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	282/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	282/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	209/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	202/month	Copier lease	Ad valorem taxes
06/01/2025	7.50%	269/month	Copier lease	Ad valorem taxes
10/01/2025	7.25%	249/month	Copier lease	Ad valorem taxes
02/10/2026	6.75%	3,130/month	Software subscription	Ad valorem taxes
03/10/2020	6.75%	2,520/month	Software subscription	Ad valorem taxes
04/30/2026	6.75%	4,358/month	Software subscription	Ad valorem taxes
05/04/2026	6.75%	4,122/month	Software subscription	Ad valorem taxes
05/18/2026	6.75%	201/month	Copier lease	Ad valorem taxes
05/18/2026	6.75%	149/month	Copier lease	Ad valorem taxes
05/18/2026	6.75%	274/month	Copier lease	Ad valorem taxes
05/18/2026	6.75%	442/month	Copier lease	Ad valorem taxes
05/18/2026	6.75%	239/month	Copier lease	Ad valorem taxes
05/18/2026	6.75%	302/month	Copier lease	Ad valorem taxes

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REQUIRED SUPPLEMENTARY INFORMATION

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HANCOCK COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2024
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 18,324,100	19,424,521	19,411,284	(13,237)
Licenses, commissions and other revenue	1,010,150	1,214,732	1,207,886	(6,846)
Fines and forfeitures	509,000	525,350	525,350	
Intergovernmental revenues	5,160,511	4,581,923	4,658,144	76,221
Charges for services	1,870,000	1,884,283	1,899,109	14,826
Interest income	1,238,000	1,643,436	1,664,496	21,060
Miscellaneous revenues	405,050	1,810,735	1,923,412	112,677
Total Revenues	28,516,811	31,084,980	31,289,681	204,701
EXPENDITURES				
Current:				
General government	12,032,517	11,028,945	10,743,861	285,084
Public safety	13,392,115	12,384,717	12,378,951	5,766
Public works	222,111	148,585	148,272	313
Health and welfare	1,591,688	1,535,822	1,536,095	(273)
Culture and recreation	2,907,639	2,457,054	2,456,821	233
Conservation of natural resources	192,363	177,344	177,344	
Economic development and assistance	390,161	337,750	337,749	1
Total Expenditures	30,728,594	28,070,217	27,779,093	291,124
Excess of Revenues over (under) Expenditures	(2,211,783)	3,014,763	3,510,588	495,825
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		108,346	108,346	
Compensation for loss of capital assets	20,000	59,671	59,671	
Transfers in	2,131,000	1,954,000	1,954,000	
Transfers out	(784,457)	(2,227,185)	(2,227,185)	
Other financing sources	1,100,000			
Total Other Financing Sources and Uses	2,466,543	(105,168)	(105,168)	0
Net Change in Fund Balance	254,760	2,909,595	3,405,420	495,825
Fund Balances - Beginning	27,641,800	20,669,328	20,502,644	(166,684)
Fund Balances - Ending	$ 27,896,560	23,578,923	23,908,064	329,141

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

HANCOCK COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
American Rescue Fund
For the Year Ended September 30, 2024
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	$	622,497	622,497	
Interest income		264,750	290,354	25,604
Total Revenues	0	887,247	912,851	25,604
EXPENDITURES				
Current:				
Public works	9,013,752	1,229,196	1,229,196	
Total Expenditures	9,013,752	1,229,196	1,229,196	0
Excess of Revenues over (under) Expenditures	(9,013,752)	(341,949)	(316,345)	25,604
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources and Uses	0	0	0	0
Net Change in Fund Balance	(9,013,752)	(341,949)	(316,345)	25,604
Fund Balances - Beginning	7,800,000	7,950,901	7,950,901	0
Fund Balances - Ending	$ (1,213,752)	7,608,952	7,634,556	25,604

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

HANCOCK COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2024
UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.195640%	0.188900%	0.189400%	0.188000%	0.183800%	0.170900%	0.166000%	0.162000%	0.153000%	0.157900%
County's proportionate share of the net pension liability (asset)	$ 50,802,672	47,520,401	38,985,824	27,793,134	35,583,674	30,066,089	27,594,834	26,929,898	27,329,620	24,408,226
Covered payroll	$ 14,992,267	14,329,916	12,772,300	12,772,300	12,546,846	11,527,533	10,919,765	10,254,806	9,841,232	9,866,463
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	338.86%	331.62%	305.24%	217.60%	283.61%	260.82%	252.71%	262.61%	277.71%	247.39%
Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015.

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

HANCOCK COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2024
UNAUDITED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,672,235	2,493,404	2,268,791	2,222,386	2,183,062	1,860,509	1,719,865	1,615,132	1,549,994	1,553,968
Contributions in relation to the contractually required contribution	2,672,235	2,493,404	2,268,791	2,222,386	2,183,062	1,860,509	1,719,865	1,615,132	1,549,994	1,553,968
Contribution deficiency (excess)	$ 0	0	0	0	0	0	0	0	0	0
Covered payroll	$ 15,252,483	14,329,916	13,039,036	12,772,300	12,546,846	11,527,533	10,919,765	10,254,806	9,841,232	9,866,463
Contributions as a percentage of covered payroll	17.52% **	17.40%	17.40%	17.40%	17.40%	16.14%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. GASB Statement No. 68 was implemented in the fiscal year ended September 30, 2015.

** The employer's rate at September 30, 2024 was 17.90% of annual covered payroll. This rate increased as of July 1, 2024 from 17.40%.

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

Notes to the Required Supplementary Information
For the Year Ended September 30, 2024
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 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 the major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

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

	Governmental Fund Types	
	General Fund	American Rescue Fund
Budget (Cash Basis)	$ 3,405,420	(316,345)
Increase (Decrease)		
Net adjustments for revenue accruals	2,885,679	
Net adjustments for expenditure accruals	(681,547)	331,734
GAAP Basis	$ 5,609,552	15,389

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
For males, 137% of male rates at all ages.
For females, 115% of female rates at all ages.
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

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

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
For females, 84% of female rates up to age 72, 100% for ages above 76.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
For males, 134% of male rates at all ages.
For females, 121% of female rates at all ages.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
For males, 97% of male rates at all ages.
For females, 110% of female rates at all ages.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.
The wage inflation assumption was reduced from 3.00% to 2.65%.
The investment rate of return assumption was changed from 7.75% to 7.55%.
The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

2023

The investment rate of return assumption was changed from 7.55% to 7.00%.
The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

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

B. Changes in benefit provisions.

2016

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

C. Methods 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, 2022 valuation for the June 30, 2024 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	25.6 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

SUPPLEMENTARY INFORMATION

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HANCOCK COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Natural Resources Conservation Service			
Emergency watershed protection program (Direct Award)	10.923	N/A	$ 8,393
Total U.S. Department of Agriculture			8,393
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
Community development block grants/state's program and non-entitlement grants in Hawaii	14.228	R-109-023-06-KCR	57,081
Community development block grants/state's program and non-entitlement grants in Hawaii	14.228	R-109-023-07-KCR	48,345
Subtotal			105,426
Total U.S. Department of Housing and Urban Development			105,426
U.S. Department of Justice			
Treatment court discretionary grant program (Direct Award)	16.585	N/A	170,363
Public safety partnership and community policing grants (Direct Award)*	16.710	N/A	890,000
Comprehensive opioid, stimulant, and other substances use program (Direct Award)	16.838	N/A	189,945
Equitable sharing program (Direct Award)	16.922	N/A	101,854
Total U.S. Department of Justice			1,352,162
U.S. Department of Transportation/ Passed-through the Mississippi Department of Transportation			
Highway planning and construction*	20.205	Unknown	1,121,797
Highway safety cluster:			
State and community highway safety	20.600	OP-2024-OP-12-31	4,833
Total Highway safety cluster			4,833
Alcohol open container requirements	20.607	154AL-2024-ST-12-31	103,348
Total U.S. Department of Transportation			1,229,978
U.S. Department of the Treasury			
COVID-19 Coronavirus state and local fiscal recovery funds (Direct Award)*	21.027	N/A	1,219,779
COVID-19 Local assistance and tribal consistency fund (Direct Award)	21.032	N/A	16,500
Total U.S. Department of the Treasury			1,236,279
Executive Office of the President/ Passed-through the Mississippi Department of Public Safety			
High intensity drug trafficking areas program	95.001	G23-GC0003A	88,347
High intensity drug trafficking areas program	95.001	G24-GC0003A	121,882
Subtotal			210,229
Total Executive Office of the President			210,229

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/			
Passed-through the Mississippi Emergency Management Agency			
Disaster grants - public assistance (Presidentially declared disasters)	97.036	4528-DR-MS	3,659
Disaster grants - public assistance (Presidentially declared disasters)	97.036	4576-DR-MS	22,030
Subtotal			25,689
Emergency management performance grants	97.042	Unknown	38,553
Total of U.S Department of Homeland Security			64,242
Total Expenditures of Federal Awards			$ 4,206,709

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 Hancock County under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2* U.S. Code of Federal Regulations *Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hancock County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Hancock County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

Note D - ALN 21.027 COVID-19 Coronavirus state and local fiscal recovery funds

Of the federal expenditures presented in the Schedule, the County provided federal awards totaling $936,329 to subrecipients during the year ended September 30, 2024.

* Denotes major federal award program

OTHER INFORMATION

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HANCOCK COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2024
UNAUDITED

Name	Position	Company	Bond
Donald Wayne Graham	Supervisor District 1	RLI Surety	$100,000
Charles "Chuck" Clark	Supervisor District 3	RLI Surety	$100,000
Gregory "Scotty" Adam	Supervisor District 4	RLI Surety	$100,000
Darrin W. Ladner	Supervisor District 5	Western Surety	$100,000
Blanket Bond	County Administrator	RLI Surety	$100,000
Tiffany Cowman	Chancery Clerk	RLI Surety	$100,000
Blanket Bond	Purchase Clerk	RLI Surety	$100,000
Blanket Bond	Assistant Purchase Clerk	RLI Surety	$50,000
Blanket Bond	Receiving Clerk	RLI Surety	$75,000
Blanket Bond	Assistant Receiving Clerks (11)	RLI Surety	$50,000
Blanket Bond	Inventory Control Clerk	RLI Surety	$75,000
Blanket Bond	Road Manager	RLI Surety	$50,000
John Ladner	Constable	RLI Surety	$50,000
Terry Necaise	Constable	RLI Surety	$50,000
Guy Graham, Jr.	Constable	RLI Surety	$50,000
Kendra Necaise	Circuit Clerk	RLI Surety	$100,000
Blanket Bond	Deputy Circuit Clerks (6)	RLI Surety	$50,000
Ricky Adam	Sheriff	RLI Surety	$100,000
Eric Moran, Sr.	Justice Court Judge	RLI Surety	$50,000
Desmond W. Hoda	Justice Court Judge	RLI Surety	$50,000
Brian Necaise	Justice Court Judge	RLI Surety	$50,000
Blanket Bond	Justice Court Clerk	RLI Surety	$50,000
Blanket Bond	Deputy Justice Court Clerks (5)	RLI Surety	$50,000
James A. Ladner, Jr.	Tax Assessor-Collector	RLI Surety	$100,000
Blanket Bond	Deputy Tax Assessors (8)	RLI Surety	$10,000
Blanket Bond	Deputy Tax Collectors (15)	RLI Surety	$50,000

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HANCOCK COUNTY

SPECIAL REPORTS

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Hancock County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hancock County, Mississippi (the County), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 15, 2026. Our report includes an adverse opinion on the aggregate discretely presented component unit 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 financial reporting entity that include the financial data for its component unit. In addition, our report includes adverse opinions on the governmental activities, each major fund, and the aggregate remaining fund information due to material and pervasive misstatements resulting from the County's inability to adequately support and reconcile cash balances, as well as deficiencies in the maintenance of subsidiary ledgers.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, 2024-007, and 2024-008 to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-004, 2024-005, 2024-006 and 2024-009 to be significant deficiencies.

Report on Compliance and Other Matters

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

We also noted certain matters, which we have reported to the management of Hancock 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 June 15, 2026, included within this document.

Hancock County's Responses to Findings

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

Purpose of this Report

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 15, 2026

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Hancock County, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each *Major Federal Program*

We have audited Hancock 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 Hancock County, Mississippi's major federal programs for the year ended September 30, 2024. Hancock County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Hancock County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Hancock 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 each major federal program. Our audit does not provide a legal determination of Hancock 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 Hancock County, Mississippi's federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hancock 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 Hancock 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 Hancock County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 15, 2026

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Hancock County, Mississippi

We have examined Hancock County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101* through *31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2024. The Board of Supervisors of Hancock County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Hancock 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.

The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets.

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:

Board of Supervisors, Purchase Clerk, Receiving Clerk, Inventory Control Clerk, Assistant Purchase Clerk and Assistant Receiving Clerks.

1. <u>The County should ensure compliance with state law over surety bonding requirements.</u>

Repeat Finding No

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires the Purchase Clerk to be bonded in an amount of not less than one hundred thousand dollars ($100,000); the Receiving Clerk and Inventory Control Clerk to be bonded in amounts of not less than seventy-five thousand dollars ($75,000); and Assistant Purchase Clerks, Assistant Receiving Clerks, and Assistant Inventory Control Clerks to be bonded in amounts of not less than fifty thousand dollars ($50,000). In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four (4) years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition The Purchase Clerk, Receiving Clerk, Inventory Control Clerk, Assistant Purchase Clerk and eleven (11) Assistant Receiving Clerks are bonded under a blanket bond for an indefinite time period.

Cause The County did not comply with state laws.

Effect Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should cancel the blanket bond and obtain individual bonds for the Purchase Clerk, Receiving Clerk, Inventory Control Clerk, Assistant Purchase Clerk and each Assistant Receiving Clerk for a period of time concurrent with the normal election cycle of the County.

Views of Responsible Official(s) Management acknowledges written procedures for monitoring bonded positions can improve. The County maintained a blanket bond throughout the audit periods, supported by internal and carrier schedules of bonded positions. Blanket bond coverage was consistently disclosed in prior audited financial statements reviewed by the State Auditor's Office. No coverage lapse occurred.

Auditor's Note The Office of the State Auditor did not review the prior year audit workpapers, prepared by a contracted auditing firm, and limited its procedures to a review of the final audit report. As a result, there was no independent verification that the conclusions and opinions expressed in the prior audit were supported by sufficient, appropriate audit evidence.

Furthermore, The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

Inventory Control Clerk.

2. <u>The Inventory Control Clerk should maintain an accurate inventory control system.</u>

Repeat Finding Yes

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

Condition As reported in the prior nine years' audit reports, during our review of capital assets, the following deficiencies were noted in the capital asset records:

a. Numerous assets were recorded at incorrect useful lives and salvage value percentages, leading to incorrect depreciation being calculated.
b. Multiple assets under the capitalization threshold were included in the capital asset records.
c. One (1) asset purchased during the year was added to the wrong class.
d. Two (2) assets were added in the incorrect fiscal year.
e. Two (2) assets were deleted in the capital asset records, but not disposed of at year-end.
f. The County did not properly capitalize state aid road projects.

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

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

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

Views of Responsible Official(s) Management agrees capital asset reporting deficiencies exist but does not agree with the stated effect. The matter identified affects financial statement presentation, not asset safeguarding. No loss or misappropriation occurred, and assets remain under departmental oversight. Management will continue strengthening controls over classification, depreciation, and capitalization to ensure accurate reporting.

Auditor's Note No loss or misappropriation of public funds and/or assets was noted during test work; however, without the proper safeguards in place, the risk of the loss or misappropriation of public funds and/or assets increases.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Hancock County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2024.

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 15, 2026

HANCOCK COUNTY <u>Schedule 1</u>

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2024

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

HANCOCK COUNTY

Schedule 2

Schedule of Emergency Purchases
For the Year Ended September 30, 2024

Our tests did not identify any emergency purchases.

HANCOCK COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2024

Date	Item Purchased	Amount Paid	Vendor
11/6/2023	Subscription	$ 6,450	Cellebrite
4/15/2024	Workstation	5,811	Accurate Controls, Inc.
9/3/2024	Enhanced Training Kits	6,889	North American Rescue, LLC
9/3/2024	Bleeding Control Kits	11,918	North American Rescue, LLC

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Hancock County, Mississippi

In planning and performing our audit of the financial statements of Hancock County, Mississippi for the year ended September 30, 2024, we considered Hancock 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 Hancock 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 June 15, 2026, on the financial statements of Hancock County, Mississippi.

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

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

Board of Supervisors.

1. Various part-time employees paid as full-time employees.

Repeat Finding No

Criteria According to the *Public Employees' Retirement System of Mississippi (PERS) Regulation, Title 27, Part 210, Chapter 36*, any person who works half time or more based on a full-time equivalent position and whose employment is anticipated to exceed four and one-half consecutive months shall be covered, whether probationary or otherwise.

Condition According to test work performed, it was noted that 98 payments were made to employees who consistently worked more than twenty hours per week but were still classified by the County as part-time. These employees were eligible to participate in PERS; however, the County did not contribute to PERS on their behalf.

Cause The County did not follow the regulation set forth by PERS.

Effect Failure to transition employees to full-time status breaks the contractual obligation made to PERS, and retirement settled to PERS could be directly understated as a result.

Recommendation The County should ensure employee classifications are updated when hours worked meet PERS eligibility criteria. Controls should be implemented to monitor hours worked to prevent future misclassification.

Views of Responsible Official(s) Reviews of part-time monthly payroll reports and communication have been implemented. Department heads have been notified about the findings of employees working more than the allowed hours.

2. Board of Supervisors should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 19-3-5, Mississippi Code of 1972 Annotated*, requires each member of the board of supervisors, before entering upon the duties of his office, to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to One Hundred Thousand Dollars ($100,000).

Condition It was noted that one of the Board of Supervisor's surety bonds stated the Hancock County Sheriff's Department as the obligee of the bond.

Cause The County did not comply with state laws.

Effect Failure to list the correct obligee on the surety bond could affect the validity and enforceability of the bond in the event of a claim or financial loss.

Recommendation The bond should be corrected and reissued with the proper obligee listed.

Views of Responsible Official(s) The bond was corrected and reissued to reflect the proper obligee.

3. Unemployment Compensation Fund's cash balance below required amount.

Repeat Finding No

Criteria *Section 71-5-359(f), Mississippi Code of 1972 Annotated*, requires that a balance be maintained in the Unemployment Compensation Fund at an amount not less than two percent (2%) of the first six thousand dollars ($6,000) of covered wages paid during the next preceding year.

Condition The County did not maintain an Unemployment Compensation Fund.

Cause The County did not comply with state laws and maintain the required fund balance for the Unemployment Compensation Fund.

Effect The failure to maintain the required amount in the Unemployment Compensation Fund resulted in the County being in direct violation of state law.

Recommendation The Board of Supervisors should ensure that an amount is maintained in the Unemployment Compensation Fund at an amount not less than two percent (2%) of the first six thousand dollars ($6,000) of covered wages paid during the next preceding year, as required by law.

Views of Responsible Official(s) Management acknowledges the finding. Since the audit period, the County has established the unemployment compensation fund and transferred the amount required by state law. The County will ensure the fund maintains the required balance going forward.

Board of Supervisors and County Administrator.

4. <u>The County Administrator should be bonded as required by state statute</u>**.**

Repeat Finding No

Criteria *Section 19-4-9, Mississippi Code of 1972 Annotated,* requires the County Administrator to execute a bond in which the amount should be three percent (3%) of the sum of all the state and county taxes (not including motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the County for the year immediately preceding the commencement of the term of office, not to exceed one hundred thousand dollars ($100,000). In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four (4) years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition The County Administrator is bonded for an indefinite time period under a blanket bond.

Cause The County did not comply with state laws.

Effect Failure to comply with state statutes and obtain an individual bond for the County Administrator would result in an unnecessary liability being incurred in the event of the loss or misappropriation of public funds.

Recommendation The County should cancel the blanket bond and obtain an individual bond for the County Administrator concurrent with the normal election cycle of the County.

Views of Responsible Official(s) Management acknowledges written procedures for monitoring bonded positions can improve. The County maintained a blanket bond throughout the audit periods, supported by internal and carrier schedules of bonded positions. Blanket bond coverage was consistently disclosed in prior audited financial statements reviewed by the State Auditor's Office. No coverage lapse occurred.

Auditor's Note The Office of the State Auditor did not review the prior year audit workpapers, prepared by a contracted auditing firm, and limited its procedures to a review of the final audit report. As a result, there was no independent verification that the conclusions and opinions expressed in the prior audit were supported by sufficient, appropriate audit evidence.

Furthermore, The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

Board of Supervisors, Justice Court Clerk and Deputy Justice Court Clerks.

5. <u>The Justice Court Clerk and Deputy Justice Court Clerks should be bonded as required by state statute</u>**.**

Repeat Finding No

Criteria *Section 9-11-29(2), Mississippi Code of 1972 Annotated*, requires the Justice Court Clerk and each Deputy Justice Court Clerk to execute bond for fifty thousand dollars ($50,000) to be payable, conditioned and approved as provided by law. In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four (4) years concurrent with the normal election cycle of the County for all public officials required to give individual bond.

Condition The Justice Court Clerk and Deputy Justice Court Clerks are bonded for an indefinite time period under a blanket bond.

Cause The County did not comply with state laws.

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

Recommendation The County should cancel the blanket bond and obtain individual bonds for the Justice Court Clerk and each Deputy Justice Court Clerk concurrent with the normal election cycle of the County.

Views of Responsible Official(s) Management acknowledges written procedures for monitoring bonded positions can improve. The County maintained a blanket bond throughout the audit periods, supported by internal and carrier schedules of bonded positions. Blanket bond coverage was consistently disclosed in prior audited financial statements reviewed by the State Auditor's Office. No coverage lapse occurred.

Auditor's Note The Office of the State Auditor did not review the prior year audit workpapers, prepared by a contracted auditing firm, and limited its procedures to a review of the final audit report. As a result, there was no independent verification that the conclusions and opinions expressed in the prior audit were supported by sufficient, appropriate audit evidence.

Furthermore, The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

Board of Supervisors and Road Manager.

6. <u>The Road Manager should be bonded as required by state statute.</u>

Repeat Finding No

Criteria *Section 65-17-1(3), Mississippi Code of 1972 Annotated,* requires the County Road Manager to execute bond for fifty thousand dollars ($50,000) to be payable, conditioned and approved as provided by law. In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four (4) years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition The Road Manager is bonded for an indefinite time period under a blanket bond.

Cause The County did not comply with state laws.

Effect Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should cancel the blanket bond and obtain an individual bond for the Road Manager concurrent with the normal election cycle of the County.

Views of Responsible Official(s) Management acknowledges written procedures for monitoring bonded positions can improve. The County maintained a blanket bond throughout the audit periods, supported by internal and carrier schedules of bonded positions. Blanket bond coverage was consistently disclosed in prior audited financial statements reviewed by the State Auditor's Office. No coverage lapse occurred.

Auditor's Note The Office of the State Auditor did not review the prior year audit workpapers, prepared by a contracted auditing firm, and limited its procedures to a review of the final audit report. As a result, there was no independent verification that the conclusions and opinions expressed in the prior audit were supported by sufficient, appropriate audit evidence.

Furthermore, The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

Board of Supervisors and Tax Assessor-Collector.

7. Ad valorem property tax exemptions should be certified by the Mississippi Department of Revenue.

Repeat Finding No

Criteria *Section 27-31-107, Mississippi Code of 1972 Annotated*, states that any person, firm or corporation claiming exemptions from county ad valorem taxation as provided in *Section 27-31-101* through *27-31-117* shall first file an application with the County Board of Supervisors. Furthermore, the application, together with the resolution of approval, shall be forwarded to the Mississippi Department of Revenue within thirty (30) days from the date of the resolution. After investigation of the eligibility of the property, the department shall certify the exemption, if eligible.

Condition During testing of ad valorem tax exemptions, we noted that seventeen (17) properties were granted exemptions by the Tax Assessor-Collector; however, the exemptions had not been certified by the Mississippi Department of Revenue.

Cause The Tax Assessor-Collector did not comply with state laws and ensure that exemptions were certified by the Mississippi Department of Revenue before allowing the exemptions on the tax roll.

Effect Failure to ensure that exemptions are properly certified may result in unauthorized tax exemptions and a potential loss of ad valorem tax revenue to the County.

Recommendation The Tax Assessor-Collector should comply with state laws and implement controls to ensure that ad valorem tax exemptions under Sections *27-31-101* through *27-31-117* are allowed only after certification by the Mississippi Department of Revenue.

Views of Responsible Official(s) The most recent abatements have been certified by the Department of Revenue. Management is reviewing prior abatements and will continue coordinating with the Department of Revenue to ensure compliance with applicable requirements.

Circuit Clerk and Deputy Circuit Clerks.

8.	<u>The Deputy Circuit Clerks should be bonded as required by state statute</u>**.**
Repeat Finding	Yes
Criteria	Section *9-7-123(2), Mississippi Code of 1972 Annotated*, requires that all Deputy Circuit Clerks be bonded for three percent (3%) of the prior year's taxes with a minimum of fifty thousand dollars ($50,000) and a maximum of one hundred thousand dollars ($100,000). In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four (4) years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
Condition	As reported in the prior two years' audit reports, the Deputy Circuit Clerks are bonded for an indefinite time period under a blanket bond.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should cancel the blanket bond and obtain individual bonds for each Deputy Circuit Clerk for a period of time concurrent with the normal election cycle of the County.
Views of Responsible Official(s)	Management acknowledges written procedures for monitoring bonded positions can improve. The County maintained a blanket bond throughout the audit periods, supported by internal and carrier schedules of bonded positions. Blanket bond coverage was consistently disclosed in prior audited financial statements reviewed by the State Auditor's Office. No coverage lapse occurred.
Auditor's Note	The Office of the State Auditor did not review the prior year audit workpapers, prepared by a contracted auditing firm, and limited its procedures to a review of the final audit report. As a result, there was no independent verification that the conclusions and opinions expressed in the prior audit were supported by sufficient, appropriate audit evidence. Furthermore, The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

Tax Assessor-Collector, Deputy Tax Collectors and Deputy Tax Assessors.

9.	<u>The Deputy Tax Collectors and Deputy Tax Assessors should be bonded as required by state statute.</u>
Repeat Finding	No
Criteria	*Section 27-1-3, Mississippi Code of 1972 Annotated,* states that each Deputy Tax Assessor shall give bond in an amount not less than ten thousand dollars ($10,000) for the faithful discharge of his duties. *Section 27-1-9(a), Mississippi Code of 1972 Annotated*, states that each Deputy Tax Collector shall give bond to be payable, conditioned and approved as provided by law in an amount not less than fifty thousand dollars ($50,000) for the faithful discharge of his duties. In addition, *Section 25-1-15(2), Mississippi Code of 1972*

Annotated, requires a new bond every four (4) years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition The Deputy Tax Collectors and Deputy Tax Assessors are bonded for an indefinite time period under a blanket bond.

Cause The County did not comply with state laws.

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

Recommendation The County should cancel the blanket bond and obtain individual bonds for each Deputy Tax Assessor and each Deputy Tax Collector concurrent with the normal election cycle of the County.

Views of Responsible Official(s) Management acknowledges written procedures for monitoring bonded positions can improve. The County maintained a blanket bond throughout the audit periods, supported by internal and carrier schedules of bonded positions. Blanket bond coverage was consistently disclosed in prior audited financial statements reviewed by the State Auditor's Office. No coverage lapse occurred.

Auditor's Note The Office of the State Auditor did not review the prior year audit workpapers, prepared by a contracted auditing firm, and limited its procedures to a review of the final audit report. As a result, there was no independent verification that the conclusions and opinions expressed in the prior audit were supported by sufficient, appropriate audit evidence.

Furthermore, The *Mississippi Attorney General Opinion 2016 WL 1072881* states, "It should be noted that the blanket bond will list each position covered under the bond, including the deputy circuit clerks covered." Therefore, a blanket bond is considered sufficient if each employee's name, title/position and bond amount are listed on the face of the bond. The County failed to include this information on the face of the blanket bond and also issued the bond for an indefinite time period, which is not in compliance with *Section 25-1-15(2), Mississippi Code of 1972 Annotated*.

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

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

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 15, 2026

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Adverse
Aggregate discretely presented component unit	Adverse
General Fund	Adverse
American Rescue Fund	Adverse
Aggregate remaining fund information	Adverse

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes

3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:

a. Material weakness identified?	No
b. Significant deficiency identified?	None Reported

5. Type of auditor's report issued on compliance for major federal programs: Unmodified

6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major federal programs:

   a. ALN 16.710, Public safety partnership and community policing grants

   b. ALN 20.205, Highway planning and construction

   c. ALN 21.027, COVID-19 Coronavirus state and local fiscal recovery funds

8. Dollar threshold used to distinguish between type A and type B programs: $750,000

9. Auditee qualified as low-risk auditee? No

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

Section 2: Financial Statement Findings

Board of Supervisors/County Administrator.

Material Weakness

2024-001. The County should ensure that county personnel have the skills and knowledge required to make necessary accounting transactions.

Repeat Finding No

Criteria A critical aspect of financial management is the maintenance of accurate accounting records.

Condition Management does not have personnel that possess the necessary qualifications and training to prepare accounting transactions.

Cause Due to the fact that county personnel lacked the skills and knowledge required to make necessary accounting transactions, the accounting records could not be relied upon.

Effect Without adequate controls in place of the recording of accounting records, the risk increases that inaccurate information may be reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation The County should ensure that county personnel have the skills and knowledge required to make necessary accounting transactions and improve the accuracy of the accounting records.

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

Material Weakness

2024-002. The County should strengthen controls over cash**.**

Repeat Finding No

Criteria An effective system of internal control over cash should include segregation of duties, the proper maintenance of cash balances and the performance of monthly bank reconciliations.

Condition During the audit, it was noted that the County did not maintain accurate and complete records of cash balances within its accounting system. Adjustments to cash accounts were not supported by county-maintained documentation or reconciliations. Instead of performing monthly reconciliations and maintaining updated records in the County's general ledger, the County relied on external prior year corrections to adjust cash to the reconciled balances. Additionally, the individual responsible for reconciling the County's bank accounts also records certain receipts through manual journal entries, which circumvents the County's standard receipting process.

Cause The County did not have adequate internal controls or procedures to ensure that cash accounts were accurately maintained.

Effect Due to the material and pervasive effects of this matter, the Independent Auditor's Report includes an adverse opinion on governmental activities, each major fund and the aggregate remaining fund information.

Recommendation The Board of Supervisors should establish and implement procedures to ensure that there is an adequate segregation of duties, cash accounts are reconciled monthly and that all adjustments are supported by documentation maintained by county personnel. Reconciliations should be independently reviewed and approved. The County should ensure that the County's financial records reflect the reconciled balances at all times.

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

Material Weakness

2024-003. Internal controls over the maintenance of the County's general ledger should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over accounting records should include an accurate recording of transfers, expenditures/expenses, and revenues, as well as a consistent basis of accounting within the County's financial system.

Condition During the audit, it was noted that the County recorded a significant number of revenues as expenditures and certain expenditures as revenues. This misclassification was pervasive throughout the County's accounting records. The County also recorded payables and interfund loans in its general ledger, which is maintained on a cash basis. As a result, the general ledger was maintained on an inconsistent basis of accounting. Additionally, the County miscoded a significant amount of interest related to delinquent taxes to an incorrect revenue code, custodial fund activity was recorded as miscellaneous revenue, bank transfers related to payroll were not based on the actual payroll totals for the month and investments were also recorded as cash with a fiscal agent in the County's financial records.

Cause The County did not have the necessary internal controls in place to ensure the accurate recording of transfers, expenditures/expenses, and revenues, as well as the consistent application of the cash basis of accounting.

Effect Due to the material and pervasive effects of this matter, the Independent Auditor's Report includes an adverse opinion on governmental activities, each major fund and the aggregate remaining fund information.

Recommendation The Board of Supervisors should ensure that control procedures are in place to provide for the proper recording of transfers, revenues, and expenditures/expenses, as well as maintaining a consistent basis of accounting.

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

Significant Deficiency

2024-004. Journal entries recorded without required supporting documentation.

Repeat Finding No

Criteria An effective system of internal control over financial reporting should include supporting documentation for all journal entries and other accounting transactions.

Condition During review of journal entries, it was noted that one or more entries were recorded without adequate supporting documentation or explanation for the adjustment.

Cause The County did not maintain sufficient supporting documentation at the time the journal entry was made and/or did not have adequate review procedures in place to ensure documentation was retained.

Effect Without proper supporting documentation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner, which could result in misstated financial records.

Recommendation The County should implement controls to ensure that all journal entries are properly supported with adequate documentation, including an explanation of purpose, and are reviewed and approved by appropriate personnel prior to posting.

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

Significant Deficiency

2024-005. Cash receipting and disbursement functions not adequately segregated.

Repeat Finding No

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

Condition During our review, it was noted that the same individual is responsible for accounts receivable, accounts payable, and preparing and delivering bank deposits.

Cause The County lacks the proper segregation of duties over the cash receipting and disbursement functions.

Effect The failure to implement adequate controls over cash receipts and disbursements increases the risk that errors or the misappropriation of public funds could occur and not be detected in a timely manner.

Recommendation Management should implement controls to separate duties over cash receipts, accounts payable, and bank deposits.

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

Significant Deficiency

2024-006. The County should strengthen controls over the purchasing process.

Repeat Finding No

Criteria An effective system of internal control over the purchasing process should include duties be adequately segregated so that no one individual has control over the authorization, recordkeeping, and handling of purchased items. This segregation helps prevent or detect errors and irregularities in a timely manner.

Condition During the audit, it was noted that the Comptroller was performing the responsibilities of the Purchase Clerk, including releasing and posting purchase orders, while the responsibilities of the designated purchase clerk were limited. The Comptroller was not bonded as the Purchase Clerk and had not completed the proper certification/training as required.

Cause The County did not adequately enforce role assignments, bonding, and certification requirements for the purchasing process, nor did they ensure that purchasing responsibilities were performed by a certified and bonded employee.

Effect Allowing purchasing responsibilities to be performed by an unbonded and uncertified employee allows unauthorized or improper purchases, errors in procurement activity, and increases the risk that the misuse of public funds may not be detected in a timely manner.

Recommendation The County should ensure that purchasing responsibilities are adequately segregated and performed only by a bonded and certified employee in accordance with state requirements.

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

Inventory Control Clerk.

Material Weakness

2024-007. The Inventory Control Clerk should maintain an accurate inventory control system.

Repeat Finding Yes

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

Condition As reported in the prior nine years' audit reports, during our review of capital assets, the following deficiencies were noted in the capital asset records:

a. Numerous assets were recorded at incorrect useful lives and salvage value percentages, leading to incorrect depreciation being calculated.
a. Multiple assets under the capitalization threshold were included in the capital asset records.
b. One (1) asset purchased during the year was added to the wrong class.

c. Two (2) assets were added in the incorrect fiscal year.
d. Two (2) assets were deleted in the capital asset records, but not disposed of at year-end.
e. The County did not properly capitalize state aid road projects.

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

Effect Due to the material and pervasive effects of this matter, the Independent Auditor's Report includes an adverse opinion on governmental activities.

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

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

Justice Court Clerk.

Material Weakness

2024-008. <u>The Justice Court Clerk should ensure effective controls over fines receivable.</u>

Repeat Finding No

Criteria An effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the total fines receivable balance.

Condition Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable for the Justice Court Clerk fines and aging of fines receivable at year end.

Cause The Justice Court Clerk failed to run the correct report at fiscal year-end. Due to the nature of the report, it could not be re-run at a later date.

Effect Due to the material and pervasive effects of this matter, the Independent Auditor's Report includes an adverse opinion on governmental activities and the general fund.

Recommendation The Justice Court Clerk should establish procedures to ensure documentation of the existence and valuation of the Justice Court fines receivable, including the aging schedule of fines receivable.

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

Solid Waste Clerk.

Significant Deficiency

2024-009.	Internal controls over solid waste functions should be adequately segregated.
Repeat Finding	No
Criteria	An effective system of internal control over the function of solid waste collections and disbursements should include an adequate segregation of duties.
Condition	During our audit, it was noted that the Solid Waste Clerk was responsible for billing taxpayers, receipting and posting payments, and, on occasion, preparing and making bank deposits.
Cause	The Solid Waste Clerk lacks the proper segregation of duties necessary to maintain effective internal controls over solid waste collections and disbursements.
Effect	Failure to implement adequate controls over solid waste collections and disbursements could result in the loss or misappropriation of public funds.
Recommendation	The Solid Waste Clerk should take steps to ensure adequate segregation of duties over solid waste collections and disbursements are implemented.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

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

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

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Donald Wayne Graham
District 1
Greg Shaw
District 2
Chuck Clark
District 3
Vice President

BOARD OF SUPERVISORS
Hancock County
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Bay St. Louis, MS 39520
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Scotty Adam
District 4
President
Darrin "Bo" Ladner
District 5
Gary Yarborough, Jr
Board Attorney

CORRECTIVE ACTION PLAN

May 11, 2026

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentlemen,

The Hancock County Board of Supervisors respectfully submits the following corrective action plan for the year ended September 30, 2024.

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

Section 2: FINANCIAL STATEMENT FINDINGS

2024-001 Corrective Action Planned: To strengthen internal control over financial reporting, the County has hired personnel with appropriate skills, knowledge, and experience in governmental accounting. Management will further evaluate and enhance review procedures to ensure accounting entries conform to the County's accounting framework.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-002 Corrective Action Planned: Management is currently adjusting general ledger balances to reflect reconciled bank totals. While bank accounts were reconciled to statements, fund cash balances within the general ledger were not consistently reconciled to those control accounts. Procedures now require secondary review and approval of monthly reconciliations and verification that reconciled balances agree to the general ledger. Procedures have been implemented to strengthen controls over cash receipts, accounts payable, and bank deposits.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-003 Corrective Action Planned: Management acknowledges this finding and will continue to strengthen oversight and accounting practices to promote consistent application of the appropriate basis of accounting across all funds.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-004 Corrective Action Planned: Management agrees with the finding and will implement formal procedures to improve documentation and appropriate review of journal entries.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-005 Corrective Action Planned: The condition has been corrected, and receipting and bank reconciliation duties are now fully segregated. All revenues are processed through the county's established receipting process, supported by documentation, and subject to management review for accuracy and completeness.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-006 Corrective Action Planned: Management agrees with the recommendation. The approval process has been revised to ensure purchasing duties are performed by properly authorized, bonded, and certified personnel in accordance with state requirements.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-007 Corrective Action Planned: Management agrees capital asset reporting deficiencies exist but does not agree with the stated effect. The matter identified affects financial statement presentation, not asset safeguarding. No loss or misappropriation occurred, and assets remain under departmental oversight. Management will continue strengthening controls over classification, depreciation, and capitalization to ensure accurate reporting.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-008 Corrective Action Planned: Management agrees with the recommendation. The appropriate report will be generated and retained at year end to support financial statement reporting. Management will evaluate the need for additional procedures to strengthen controls over fines receivable.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

2024-009 Corrective Action Planned: Management acknowledges the finding. Management will continue to strengthen procedures and oversight to ensure adequate segregation of duties over cash within the solid waste department.

Anticipated Completion Date: 9/30/2026

Name of Contact Person Responsible: Jimmie Ladner, Jr

Section 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

Sincerely yours,

Scotty Adam

President, Board of Supervisors

Donald Wayne Graham
District 1

Greg Shaw
District 2

Chuck Clark
District 3
Vice President

BOARD OF SUPERVISORS

Hancock County
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Scotty Adam
District 4
President

Darrin "Bo" Ladner
District 5

Gary Yarborough, Jr
Board Attorney

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

May 11, 2026

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

Gentlemen,

Hancock County respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2024.

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

SECTION 2: FINANCIAL STATEMENT FINDINGS

2022-001. Component units not included in the financial statements.

NO LONGER VALID – An adverse opinion is issued but finding is no longer warranted.

2015-005. The inventory control system should be accurate and up to date.

NOT CORRECTED. Repeated as 2016-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001, 2022-002, 2023-002 and 2024-007.

2021-003. Part-time employees, possibly PERS eligible.

NOT CORRECTED. Moved to legal compliance in the current year. No longer considered a financial statement finding.

2021-004. Accounts payable generic vendor.

CORRECTED.

2022-006 Conversion of account ledger, fund balance errors.

CORRECTED.

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

Sincerely yours,

Scott Adam

Scotty Adam, President, Board of Supervisors