

**PEARLINGTON WATER & SEWER DISTRICT**  
**REGULAR MEETING OF THE BOARD OF COMMISSIONERS**  
**NOVEMBER 15, 2023**

**AGENDA**

1. **Call to Order, Pledge of Allegiance and Moment of Silence**

- 1A Roll Call. Commissioners Must Sign Sheet.
- 1B Amendments to Agenda
- 1C **MOTION** to accept agenda as presented and/or amended.
- 1D Announcements:
  - Date of the next regularly scheduled meeting: December 20, 2023

2. **Request to Speak & Guest Presentation (3 minutes each)**

- 2A James Baldree (leak)
- 2B Jerry Rigby, CPA (audit presentation)

3. **Old Business**

NONE

4. **New Business**

- 4A **MOTION** to approve the November 2023 Docket of Claims. Attachment 4A
- 4B **MOTION** to approve the October 2023 Treasurer's Report. Attachment 4B
- 4C **MOTION** to approve the October 2023 regular meeting minutes. Attachment 4C
- 4D **MOTION** to authorize the administration to advertise the public hearing for a rate and fee schedule increase in the newspaper. Attachment 4D
- 4E **MOTION** to approve the 2024 holiday schedule. Attachment 4E
- 4F **MOTION** to accept the FY2022 audit report. Attachment 4F
- 4G **MOTION** to approve the following leak adjustments:
  - Acct: 190 - \$94.44
  - Acct: 5271 - \$280.09

5. **Operator's Report**

- 5A Discussion: Operator Report

6. **Engineer's Report**

- 6A Discussion: Engineer Report. Attachment 6A

7. **Business Report**

- 7A Discussion: Business Report
- 7B Discussion: Compliance Update

8. **Attorney's Report**

8A Discussion: Offer of Settlement by Dennee

8B Discussion: HCUA Update

8C **MOTION** to approve contract for legal services with Wisebrod, Matteis & Copley.  
Attachment 8C

9. **Board Members' Reports**

9A Chairman Report

9B Other Board Member Reports

10. **Executive Session**

10A **MOTION** to close the meeting and discuss the need for executive session.

10B **MOTION** to enter into executive session to discuss personnel matters.

10C **MOTION** to exit executive session.

10D **MOTION** to come out of close session and resume the open meeting.

11. **Adjournment**

11A **MOTION** to adjourn the meeting at \_\_\_\_\_ PM.

# ***Gerald W. Rigby, C.P.A., P.C.***

*724 Dunbar Avenue  
Bay St. Louis, MS 39520  
(228) 467-5744*

*Member of*  
Mississippi Society of Certified Public Accountants  
American Institute of Certified Public Accountants

## **Communication with Those Charged with Governance during Planning**

November 1, 2023

To the Board of Commissioners of  
Pearlington Water and Sewer District

We are engaged to audit the financial statements of the business-type activities of Pearlington Water and Sewer District for the year ended September 30, 2022. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 31, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Budgetary Comparison Schedule and notes, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have not been engaged to report on the Schedule of Surety Bonds, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

### Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have not identified any significant risk(s) of material misstatement as part of our auditing planning:

We expect to begin our audit on approximately October 31, 2023 and issue our report on approximately November 21, 2023. Gerald W. Rigby, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Commissioners and management of Pearlington Water & Sewer District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Gerald W. Rigby, CPA, PC

# ***Gerald W. Rigby, C.P.A., P.C.***

724 Dunbar Avenue  
Bay St. Louis, MS 39520  
(228) 467-5744

*Member of*  
*Mississippi Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*

## **Communication with Those Charged with Governance at the Conclusion of the Audit**

November 15, 2023

To the Commissioners of  
Pearlington Water & Sewer District  
Pearlington, Mississippi

We have audited the financial statements of the business-type activities of Pearlington Water & Sewer District for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Pearlington Water & Sewer District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by Pearlington Water & Sewer District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The estimates affecting the Pearlington Water & Sewer District's financial statements were:

Management's estimate of the Allowance for Doubtful Accounts is based on a 98% uncollectible rate for accounts over 60 days. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of fixed assets are based on the standard useful lives for assets of their type. We believe the estimates are reasonable in relation to the financial statements taken as a whole.

Other management estimates include amounts for Compensated Absences and Inventory as Compensated Absences are based on certain assumptions and Inventory may include estimates for small items.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 15, 2023.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Pearlington Water & Sewer District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on other information accompanying the financial statements which are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the board of commissioners and management of Pearlington Water & Sewer District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Gerald W. Rigby, CPA, PC

**Pearlington Water & Sewer District**  
**Docket of Claims**  
**As of November 15, 2023**


4A

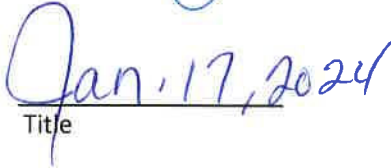
Date	Num	Name	Memo	Paid Amount
<b>The First - Operating Account (PREPAID OFF DOCKET)</b>				
11/14/2023	EFT	PWSD	Funds Transfer	-99.06
10/20/2023	EFT	Employees	Net Payroll	-5,258.67
10/27/2023	EFT	MS Department of Employment Security	Unemployment Tax	-27.68
11/03/2023	EFT	Employees	Net Payroll	-5,024.26
10/19/2023	EFT	MS Dept of Revenue	Sales Tax	-50.44
10/20/2023	EFT	RUS Rural Development	Debt Service Payment	-2,285.00
11/15/2023	EFT	EFTPS	Federal Payroll Taxes	-2,742.16
11/10/2023	EFT	MS Dept of Revenue	State Payroll Taxes	-306.00
<b>The First - Operating Account (PAYMENTS FOR APPROVAL)</b>				
11/13/2023	5164	Cash	Recharge Petty Cash	-16.15
11/15/2023	5165	Nolan Pansano	October Board Meeting	-84.00
11/15/2023	5166	Cabrina Bell	October Board Meeting	-84.00
11/15/2023	5167	Rosa Jackson	October Board Meeting	-84.00
11/15/2023	5168	Debra Sonnier	October Board Meeting	-84.00
11/15/2023	5169	John Pavlovich	October Board Meeting	-84.00
11/15/2023	5170	Consolidated Pipe & Supply Co., Inc	Field Supplies	-810.00
11/15/2023	5171	Wise WiFi Inc	Internet service installed camera	-1,045.00
11/15/2023	5172	B.E.A.R.	pumps, volt panel with pump breaker, control breaker	-4,813.50
11/15/2023	5173	NAPA	Headlight for Chevy	-28.58
11/15/2023	5174	Micro-Methods Laboratory	Test on drinking water	-100.00
11/15/2023	5175	Mississippi Rural Water Association	Annual Membership Dues 2024	-479.12
11/15/2023	5176	AnSer	Base Rate October 25 to November 21	-250.92
11/15/2023	5177	C Spire	Billing period Oct 5, 2023 - Nov 4, 2023	-360.66
11/15/2023	5178	Lowe's	Field Supplies	-480.23
11/15/2023	5179	Hubbards Waveland Hardware	Field Supplies	-168.00
11/15/2023	5180	Hancock County Utility Authority	Plant Fee	-5,436.08
11/15/2023	5181	Hancock County Utility Authority	Water Service	-1,974.48
11/15/2023	5182	Derek Cusick	Retainer Fee	-1,575.00
11/15/2023	5183	Mediacom	Bill from 11/9/23 through 12/8/23	-195.61
11/15/2023	5184	Necaise & Company, PLLC	accounting Services	-1,285.00
11/15/2023	5185	RG3	AMRSS Software Subscription	-1,500.00
11/15/2023	5186	ZB Services, LLC	October Monthly Fees	-2,160.00
11/15/2023	5187	Brown, Mitchell & Alexander, Inc	General Engineering Services	-392.50
11/15/2023	5188	U S Postal Service	6 rolls post Card stamps @\$ .51 each	-306.00
11/15/2023	5189	Gerald Rigby, CPA	Audit for Year ending Septmber 30, 2022.	-9,760.00
11/15/2023	5190	B & J Pit Stop	Oil change on Chevy truck	-67.45
11/15/2023	5191	Canon Solutions America	Maintenance on copier	-43.13
11/15/2023	5192	Card Services UMB	Fuel Phones	-2,051.96
11/15/2023	5193	Christopher Bindewald	Return Deposit	-40.00
Total The First - Operating Account				-61,835.57
<b>The First - SLAR Reserve</b>				
11/14/2023			Funds Transfer	-0.18
Total The First - SLAR Reserve				-0.18
<b>The First - RD Debt Service</b>				

Pearlington Water & Sewer District  
**Docket of Claims**  
As of November 15, 2023

4A

Date	Num	Name	Memo	Paid Amount
11/14/2023			Funds Transfer	-1.21
Total The First - RD Debt Service				-1.21
<b>The First- Emergency Operations</b>				
Total The First- Emergency Operations			No Disbursements	
<b>The First - Customer Deposits</b>				
Total The First - Customer Deposits			No Disbursements	
<b>The First - Bond &amp; Interest Fun</b>				
11/14/2023			Funds Transfer	-1.13
Total The First - Bond & Interest Fun				-1.13

  
Signature

  
Title





*Nolan Pansano, Chairman*  
*Rosa Jackson, Secretary/Treasurer*  
*John Pavlovich, Commissioner*

*Cabrina Bell, Vice-Chairwoman*  
*Debra Sonnier, Commissioner*  
*Derek Cusick, Attorney*

### ***Treasurer's Report: October 2023***

*Approved: November 15, 2023*

	<u>Balance Beginning</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance Ending</u>
Petty Cash	\$ 100.00	\$ -	\$ -	\$ 100.00
TF Operating Account	350,237.82	36,458.28	37,564.45	349,131.65
TF Bond & Interest Fund	27,421.17	1.13	1.17	27,421.13
TF Customer Deposit Account	22,860.96	99.98	-	22,960.94
TF Emergency Operations Fund	138,416.64	5.69	-	138,422.33
TF Short Lived Asset Replacement	4,200.17	0.18	0.17	4,200.18
TF Rural Development Debt Service	29,427.25	1.21	1.25	29,427.21
HWB CD x0004	102,789.95	-	-	102,789.95
HWB CD x5258	102,440.48	2,340.20	-	104,780.68
HWB CD x5260	102,440.48	2,340.20	-	104,780.68
HWB CD x9629	105,030.43	-	-	105,056.69
HWB CD x9630	105,030.43	-	-	105,056.69
HWB CD x2113	103,512.88	-	-	103,616.43
<b>Totals (All Accounts)</b>	<b>\$ 1,193,908.66</b>	<b>\$ 41,246.87</b>	<b>\$ 37,567.04</b>	<b>\$ 1,197,744.56</b>

Treasurer

**PEARLINGTON WATER & SEWER DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
October 2023**

The Board of Commissioners of the Pearlington Water and Sewer District met in official session on Wednesday, October 18, 2023, in the Pearlington Recovery Center.

In Attendance:

Absent:

Nolan Pansano, Chairman  
Cabrina Bell, Vice Chairman  
Rosa Jackson, Treasurer  
John Pavlovich, Commissioner  
Debra Sonnier, Secretary  
Derek Cusick, Attorney  
Ty Necaie, CPA  
Scott Burge, Engineer

Vice Chairman Bell called the official meeting to order at 3:04pm. The Pledge of Allegiance was said followed by a moment of silence.

**ROLL CALL**

Attachment 1A

**APPROVAL TO THE AGENDA**

**MOTION** to accept the agenda as presented. Attachment 1C. **PASSED**

**Moved:** Jackson

**Seconded:** Sonnier

**Ayes:** All

**REQUEST TO SPEAK (Guest Presentation)**

██████████ (Installation)

- Customer came to the meeting and requested 100% forgiveness of the installation cost to her home. The Board took her proposal under advisement and deferred discussion to executive session due to the potential for litigation of the matter.

██████████ (Leak)

- Customer stated that his meter is not working properly. He requested we investigate the meter. He plans to attend the meeting to request a leak adjustment next month.

**OLD BUSINESS**

NONE

4C

**PEARLINGTON WATER & SEWER DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
October 2023**

**NEW BUSINESS**

**MOTION** to approve the October 2023 Docket of Claims. Attachment 4A. **PASSED.**

**Moved:** Jackson

**Seconded:** Pavlovich

**Ayes:** All

**MOTION** to approve the September 2023 Treasurer's Report. Attachment 4B. **PASSED.**

**Moved:** Jackson

**Seconded:** Pavlovich

**Ayes:** All

**MOTION** to approve September 2023 regular meeting minutes. Attachment 4C. **PASSED.**

**Moved:** Pavlovich

**Seconded:** Bell

**Ayes:** All

**MOTION** to approve August 2023 special meeting minutes. Attachment 4D. **PASSED.**

**Moved:** Pavlovich

**Seconded:** Bell

**Ayes:** All

**MOTION** to approve September 2023 recess meeting minutes. Attachment 4E. **PASSED.**

**Moved:** Pavlovich

**Seconded:** Bell

**Ayes:** All

**OPERATOR'S REPORT**

**Discussion:** High Water Loss

- Zoe updated the board on her search for the major water leak that the District has had for the past few months. The leak still has not been found and Rural Water has been on site assisting in the search.

**ENGINEER'S REPORT**

**Discussion:** Western WWTF Outfall Relocation Project

- Contractor has installed approximately 2 miles of the 5 miles (40%) of force main pipe. Installation is complete on White's Road and is currently proceeding along Whipple Road.
- Boring contractor will be directional boring outfall into the Pearl River this week.
- Value of the total contract work completed is 23%.

**PEARLINGTON WATER & SEWER DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
October 2023**

**ENGINEER'S REPORT (continued)**

**Discussion: Stennis Wastewater Conveyance Project**

- Preliminary design of force main is complete.
- Preliminary design of 2 pump stations is nearing completion.
- Property survey completed for the 2 pump station parcels. Attorney is obtaining appraisal for acquisition of the properties.
- Soil borings at pump station sites are scheduled in the next few weeks.
- Project is expected to be ready to bid in early 2024.

**Discussion: Oak Harbor Acquisition**

- Utility Services is in the process of selling other utility systems. Once they finalize this other sell, which is anticipated by the end of the year, they will focus on the sell of Oak Harbor.
- It appears that they will be transferring the Oak Harbor system, at no cost.

**BUSINESS REPORT**

**Discussion: Budget Report**

- The District had a total deficit of \$62,665 for the fiscal year 2023. This is approximately \$6,988 more than the budgeted expenditures.

**Discussion: Rate Increase**

- The Board discussed the need for a rate increase due to the likelihood that the District will continue having a deficit and will not be able to balance the budget.

**Discussion: Pump Purchases**

- By request of the board, we determined that 54 pumps have been purchased since January 1, 2023, for a total of \$22,545.

**Discussion: Compliance Update**

- The District has not identified any new non-compliant customers since the last meeting. The [REDACTED] and [REDACTED] cases are both proceeding as scheduled.

**ATTORNEY'S REPORT**

**Discussion: HCUA Meeting**

- Mr. Cusick updated the Board on events that took place at the HCUA meeting. No action was taken as a result of this discussion.

**Discussion: [REDACTED] Litigation**

- The Board was advised that they may enter closed session to discuss the need for an executive session regarding potential litigation over the [REDACTED] installation.

40

**PEARLINGTON WATER & SEWER DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
October 2023**

**BOARD MEMBERS' REPORTS**

- None

**EXECUTIVE SESSION**

**MOTION** to close the meeting and discuss the need for an executive session. **PASSED**

**Moved:** Jackson

**Seconded:** Pavlovich

**Ayes:** All

**MOTION** to enter executive session to discuss potential litigation pursuant to 25-41-7(4)a. **PASSED**

**Moved:** Bell

**Seconded:** Pavlovich

**Ayes:** All

**MOTION** to exit executive session. **PASSED**

**Moved:** Jackson

**Seconded:** Bell

**Ayes:** All

**MOTION** to come out of closed session and resume the open meeting. **PASSED**

**Moved:** Jackson

**Seconded:** Sonnier

**Ayes:** All

Attorney Cusick announced that no official actions of record were taken during the executive session.


**ADJOURNMENT**

**MOTION** to adjourn the meeting at 5:20pm. **PASSED.**

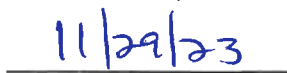
**Moved:** Jackson

**Seconded:** Bell

**Ayes:** All



Debra Sonnier, Secretary



Date



## ***Rate Schedule (Effective February 1, 2024)***

### ***New Customer Fees***

#### **RESIDENTIAL\***

Sewer Connection Fee	\$ 50.00
Water Connection Fee	50.00
Sewer New Installation (all areas except state highways)	4,550.00
Sewer New Installation *** (Highway 604 & Highway 90)	6,050.00
Water New Installation (all areas except state highways)	950.00
Water New Installation *** (Highway 604 & Highway 90)	1,450.00
Security Deposit **	100.00
Renter Security Deposit	120.00

#### **COMMERCIAL\***

Sewer Connection Fee	\$ 100.00
Water Connection Fee	100.00
Sewer New Installation (all areas except state highways)	4,550.00
Sewer New Installation *** (Highway 604 & Highway 90)	6,050.00
Water New Installation (all areas except state highways)	950.00
Water New Installation *** (Highway 604 & Highway 90)	1,450.00
Deposit **	200.00

**Residential - Total Connection Fee + Deposit = \$200 (Homeowner) or \$220 (Rental)**

**Commercial - Total Connection Fee + Deposit = \$400**

- \* In special situations, additional fees may be added for time and material as approved by District management. Rates are subject to change. Rate schedule is subject to change upon approval by the Board.
- \*\* All new customers must pay a deposit. Established customers are required to pay a deposit if disconnect for non-payment.
- \*\*\* Additional costs for permitting and surveys will be paid by the owner.

## ***Rate Schedule (Effective February 1, 2024)***

### *Monthly Service Fees*

#### **RESIDENTIAL**

##### *Sewer Service:*

Up to **4,000** Gallons                      \$ 40.00  
Per 1,000 > 4,000                              **3.00**

##### *Water Service:*

Up to 4,000 Gallons                              **\$ 25.00**  
Per 1,000 > 4,000                              **3.00**

#### **COMMERCIAL**

##### *Sewer Service:*

Up to 6,000 Gallons                              \$ 57.00  
Per 1,000 > 6,000                              **3.00**

##### *Water Service:*

Up to **6,000** Gallons                              **\$ 40.00**  
Per 1,000 > 6,000                              **3.00**

#### *Other Fees (Residential & Commercial)*

Return Check Fee	\$ 35.00	
Reconnect Fee	100.00	(\$50 for water, \$50 for sewer)
Transfer Service	<b>50.00</b>	
Water Meter Relocate Fee	100.00	
Water Meter Lab Test	<b>30.00</b>	

***DEPOSIT – If customers are disconnected by the District and no deposit has been paid, the customer is required to pay a deposit before the District reconnects their service.***

## ***Damage Assessments (Effective February 1, 2024)***

### *Fees for Damaged Equipment/Policy Violations*

#### *Damaged Equipment Rates:*

Sewer Pump	<b>\$ 475.00</b>
Sewer Lid	<b>60.00</b>
Step Tank Control Panel	<b>600.00</b>
Meter Box	<b>20.00</b>
Meter Lid	<b>15.00</b>
Vacuum Service	<b>600.00</b>
Site Visit to Repair Damage	<b>100.00</b>



*Nolan Pansano, Chairman*  
*Rosa Jackson, Secretary/Treasurer*  
*John Pavlovich, Commissioner*

*Cabrina Bell, Vice-Chairwoman*  
*Debra Sonnier, Commissioner*  
*Derek Cusick, Attorney*

## 2024 OFFICIAL HOLIDAYS

January 1, 2024	Monday	Observed New Year's Day
January 15, 2024	Monday	Dr. Martin Luther King, Jr. Day
February 19, 2024	Monday	Presidents' Day
February 13, 2024	Tuesday	Mardi Gras
May 27, 2024	Monday	Memorial Day
July 4, 2024	Thursday	Independence Day
September 2, 2024	Monday	Labor Day
November 11, 2024	Monday	Veterans Day
Nov. 28, 2024	Thursday	Thanksgiving Day
Dec. 25 & 26, 2024	Wed. & Thur.	Christmas Day Observed

## 2024 SCHEDULE OF MONTHLY MEETINGS

Meetings are scheduled for the 3<sup>rd</sup> Wednesday  
 3:00 P.M.

at the Pearlinton Recovery Center

<b>January 17, 2024</b>	<b>February 21, 2024</b>	<b>March 20, 2024</b>	<b>April 17, 2024</b>	<b>May 15, 2024</b>
<b>June 19, 2024</b>	<b>July 17, 2024</b>	<b>August 21, 2024</b>	<b>September 18, 2024</b>	<b>October 16, 2024</b>
<b>November 20, 2024</b>	<b>December 18, 2024</b>			

Notification of Special Meetings or changes to the above schedule will be posted in advance



**Pearlington Water & Sewer District  
Annual Financial Report  
Year Ended September 30, 2022**

**Pearlington Water & Sewer District  
Table of Contents  
September 30, 2022**

	<u>Page(s)</u>
<b>Introductory Section</b>	
Principal Officials	2
<b>Financial Section</b>	
Independent Auditor's Report	4-5
Management's Discussion and Analysis	6-9
Basic Financial Statements	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	14-20
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule (Non-GAAP Basis)	23
Notes to Supplementary Information	24
<b>Other Information</b>	
Schedule of Surety Bonds	26

# ***Gerald W. Rigby, C.P.A., P.C.***

**724 Dunbar Avenue  
Bay St. Louis, MS 39520  
(228) 467-5744**

*Member of  
Mississippi Society of Certified Public Accountants  
American Institute of Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Pearlington Water & Sewer District  
Pearlington, Mississippi

### **Opinions**

We have audited the accompanying financial statements of the business-type activities of the Pearlington Water & Sewer District as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Pearlington Water & Sewer District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Pearlington Water & Sewer District, as of September 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Pearlington Water & Sewer District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

## **FINANCIAL SECTION**

**Pearlington Water & Sewer District  
Principal Officials  
As of September 30, 2022**

LEGISLATIVE

Nolan Pansano  
Cabrina Bell  
Rosa Jackson  
John Pavlovich  
Deborah Sonnier

Chairman  
Vice Chairwoman  
Treasurer  
Commissioner  
Secretary

## INTRODUCTORY SECTION

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 Pearlinton Water & Sewer District'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 Pearlinton Water & Sewer District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and schedule of surety bonds 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.

Bay St. Louis, Mississippi  
November 15, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**





*J. Nolan Pansano, Chairman*  
*Rosa Jackson, Treasurer*  
*John Pavlovich, Commissioner*

*Cabrina Bell, Vice-Chairwoman*  
*Deborah Sonnier, Secretary*  
*Derek Cusick, Attorney*

Within this section of the report, the Pearlington Water & Sewer District's (the District) financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

The components of this annual financial report include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information
- Other Information

### **Financial Highlights**

- While revenue remained constant, expenses decreased by \$4,984
- Bonds payable decreased by \$12,949

### **Overview of the Financial Statements**

*Management's Discussion and Analysis* introduces the District's basic financial statements and any additional information to supplement the basic financial statements.

*Basic Financial Statements* for the district consist of the; Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to Financial Statements. These statements provide information about the District's assets and liabilities and its revenues and expenses using the accrual basis of accounting. In addition, they report the District's net position and changes in them.

The accompanying *Notes to the Financial Statements* provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

*Required Supplementary Information* consists of information that is considered to be an essential part of financial reporting and should be reported with, but not as a part of, the basic financial statements. The District's board approved budget is being presented as required supplementary information (RSI) in this report.

*Other Information* consists of the Schedule of Surety Bonds. This information is not required, but is presented for informational purposes.

### **Financial Analysis**

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is \$1,091,516. This is a \$ 8,048 decrease from last year's net position of \$1,099,564.

## Financial Analysis (continued)

The following table (Table 1) presents the condensed statement of net position as of September 30, 2022 and 2021, derived from the District's Statement of Net Position.

**Table 1: Condensed Statement of Net Position  
As of September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 1,362,788	\$ 1,359,848	\$ 2,940	0.22%
Capital assets	298,162	314,155	(15,993)	-5.09%
Total assets	<u>1,660,950</u>	<u>1,674,003</u>	<u>(13,053)</u>	-0.78%
Current and other liabilities	47,920	39,977	7,944	19.87%
Long-term liabilities	521,513	534,462	(12,949)	-2.42%
Total liabilities	<u>569,434</u>	<u>574,439</u>	<u>(5,005)</u>	-0.87%
Net position:				
Invested in capital assets	-	-	-	0.00%
Net investment in capital assets	(211,908)	(211,267)	(641)	0.30%
Restricted	80,970	78,231	2,739	3.50%
Unrestricted	1,222,453	1,232,600	(10,147)	-0.82%
Prior Period Adjustment				
Total net position	<u>\$ 1,091,516</u>	<u>\$ 1,099,564</u>	<u>\$ (8,048)</u>	-0.73%

The decrease during the fiscal year indicated a lower financial position when compared to the prior year. The District generated an operating income of \$1,082.

The following table (Table 2) presents the District's condensed statement of changes in net position for the fiscal years ended September 30, 2022 and 2021. For more detailed information see the Statement of Revenues, Expenses, and Changes in Net Position.

**Table 2: Condensed Statement of Changes in Net Position  
September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
<i>Revenues</i>				
Charges for services	\$ 437,602	\$ 436,335	\$ 1,267	0.29%
Total revenues	<u>437,602</u>	<u>436,335</u>	<u>1,267</u>	0.29%
<i>Expenses</i>				
Management and administration	420,527	419,900	627	0.15%
Depreciation	15,993	21,604	(5,611)	-25.97%
Total expenses	<u>436,520</u>	<u>441,504</u>	<u>(4,984)</u>	-1.13%
<i>Nonoperating revenues (expenses)</i>				
Other income	794	1,185	(391)	-32.99%
Other expenses	(12,158)	(14,186)	2,028	-14.30%
Gain on Sale of Asset	5,150	-	5,150	100.00%
Total nonoperating revenue (expenses)	<u>(6,214)</u>	<u>(13,001)</u>	<u>6,787</u>	-52.20%
Increase (decrease) in net position	(5,132)	(18,170)	13,038	-71.75%
Beginning net position, restated	1,096,648	1,117,734	(21,086)	-1.89%
Ending net position	<u>\$ 1,091,516</u>	<u>\$ 1,099,564</u>	<u>\$ (8,048)</u>	-0.73%

## **Budgetary Highlights**

The District chose to adopt a budget to reflect projected expenses for the fiscal year ending 2022. A budgetary comparison schedule (non-GAAP basis) is presented as Required Supplementary Information in this report.

The adopted budget for the fiscal year was approximately \$450,000. The District incurred operating expenses and debt service of \$443,378 excluding depreciation and bad debt expense.

## **Capital Assets**

Infrastructure costs have been incurred by the Hancock County Utility Authority as part of a regional grant that paid for the installation of the system. The ownership of this infrastructure will be conveyed to the District at some time in the future. The District decreased capital assets by \$15,993, the decrease is due to accumulated depreciation.

## **Debt Administration**

At the start of the fiscal year, the District's debt consisted of a revenue bond issued in 2013 for \$611,000. The principal balance as of September 30, 2022 was \$510,070.

## **Economic Factors**

The district serves a small community mostly consisting of residential customers. There are no economic drivers or factors currently affecting the community.

## **Currently Known Facts and Conditions**

The District is a member of the Hancock County Utility Authority. Currently the Utility Authority sets the rates for wholesale water purchased by its member entities. The Utility Authority Board has voted to increase water cost several times in the last few years. There was an increase for the 2023 year.

The District only has one well to provide water for its customers. For community safety and disaster preparation purposes, the District is exploring options to construct and fund a back-up water well.

## **Contacting the District's Management**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Administrator, Pearlinton Water and Sewer District, P.O. Box 130, Pearlinton, MS 39572; Attention: Ty Necaie, CPA.

## **BASIC FINANCIAL STATEMENTS**

**Pearlington Water & Sewer District**  
**Statement of Net Position**  
**September 30, 2022**

**Assets**

Current assets:

Cash and cash equivalents	\$ 1,179,842
Prepaid expenses	15,011
Accounts receivable, net	29,287
Inventory	<u>57,677</u>
Total current assets	<u>1,281,818</u>

Non-current assets:

Cash, restricted	80,970
Assets not being depreciated	5,900
Other capital assets, net of accumulated depreciation	<u>292,262</u>
Total non-current assets	<u>379,132</u>

Total assets	<u><u>1,660,950</u></u>
--------------	-------------------------

**Liabilities**

Current liabilities:

Accounts payable	26,018
Payroll liabilities	4,573
Accrued Wages	2,435
Sales tax payable	57
Bonds payable, current	<u>14,837</u>
Total current liabilities	<u>47,920</u>

Non-current liabilities:

Customer deposits	20,220
Compensated absences	6,061
Bonds payable, non-current	<u>495,232</u>
Total non-current liabilities	<u>521,513</u>

Total liabilities	<u><u>569,434</u></u>
-------------------	-----------------------

**Net Position**

Net investment in capital assets	(211,908)
Restricted	80,970
Unrestricted	<u>1,222,453</u>
Total net position	<u><u>\$ 1,091,516</u></u>

*The accompanying notes are an integral part of these financial statements.*

**Pearlington Water & Sewer District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended September 30, 2022**

**Operating Revenues**

Charges for water services	\$ 147,211
Charges for sewer services	260,058
Other fees	<u>30,333</u>
Total operating revenues	<u>437,602</u>

**Operating Expenses**

Sewer treatment costs	60,438
Water purchase	19,029
Insurance	22,911
Field Supplies	50,561
Repairs and maintenance	24,837
Utilities	8,418
Vehicle expense	11,184
Personnel expense	131,047
Professional fees	78,943
Office expense	9,500
Bad debt expense	3,660
Depreciation expense	<u>15,993</u>
Total operating expenses	<u>436,520</u>
Operating income (loss)	<u>1,082</u>

**Non-operating Revenues (Expenses)**

Interest income	794
Interest expense	(12,158)
Gain on sale of asset	<u>5,150</u>
Total non-operating revenues (expenses)	<u>(6,214)</u>

Change in net position	(5,132)
Net position, beginning	<u>1,099,564</u>
Prior period adjustment	<u>(2,916)</u>
Net position, ending	<u>\$ 1,091,516</u>

*The accompanying notes are an integral part of these financial statements.*

**Pearlington Water & Sewer District**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2022**

**Cash flows from operating activities:**

Cash received from customers	\$ 452,964
Cash payments to employees for services	(131,109)
Cash payments to suppliers for goods and services	<u>(284,137)</u>
Net cash flows provided (used) by operating activities	<u>37,718</u>

**Cash flows from capital and related financing activities:**

Principal payments on debt	(15,352)
Interest paid on debt	(12,158)
Gain on Sale of Assets	5,150
Acquisition of capital assets	<u>-</u>
Net cash provided (used) by financing activities	<u>(22,360)</u>

**Cash flows from investing activities:**

Interest received	<u>794</u>
Net cash provided (used) by investing activities	<u>794</u>
Net increase (decrease) in cash	16,152
Cash at beginning of year	<u>1,247,576</u>
Prior period adjustment to cash	<u>(2,916)</u>
Cash at end of year	<u><u>1,260,812</u></u>

**Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:**

Net operating income (loss)	1,082
Adjustments to reconcile net operating income to cash provided by operating activities:	
Depreciation expense	15,993
(Increase)/decrease in assets:	
Prepaid expenses	(2,674)
Accounts receivable	12,642
Inventory	329
Increase/(decrease) in liabilities:	
Accounts payable	7,686
Sales tax payable	3
Payroll liabilities	13
Accrued wages	(124)
Compensated absences	49
Customer deposits	<u>2,720</u>
Net cash flows used by operating activities	<u><u>\$ 37,718</u></u>

*The accompanying notes are an integral part of these financial statements.*

**NOTES TO FINANCIAL STATEMENTS**



**Note 1: Summary of Significant Accounting Policies****A) Financial Reporting Entity**

The Pearlington Water and Sewer District (the District) was created on March 2, 1998, for the purpose of providing a water and sewer system within certain territorial boundaries of Hancock County known as the Pearlington Community. All powers of the District are vested in a five-member Board of Commissioners. The Board has identified no component units using the criteria established by the Governmental Standards Board. However, the District has been determined to be a component unit of Hancock County, Mississippi. In addition, the District is a participating agency with the Hancock County Utility Authority for purposes of sewer treatment, disposal, and water purchases. As a sewer collection entity within Hancock County, it falls under the jurisdiction of the regional wastewater management authority.

**B) Measurement Focus and Basis of Accounting**

These financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP) relative to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has been identified as an enterprise fund as described by GAAP for governmental entities. Enterprise funds utilize accounting principles in a manner similar to private business enterprises. Accordingly, accounting records are maintained and the financial statements are presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when incurred without regard to when each is received or disbursed, respectively. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Operating income includes revenues and expenses related to the primary continuing operation of the District. Principal operating revenues will be charges for water and sewer services. Principal operating expenses will be the costs of providing services and include administrative expenses and depreciation of capital assets. Any other revenues and expenses will be classified as non-operating in the financial statements.

**C) Cash and cash equivalents**

The District's cash consist of demand deposits held in a local bank and several short-term certificates of deposit. Cash consists of both unrestricted and restricted. The restricted cash is for the reserve accounts required by the Revenue Bond covenants.

**D) Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

**E) Accounts Receivable**

Accounts receivable consists of amounts expected to be received from customers for water and sewer services; and is presented net of any allowance for doubtful accounts and write-offs. As of September 30, 2022, the District's total write-off is \$24,660 and the allowance is \$3,692. This allowance is based on estimates by management.

**F) Inventory**

The District records inventory at cost. Inventories consist of replacement parts and supplies for the water and sewer system.

**Note 1: Summary of Significant Accounting Policies (continued)****G) Capital Assets**

The District's assets that have a useful life of more than one year are reported at historical cost in the financial statements. The District generally capitalizes assets with a cost of \$500 or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. The estimated useful lives, in years, for depreciable assets will be as follows:

Buildings	10 – 50 years
Infrastructure and improvements other than buildings	10 – 50 years
Mobile equipment, furniture, machinery and equipment	5 – 20 years

**H) Long-Term Liabilities**

Outstanding debt is reported as liabilities in the District's financial statements. In accordance with GASB Statement No. 65, issuance cost of debt, if any, is expensed in the period incurred.

**I) Compensated Absences**

The District has adopted a policy of compensation for accumulated unpaid employee personal leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities. Full time employees are granted vacation benefits. Employees who resign in good standing are entitled to receive payment for accrued vacation not yet taken.

**J) Equity Classifications**

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. The District's policy is to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

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

**K) Cost Allocation**

The District allocates costs based upon a cost allocation policy. Direct costs are charged directly to water, sewer and debt service while certain other indirect costs are allocated among the three.

**Note 2: Deposits and Investments**

Mississippi statutes allow government entities to select depositories on the basis of competitive bid. Depositories must be covered by FDIC or FSLIC insurance and must provide qualifying collateral. In the case of institutions covered by FDIC insurance, collateral must equal 105% of deposits exceeding amounts insured by FDIC. Deposits in institutions insured by the FSLIC may not exceed the amount of federal insurance.

**Note 2: Deposits and Investments (continued)**

The State of Mississippi Treasury Department provides for a Public Depositors Statewide Collateral Pool Program. This program monitors financial institutions pledged balances to confirm that they meet the 105% minimum requirement with consideration given to the appropriate FDIC insurance coverage. The Treasury Department issues quarterly reports disclosing the District's accrual and average daily account balances in total by account type of each bank. If in fact a certain bank was under pledged then the Treasury Department would take appropriate steps in a timely fashion to bring the pledge back up to the minimum requirement.

The District deposits funds in financial institutions selected by its Board of Commissioners in accordance with State statute.

A summary of cash as of September 30, 2022:

Cash on hand	\$ 2,103
Deposits, unrestricted	1,177,739
Deposits, restricted	80,970
Total cash	<u>\$ 1,260,812</u>

**Note 3: Capital Assets**

Capital asset activity for the year ended September 30, 2022 is as follows:

	<i>Balance</i> <i>10/1/2021</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance</i> <i>9/30/2022</i>
Capital assets, not being depreciated				
Land	\$ 5,900	\$ -	\$ -	\$ 5,900
Total capital assets, not being depreciated	<u>5,900</u>	<u>-</u>	<u>-</u>	<u>5,900</u>
Capital assets, being depreciated				
Office furniture and equipment	23,285	-	-	23,285
Equipment	113,907	-	-	113,907
Trucks & trailers	52,048	-	-	52,048
Storage building	326,519	-	-	326,519
Improvements	61,762	-	-	61,762
Software	4,993	-	-	4,993
Total capital assets, being depreciated	<u>582,514</u>	<u>-</u>	<u>-</u>	<u>582,514</u>
Less accumulated depreciation	<u>(274,259)</u>	<u>(15,993)</u>	<u>-</u>	<u>(290,252)</u>
Total capital assets, being depreciated, net	<u>308,255</u>	<u>(15,993)</u>	<u>-</u>	<u>292,262</u>
Capital assets, net	<u>\$ 314,155</u>	<u>\$ (15,993)</u>	<u>\$ -</u>	<u>\$ 298,162</u>

**Note 4: Debt Obligations**

Changes in outstanding debt during the year ended September 30, 2022 are as follows:

	<i>Balance 10/1/2021</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance 9/30/2022</i>	<i>Due within one year</i>
Revenue bond	\$ 525,422	\$ -	\$ (15,352)	\$ 510,070	\$ 14,837
Customer deposits	17,500	2,720	-	20,220	-
Compensated absences	6,012	7,003	(6,954)	6,061	-
Total	<u>\$ 548,934</u>	<u>\$ 9,723</u>	<u>\$ (22,306)</u>	<u>\$ 536,351</u>	<u>\$ 14,837</u>

**A) Water and Sewer System Revenue Bond**

On March 20, 2013, the District issued a Revenue Bond with a face value of \$ 611,000. The bond was issued for the purpose of constructing, acquiring, improving or extending a combined water and sewer system. At the time of issuance, the District deferred the bond payments until March 20, 2015.

A summary of the Revenue Bond is as follows:

**Bonds**

	<i>Date Issued</i>	<i>Maturity Date</i>	<i>Original Amount</i>	<i>Balance 9/30/2022</i>
Water and Sewer System Revenue Bond	3/20/2013	3/20/2048	\$ 611,000	\$ 510,070

A maturity schedule for the outstanding portion at September 30, 2022 is as follows:

<i>Year Ending September 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Requirements</i>
2023	14,837	12,583	27,420
2024	15,213	12,207	27,420
2025	15,597	11,823	27,420
2026	15,992	11,428	27,420
2027-2031	86,234	50,866	137,100
2032-2036	97,703	39,397	137,100
2037-2041	110,698	26,402	137,100
Thereafter	153,795	12,081	165,876
	<u>\$ 510,070</u>	<u>\$ 176,786</u>	<u>\$ 686,856</u>

**Note 4: Debt Obligations (continued)**

The District's Revenue Bond contains a number of limitations and restrictions on annual debt service requirements, maintenance of, and flow of monies through various restricted accounts, and minimum revenue bond coverages. At September 30, 2022, the District was in compliance with the bond covenants as noted below.

The indenture covenants of the revenue bond require the establishment of the following accounts:

- *Construction Fund.* Proceeds of the bond shall be deposited into this account.
- *Revenue Fund.* Operating revenues are to be deposited into this fund.
- *Operation and Maintenance Fund.* An amount will be deposited each month that will provide for the payment of reasonable expense that will operate and maintain the system in good working order.
- *Bond and Interest Fund.* Amounts will be deposited each month that will provide for the payment of the next installment of principal and interest.
- *Debt Service Reserve Fund.* An amount of \$ 245.22 is to be deposited each month until it reaches \$ 29,426.
- *Short Lived Asset Replacement Fund.* Shall be established and have \$ 10.00 a month deposited into it was fully funded. The district chose to fully fund it in the amount of \$4,200.

During the year ended September 30, 2022, the debt service reserve requirements above were fully funded.

In addition to the above requirements, the bond indenture contains a resolution that requires the reporting of certain other information related to the water and sewer system as presented below:

1.	The number of customers at the beginning of the fiscal year	527
	The number of customers at the end of the fiscal year	532
2.	The number of properties connected with water lines	526
3.	The number of metered customers at the end of the year	526
	The number of unmetered customers at the end of the year	6

**B) Schedule of Insurance**

<i>Description</i>	<i>Coverage Amount</i>	<i>Insurer</i>	<i>Expiration Dates</i>
Commercial Liability	1,000,000	National Union Fire Insurance	4/1/2023
Worker's Compensation	500,000	Liberty Mutual Insurance	9/13/2023
Flood	290,400	Wright National Flood Insurance	9/1/2023
Public Officials	50,000	Old Republic Surety Co.	10/13/2023

Additionally, the bond indenture requires a statement by the auditor regarding the manner in which the District complied with the requirements of this resolution. As stated in the Compliance report, the results of our tests disclosed no instances of noncompliance.

**Note 5: Commitments**

The Pearlington Water and Sewer District has a service agreement with the Hancock County Utility Authority. This agreement is to purchase wholesale potable water and sewer treatment services. Additionally, the District has assumed maintenance responsibility of the water and sewer system's collection and distribution lines.

**Note 6: Risk Management**

The District is exposed to various risks and losses related to torts, errors and omission, and personal injury. All of the Commissioners and employees maintain public official bonds in the amount of \$50,000 each. The District also has commercial general liability and vehicle policies to cover risk related to plant, equipment and management.

The District has issued a Revenue Bond that was purchased by United States Department of Agriculture through the Rural Utilities Service (RUS) program. These programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the funds.

**Note 7: Prior Period Adjustment**

While preparing the financial statements, it was determined that there were Petty Cash items that had been approved for reimbursement by the board but had not been expensed. The total prior period expense adjustment was \$2,916.

	Amount
Prior Year Petty Cash Expenses not previously recorded	\$ (2,916)

**Note 8: Subsequent Events**

The District has evaluated events through August 16, 2023. There were no events identified that would have an effect on the financial statements of the District.

Page intentionally left blank.

**REQUIRED SUPPLEMENTARY INFORMATION**



**Pearlington Water & Sewer District**  
**Budgetary Comparison Schedule (Non-GAAP Basis)**  
**For the Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Operating Revenues</b>				
Total operating revenues	\$ 450,000	\$ 450,000	\$ 437,602	\$ (12,398)
<b>Operating Expenses</b>				
Personnel services	139,835	139,835	131,047	(8,788)
Utilities	9,000	9,000	8,418	(582)
Insurance	22,000	22,000	22,911	911
Office expense	8,500	9,500	9,500	-
Repairs and maintenance	70,700	72,960	75,398	2,438
Vehicle expense	6,000	10,000	11,184	1,184
Professional fees	75,400	75,400	78,943	3,543
Water purchase	19,500	19,500	19,029	(471)
Sewer collection cost	8,000	-	-	-
Sewer treatment cost	59,000	59,000	60,438	1,438
Total operating expenses	417,935	417,195	416,868	(327)
<b>Nonoperating Income (Expenses)</b>				
Interest income	1,000	1,000	794	(206)
Other Income	-	-	5,150	5,150
Equipment Purchase	(5,000)	(5,000)	-	5,000
RUS Debt Payments	(28,000)	(28,000)	(27,510)	490
Total nonoperating income (expenses)	(32,000)	(32,000)	(21,566)	10,434
Change in net position, non-GAAP basis	\$ 65	\$ 805	\$ (832)	\$ (1,637)

**Note 1: Budgetary Information**

Pearlington Water & Sewer District is not required by statute to adopt or amend a budget. The entity does not receive governmental funds and operates solely on revenues received from providing services. The budget passed by the entity is on a non-GAAP basis and is used as a management tool. The major differences between the budgetary basis and the GAAP basis are:

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

**Note 2: Basis of Presentation**

The Budgetary Comparison Schedule (Non-GAAP Basis) presents the final adopted budget and the actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts.

## **OTHER INFORMATION**

**Pearlington Water & Sewer District  
Schedule of Surety Bonds  
For the Year Ended September 30, 2022**

<b>Name</b>	<b>Title</b>	<b>Company</b>	<b>Coverage</b>
Nolan Pansano	Chairman	Old Republic Surety	\$ 50,000
Cabrina Bell	Vice-Chairwoman	Old Republic Surety	\$ 50,000
Rosa Jackson	Treasurer/Commissioner	Old Republic Surety	\$ 50,000
John Pavlovich	Commissioner	Old Republic Surety	\$ 50,000
Deborah Sonnier	Secretary/Commissioner	Old Republic Surety	\$ 50,000
Zoe Bowers	Operator	Old Republic Surety	\$ 50,000
Carolyn Wilkinson	Office Manager	Old Republic Surety	\$ 50,000
Renee Pitre	Office Clerk	Old Republic Surety	\$ 50,000
Ronnie Pack	Field Operator	Old Republic Surety	\$ 50,000
Justin Hansen	Field Operator	Old Republic Surety	\$ 50,000

# **PEARLINGTON WATER AND SEWER DISTRICT**

## **ENGINEERING STATUS REPORT**

**NOVEMBER 13, 2023**

### **WESTERN WWTF OUTFALL RELOCATION PROJECT**

- Contractor has installed approximately 3.6 miles of the 5 miles (72%) of force main pipe. Installation is complete on White's and Whipple Roads and is currently proceeding along Logtown Road.
- Directional boring of outfall into the Pearl River, as well as all other bores have been completed.
- Grading and restoration of White's and Whipple Roads are in the process.
- Value of the total contract work completed is 56%.

### **STENNIS WASTEWATER CONVEYANCE PROJECT**

- Preliminary design of force main is complete.
- Preliminary design of 2 pump stations is nearing completion.
- Property survey completed for the 2 pump station parcels. Attorney is obtaining appraisal for acquisition of the properties.
- Soil borings at pump station sites have been completed.
- Equipment purchase for standby generators is currently out for bid.
- Project is expected to be ready to advertise for bid in early 2024.

### **OAK HARBOR ACQUISITION**

- Utility Services is in the process of selling other utility systems. Once they finalize this other sell, which is anticipated by the end of the year, they will focus on the sell of Oak Harbor.
- It appears that they will be transferring the Oak Harbor system, at no cost.

