

SIMPSON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021

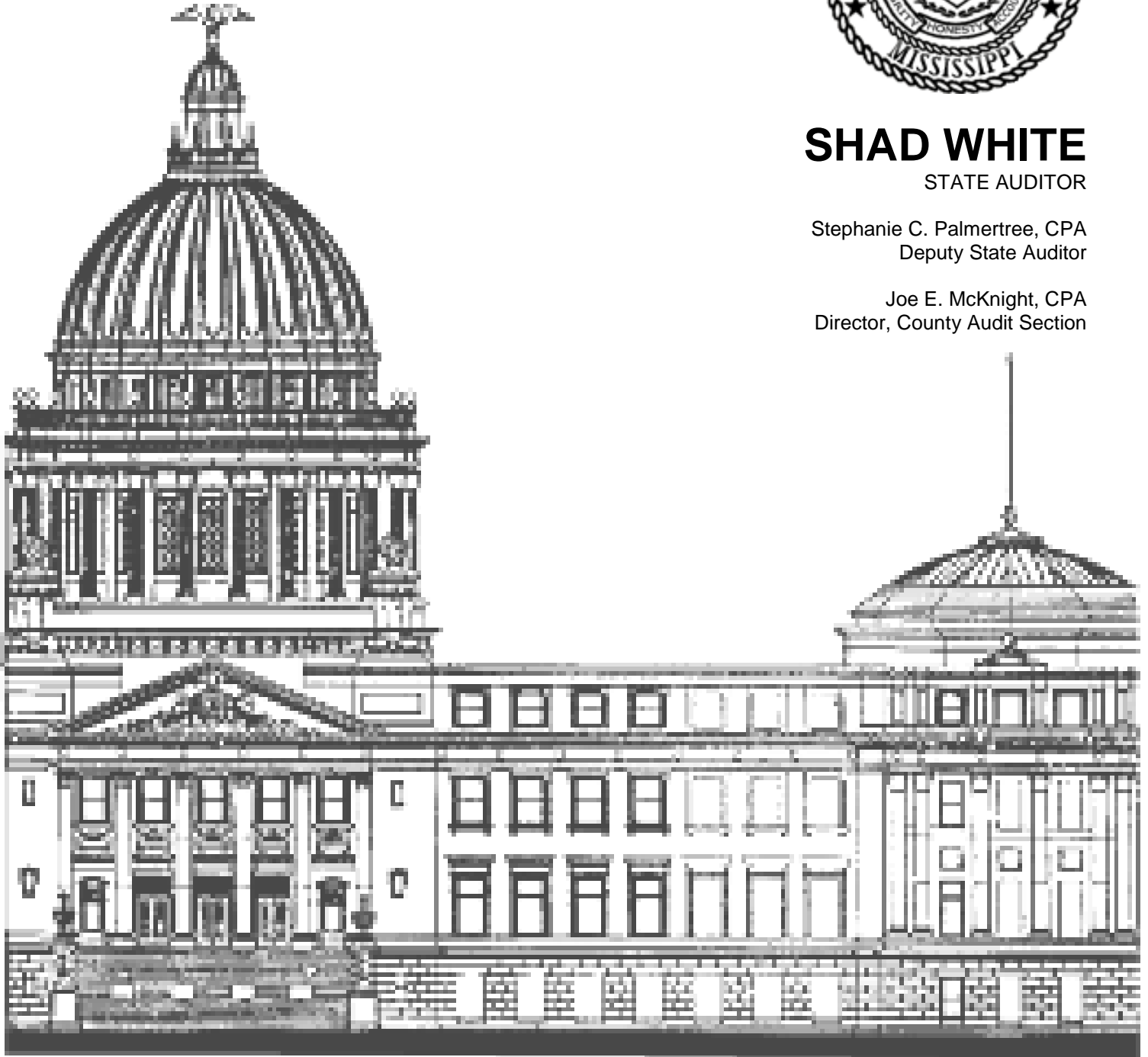


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

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

November 10, 2022

Members of the Board of Supervisors
Simpson County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Simpson County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Shad White

SIMPSON COUNTY
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SIMPSON COUNTY

FINANCIAL SECTION

SIMPSON COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Simpson County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Simpson County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include the 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 this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component unit has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Simpson County, Mississippi, as of September 30, 2021, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on Governmental Activities, Business-type Activities and Garbage and Solid Waste Fund

As discussed in Note 10 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities and Garbage and Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, business-type activities and Garbage and Solid Waste Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities and the major enterprise fund has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities, Business-type Activities and Garbage and Solid Waste Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and Garbage and Solid Waste Fund of Simpson County, Mississippi, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, the American Rescue Plan Act Fund, the Countywide Road Maintenance Fund, the 2021 Road and Bridge Bond Proceeds Fund, and the aggregate remaining fund information of Simpson County, Mississippi, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions and the corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Other Information

The Schedule of Surety Bonds for County Officials 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022 on our consideration of Simpson 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 Simpson 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 Simpson County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

November 10, 2022

SIMPSON COUNTY

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SIMPSON COUNTY

FINANCIAL STATEMENTS

SIMPSON COUNTY

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SIMPSON COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 18,127,607	145,151	18,272,758
Property tax receivable	12,109,357		12,109,357
Accounts receivable (net of allowance for uncollectibles of \$1,837,965)		532,317	532,317
Fines receivable (net of allowance for uncollectibles of \$2,308,802)	493,372		493,372
Intergovernmental receivables	346,045	10,220	356,265
Other receivables	229		229
Capital assets:			
Land and construction in progress	1,837,425		1,837,425
Other capital assets, net	60,709,074	631,932	61,341,006
Total Assets	<u>93,623,109</u>	<u>1,319,620</u>	<u>94,942,729</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,818,896	121,262	1,940,158
Deferred amount on refunding	41,654		41,654
Total Deferred Outflows of Resources	<u>1,860,550</u>	<u>121,262</u>	<u>1,981,812</u>
LIABILITIES			
Claims payable	257,155	9,702	266,857
Intergovernmental payables	660,644		660,644
Accrued interest payable	77,515		77,515
Unearned revenue	2,654,321	61,707	2,716,028
Amounts held in custody for others	60,789		60,789
Other payables	720		720
Long-term liabilities			
Due within one year:			
Capital debt	2,150,262	61,266	2,211,528
Due in more than one year:			
Capital debt	12,644,085	92,561	12,736,646
Non-capital debt	321,945	22,706	344,651
Net pension liability	12,248,271	815,862	13,064,133
Total Liabilities	<u>31,075,707</u>	<u>1,063,804</u>	<u>32,139,511</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	3,710,499	243,467	3,953,966
Deferred revenues - property taxes	12,109,357		12,109,357
Total Deferred Inflows of Resources	<u>15,819,856</u>	<u>243,467</u>	<u>16,063,323</u>
NET POSITION			
Net investment in capital assets	47,793,806	478,105	48,271,911
Restricted for:			
Expendable:			
General government	108,864		108,864
Public safety	1,935,260		1,935,260
Public works	7,077,180		7,077,180
Economic development and assistance	1,349,330		1,349,330
Debt service	150,998		150,998
Unrestricted	(9,827,342)	(344,494)	(10,171,836)
Total Net Position	<u>\$ 48,588,096</u>	<u>133,611</u>	<u>48,721,707</u>

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

SIMPSON COUNTY
Statement of Activities
For the Year Ended September 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,709,200	776,784	62,631		(2,869,785)		(2,869,785)
Public safety	4,660,157	443,626	244,642	30,856	(3,941,033)		(3,941,033)
Public works	5,329,507		822,140	941,288	(3,566,079)		(3,566,079)
Health and welfare	163,916		36,479		(127,437)		(127,437)
Culture and recreation	264,290				(264,290)		(264,290)
Conservation of natural resources	107,524				(107,524)		(107,524)
Economic development and assistance	152,623				(152,623)		(152,623)
Interest on long-term debt	225,174				(225,174)		(225,174)
Bond issue costs	195,712				(195,712)		(195,712)
Pension expense	1,612,725				(1,612,725)		(1,612,725)
Total Governmental Activities	16,420,828	1,220,410	1,165,892	972,144	(13,062,382)		(13,062,382)
Business-type activities:							
Solid waste	1,239,680	1,144,128	16,375			(79,177)	(79,177)
Total Business-type Activities	1,239,680	1,144,128	16,375	0		(79,177)	(79,177)
Total Primary Government	\$ 17,660,508	2,364,538	1,182,267	972,144	(13,062,382)	(79,177)	(13,141,559)
General revenues:							
Property taxes					\$ 10,298,428		10,298,428
Road & bridge privilege taxes					341,758		341,758
Grants and contributions not restricted to specific programs					465,599		465,599
In lieu taxes - Mississippi Hub, LLC					1,120,131		1,120,131
Unrestricted interest income					2,060		2,060
Miscellaneous					366,833	6,453	373,286
Total General Revenues					12,594,809	6,453	12,601,262
Changes in Net Position					(467,573)	(72,724)	(540,297)
Net Position - Beginning					49,055,669	206,335	49,262,004
Net Position - Ending					\$ 48,588,096	133,611	48,721,707

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

SIMPSON COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2021

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	American Rescue Plan Act Fund	Countywide Road Maintenance Fund	2021 Road and Bridge Bond Proceeds Fund	Other Governmental Funds	
ASSETS						
Cash	\$ 4,906,750	2,589,002	992,114	6,039,288	3,600,453	18,127,607
Property tax receivable	7,827,706		2,600,031		1,681,620	12,109,357
Fines receivable (net of allowance for uncollectibles of \$2,308,802)	493,372					493,372
Intergovernmental receivables	312,076				33,969	346,045
Other receivables	229					229
Due from other funds			119,698		61,149	180,847
Total Assets	\$ 13,540,133	2,589,002	3,711,843	6,039,288	5,377,191	31,257,457
LIABILITIES						
Liabilities:						
Claims payable	\$ 174,950		73,920		8,285	257,155
Intergovernmental payables	589,121					589,121
Due to other funds	252,370					252,370
Unearned revenue		2,589,002			65,319	2,654,321
Amounts held in custody for others	60,789					60,789
Other payables	720					720
Total Liabilities	1,077,950	2,589,002	73,920	0	73,604	3,814,476
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	7,827,706		2,600,031		1,681,620	12,109,357
Unavailable revenue - fines	493,372					493,372
Total Deferred Inflows of Resources	8,321,078	0	2,600,031	0	1,681,620	12,602,729
Fund balances:						
Restricted for:						
General government					108,864	108,864
Public safety					1,935,260	1,935,260
Public works			1,037,892	6,039,288		7,077,180
Economic development and assistance					1,349,330	1,349,330
Debt service					228,513	228,513
Unassigned	4,141,105					4,141,105
Total Fund Balances	4,141,105	0	1,037,892	6,039,288	3,621,967	14,840,252
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,540,133	2,589,002	3,711,843	6,039,288	5,377,191	31,257,457

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

SIMPSON COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 14,840,252
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 \$100,931,343.	62,546,499
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	493,372
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(15,116,292)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(12,248,271)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(77,515)
Deferred amount on refunding	41,654
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	1,818,896
Deferred inflows of resources related to pensions	<u>(3,710,499)</u>
Total Net Position - Governmental Activities	<u>\$ 48,588,096</u>

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

SIMPSON COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

	Major Funds					Total Governmental Funds
	General Fund	American Rescue Plan Act Fund	Countywide Road Maintenance Fund	2021 Road and Bridge Bond Proceeds Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 6,785,572		2,122,113		1,390,743	10,298,428
Road and bridge privilege taxes			341,758			341,758
Licenses, commissions and other revenue	467,055				7,031	474,086
Fines and forfeitures	383,019				5,111	388,130
In lieu taxes - Mississippi Hub, LLC	588,853		500,000		31,278	1,120,131
Intergovernmental revenues	670,743		1,341,754		591,138	2,603,635
Charges for services	110,418				283,073	393,491
Interest income	2,060					2,060
Miscellaneous revenues	204,900		58,020		95,595	358,515
Total Revenues	9,212,620	0	4,363,645	0	2,403,969	15,980,234
EXPENDITURES						
Current:						
General government	3,833,694					3,833,694
Public safety	4,480,769				635,516	5,116,285
Public works	117,159		4,225,381		784,307	5,126,847
Health and welfare	154,792					154,792
Culture and recreation	263,534				756	264,290
Conservation of natural resources	107,524					107,524
Economic development and assistance	14,151				111,195	125,346
Debt service:						
Principal	462,651		758,401		518,614	1,739,666
Interest	146,377		40,901		42,716	229,994
Bond issue costs				195,712		195,712
Total Expenditures	9,580,651	0	5,024,683	195,712	2,093,104	16,894,150
Excess of Revenues over (under) Expenditures	(368,031)	0	(661,038)	(195,712)	310,865	(913,916)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued			548,322	6,235,000		6,783,322
Compensation for loss of capital assets	8,925		25,078			34,003
Transfers in					52,711	52,711
Transfers out	(52,711)					(52,711)
Total Other Financing Sources and Uses	(43,786)	0	573,400	6,235,000	52,711	6,817,325
Net Changes in Fund Balances	(411,817)	0	(87,638)	6,039,288	363,576	5,903,409
Fund Balances - Beginning	4,552,922	0	1,125,530	0	3,258,391	8,936,843
Fund Balances - Ending	\$ 4,141,105	0	1,037,892	6,039,288	3,621,967	14,840,252

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

SIMPSON 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, 2021

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 5,903,409
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,669,095 exceeded capital outlays of \$1,008,878 in the current period.	(660,217)
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 \$8,318 and the proceeds from the sale of \$34,003 in the current period.	(25,685)
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.	(35,297)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$6,783,322 exceeded debt repayments of \$1,739,666.	(5,043,656)
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 decrease in compensated absences liability.	17,731
The amount of increase in accrued interest payable.	(1,702)
The amortization of deferred amount on refunding.	(9,038)
The amortization of bond premium.	15,560
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,612,725)
Recording of contributions made during the year	<u>984,047</u>
Change in Net Position of Governmental Activities	\$ <u>(467,573)</u>

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

SIMPSON COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2021

Exhibit 5

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Garbage and Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 145,151
Accounts receivable (net of allowance for uncollectibles of \$1,837,965)	532,317
Intergovernmental receivables	10,220
Total Current Assets	<u>687,688</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	<u>631,932</u>
Total Noncurrent Assets	<u>631,932</u>
Total Assets	<u>1,319,620</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>121,262</u>
Total Deferred Outflows of Resources	<u>121,262</u>
LIABILITIES	
Current liabilities:	
Claims payable	9,702
Unearned revenue	61,707
Capital debt:	
Capital leases payable	<u>61,266</u>
Total Current Liabilities	<u>132,675</u>
Noncurrent liabilities:	
Capital debt:	
Capital leases payable	92,561
Non-capital debt:	
Compensated absences payable	22,706
Net pension liability	<u>815,862</u>
Total Noncurrent Liabilities	<u>931,129</u>
Total Liabilities	<u>1,063,804</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>243,467</u>
Total Deferred Inflows of Resources	<u>243,467</u>
NET POSITION	
Net investment in capital assets	478,105
Unrestricted	<u>(344,494)</u>
Total Net Position	<u>\$ 133,611</u>

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

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Fund
	<u>Garbage and Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 1,144,128
Miscellaneous	6,453
Total Operating Revenues	<u>1,150,581</u>
Operating Expenses	
Personal services	481,039
Contractual services	173,074
Materials and supplies	389,769
Depreciation expense	86,670
Pension expense	105,821
Total Operating Expenses	<u>1,236,373</u>
Operating Income (Loss)	<u>(85,792)</u>
Nonoperating Revenues (Expenses)	
Intergovernmental grants	16,375
Interest expense	<u>(3,307)</u>
Net Nonoperating Revenue (Expenses)	<u>13,068</u>
Change in Net Position	(72,724)
Net Position - Beginning	<u>206,335</u>
Net Position - Ending	<u>\$ 133,611</u>

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

SIMPSON COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2021

Exhibit 7

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Garbage and Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,119,059
Payments to suppliers	(568,074)
Payments to employees	(551,916)
Other operating miscellaneous receipts	6,453
Net Cash Provided (Used) by Operating Activities	<u>5,522</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	16,375
Net Cash Provided (Used) by Noncapital Financing Activities	<u>16,375</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	166,188
Acquisition and construction of capital assets	(166,188)
Principal paid on long-term debt	(72,564)
Interest paid on debt	(3,307)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(75,871)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(53,974)
Cash and Cash Equivalents at Beginning of Year	<u>199,125</u>
Cash and Cash Equivalents at End of Year	<u>\$ 145,151</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(85,792)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	86,670
Provision for uncollectible accounts	138,740
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(172,997)
(Increase) decrease in intergovernmental receivables	2,726
Increase (decrease) in claims payable	(5,231)
Increase (decrease) in unearned revenue	6,462
Increase (decrease) in compensated absences liability	(6,308)
Increase (decrease) in pension liability, deferred outflows/inflows, net	41,252
Total Adjustments	<u>91,314</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,522</u>

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

SIMPSON COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 50,282
Receivables:	
Due from other funds	<u>71,523</u>
Total Assets	<u>\$ 121,805</u>
LIABILITIES	
Other liabilities	\$ 633
Intergovernmental payables	<u>99,726</u>
Total Liabilities	<u>100,359</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>21,446</u>
Total Net Position	<u>\$ 21,446</u>

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

SIMPSON COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ <u>1,299,162</u>
Total Additions	<u>1,299,162</u>
DEDUCTIONS	
Payments of tax collections to other governments	<u>1,307,316</u>
Total Deductions	<u>1,307,316</u>
Net increase (decrease) in fiduciary net position	(8,154)
Net Position - Beginning	<u>29,600</u>
Net Position - Ending	\$ <u><u>21,446</u></u>

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

SIMPSON COUNTY

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SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Simpson 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 Simpson County to present these financial statements on the primary government and its component unit which has a 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 the County's component unit necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Simpson County Park 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.

Simpson County Economic Development District is a legally separate entity organized under *Section 19-5-99, Mississippi Code of 1972 Annotated*. Its purpose is to foster, encourage and facilitate economic development in the County. The District's board of trustees is composed of 11 members appointed by the County Board of Supervisors. The County funds the District through a .6 mill tax levy.

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.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. 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/expenses. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. 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 Funds 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 Fund 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.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

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

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

2021 Road and Bridge Bond Proceeds Fund - This fund is used to account for the accumulation of financial resources that are restricted for capital outlays associated with the construction of county roads and bridges.

The County reports the following major Enterprise Fund:

Garbage and Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to 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

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

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.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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. However, the County did not invest in any governmental securities during the fiscal year.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, 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. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Simpson County meets this criteria and has elected to report general infrastructure assets acquired after September 30, 1980, on the government-wide financial statements. Current year general infrastructure assets are reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 1980.

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. 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 property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

J. Deferred Outflows/Inflows of Resources.

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

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

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

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

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

K. Long-term Liabilities.

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

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

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

L. Pensions.

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

M. Compensated Absences.

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

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

O. Property Tax Revenues:

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

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

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification.

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, Blue Cross Insurance Clearing Fund, Rubbish Payroll Clearing Fund, Chancery Clerk Payroll Clearing Fund and District Attorney Payroll Clearing Fund, previously reported as Fiduciary Funds, were reclassified and reported in the General Fund.

For the Fiduciary Fund Custodial Activities, the County has treated the beginning of year net position of \$29,600 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$29,600.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$18,323,040, and the bank balance was \$19,454,726. 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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance Fund	General Fund	\$ 119,698
Other Governmental Funds	General Fund	61,149
Custodial Funds	General Fund	71,523
Total		\$ 252,370

The receivables represent tax revenue collected in September, 2021, but not settled until October, 2021. 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
Other Governmental Funds	General Fund	\$ 52,711

The principal purpose of interfund transfers was to provide funds for operating expenses. All interfund transfers were consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 197,313
Disaster grant - Presidentially declared disasters	39,201
Emergency management performance grant reimbursement	27,061
Mississippi wireless communication commission reimbursement	30,856
Reimbursement for housing prisoners	17,645
E-911 service fees	33,969
Total Governmental Activities	\$ 346,045
Business-type Activities:	
Town of D'Lo	\$ 2,250
City of Mendenhall	2,848
City of Magee	5,122
Total Business-type Activities	\$ 10,220

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,682,887				1,682,887
Construction in progress	1,202,172	234,014		(1,281,648)	154,538
Total non-depreciable capital assets	<u>2,885,059</u>	<u>234,014</u>	<u>0</u>	<u>(1,281,648)</u>	<u>1,837,425</u>
<u>Depreciable capital assets:</u>					
Infrastructure	134,424,544			1,281,648	135,706,192
Buildings	14,975,048				14,975,048
Improvements other than buildings	740,479				740,479
Mobile equipment	5,214,468	308,974	97,288	942,126	6,368,280
Furniture and equipment	727,804	42,065		73,686	843,555
Leased property under capital leases	3,598,850	423,825		(1,015,812)	3,006,863
Total depreciable capital assets	<u>159,681,193</u>	<u>774,864</u>	<u>97,288</u>	<u>1,281,648</u>	<u>161,640,417</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	87,919,417	419,477			88,338,894
Buildings	5,454,925	232,463			5,687,388
Improvements other than buildings	321,152	29,622			350,774
Mobile equipment	3,880,558	398,047	71,603	421,763	4,628,765
Furniture and equipment	622,857	23,373		18,948	665,178
Leased property under capital leases	1,134,942	566,113		(440,711)	1,260,344
Total accumulated depreciation	<u>99,333,851</u>	<u>1,669,095</u>	<u>71,603</u>	<u>0</u>	<u>100,931,343</u>
Total depreciable capital assets, net	<u>60,347,342</u>	<u>(894,231)</u>	<u>25,685</u>	<u>1,281,648</u>	<u>60,709,074</u>
Governmental activities capital assets, net	<u>\$ 63,232,401</u>	<u>(660,217)</u>	<u>25,685</u>	<u>0</u>	<u>62,546,499</u>

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Business-type activities:

	Balance Oct. 1, 2020	Additions	Balance Sept. 30, 2021
<u>Depreciable capital assets:</u>			
Buildings	\$ 164,260		164,260
Mobile equipment	1,161,287		1,161,287
Leased property under capital leases	176,280	166,188	342,468
Total depreciable capital assets	<u>1,501,827</u>	<u>166,188</u>	<u>1,668,015</u>
<u>Less accumulated depreciation for:</u>			
Buildings	72,292	3,286	75,578
Mobile equipment	783,430	59,145	842,575
Leased property under capital leases	93,691	24,239	117,930
Total accumulated depreciation	<u>949,413</u>	<u>86,670</u>	<u>1,036,083</u>
Total depreciable capital assets, net	<u>552,414</u>	<u>79,518</u>	<u>631,932</u>
Business-type activities capital assets, net	<u>\$ 552,414</u>	<u>79,518</u>	<u>631,932</u>

*Adjustments are to reflect certain routine reclassifications of completed construction and paid-off capital leases.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 244,204
Public safety	234,554
Public works	1,153,936
Health and welfare	9,124
Economic development and assistance	<u>27,277</u>
Total governmental activities depreciation expense	<u>\$ 1,669,095</u>
Business-type activities:	
Solid waste	<u>\$ 86,670</u>

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Sofa Road bridge replacement	\$ 190,581	December, 2022

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

Classes of Property	Governmental Activities	Business-type Activities
Mobile equipment	\$ 2,888,237	342,468
Furniture and equipment	118,626	
Total	3,006,863	342,468
Less: Accumulated depreciation	(1,260,344)	(117,930)
Leased Property Under Capital Leases	\$ 1,746,519	224,538

The following is a schedule by years of the total payments due as of September 30, 2021:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 992,262	31,407	61,266	2,046
2023	890,147	14,800	39,303	1,134
2024	119,203	4,019	53,258	114
2025	198,645	1,664		
Total	\$ 2,200,257	51,890	153,827	3,294

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(9) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General obligation refunding bonds, series 2017	\$ 4,811,000	2.45-4.00%	11/2030
2014 General obligation road and bridge bonds	1,480,000	1.875-2.625%	06/2024
2021 General obligation road and bridge bonds	<u>6,235,000</u>	1.69%	08/2031
Total General Obligation Bonds	<u>\$ 12,526,000</u>		
B. Capital Leases:			
Motorola E911 communications console	\$ 40,720	3.19%	06/2024
(2) 2016 John Deere 6120E tractors	13,994	3.05%	08/2022
Caterpillar pneumatic compactor and Kubota mini excavator	47,100	3.50%	01/2023
Chip spreader and tar truck	147,600	3.57%	04/2023
IBM server	22,783	1.83%	03/2023
(3) 2020 Western Star dump trucks	208,936	2.68%	12/2023
(2) John Deere 6105E tractors	72,722	2.68%	12/2023
(2) Case 590SN backhoes	184,938	1.83%	03/2023
(3) 2020 Kenworth T880 dump trucks	403,968	1.48%	04/2022
(2) Caterpillar 140 motor graders	442,908	1.44%	07/2023
2020 Caterpillar 320 excavator	167,400	1.53%	04/2025
(2) 2017 Mack GU432 dump trucks	71,153	1.38%	10/2023
2017 Peterbilt with Leeboy patcher	78,113	1.30%	01/2024
2018 John Deere 6120M tractor & 2017 John Deere 6120M tractor	151,796	1.12%	03/2024
2022 Kenworth knuckle boom T370	<u>146,126</u>	1.17%	06/2024
Total Capital Leases	<u>\$ 2,200,257</u>		
Business-type Activities:			
A. Capital Leases:			
2019 Western Star garbage truck	\$ 22,555	3.08%	07/2022
2021 Western Star garbage truck	<u>131,272</u>	1.52%	11/2023
Total Capital Leases	<u>\$ 153,827</u>		

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

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

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,158,000	257,196
2023	1,181,000	235,116
2024	1,213,000	207,365
2025	1,239,000	178,898
2026	1,264,000	152,771
2027 - 2031	6,471,000	364,844
Total	\$ 12,526,000	1,396,190

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, 2021, the amount of outstanding debt was equal to 4.61 percent of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount</u>
	<u>Oct. 1, 2020</u>			<u>Sept. 30, 2021</u>	<u>due within</u>
					<u>one year</u>
Governmental Activities:					
Compensated absences	\$ 339,676		17,731	321,945	
General obligation bonds	7,186,000	6,235,000	895,000	12,526,000	1,158,000
Add:					
Premiums	83,650		15,560	68,090	
Capital leases	2,478,795	548,322	826,860	2,200,257	992,262
Other loans	17,806		17,806		
Total	\$ 10,105,927	6,783,322	1,772,957	15,116,292	2,150,262

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount</u>
	<u>Oct. 1, 2020</u>			<u>Sept. 30, 2021</u>	<u>due within</u>
					<u>one year</u>
Business-type Activities:					
Compensated absences	\$ 29,014		6,308	22,706	
Capital leases	60,203	166,188	72,564	153,827	61,266
Total	\$ 89,217	166,188	78,872	176,533	61,266

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 Garbage and Solid Waste Fund.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(10) Other Postemployment Benefits.

Plan Description

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

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Simpson 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.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Contributions. At September 30, 2021, 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, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$1,029,279, \$994,891 and \$872,807, 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, 2021, the County reported a liability of \$13,064,133 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 net pension liability was 0.088388 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.002209 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$1,718,546. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 206,647	
Net difference between projected and actual earnings on pension plan investments		3,953,966
Changes of assumptions	1,002,013	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	468,948	
County contributions subsequent to the measurement date	<u>262,550</u>	
Total	<u>\$ 1,940,158</u>	<u>3,953,966</u>

\$262,550 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2022	\$ (216,592)
2023	(364,324)
2024	(523,026)
2025	<u>(1,172,416)</u>
Total	<u>\$ (2,276,358)</u>

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a lognormal 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 18,501,875	13,064,133	8,583,001

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

(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 \$(9,827,342) 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 \$246,383 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, 2022. The \$1,572,513 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$3,710,499 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$47,793,806 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$41,654 balance of deferred outflows of resources at September 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets net position over the next ten years.

The business-type activities' unrestricted net position amount of \$(344,494) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$16,167 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, 2022.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

The \$105,095 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$243,467 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

(14) Joint Ventures.

The County participates in the following joint ventures:

Simpson County is a participant with Rankin, Scott, and Smith Counties in a joint venture authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the Central Mississippi Regional Library System. The joint venture was created to provide free library service to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$179,652 in fiscal year 2021. Complete financial statements for the Central Mississippi Regional Library System can be obtained from the following address: 100 Tamberline St., Brandon, MS 39042.

Simpson County is a participant with the Cities of Magee and Mendenhall in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the South Central Regional Solid Waste Authority. The joint venture was created to provide rubbish waste disposal for the residents of Simpson County and is governed by a seven-member board appointed by the Board of Supervisors and Board of Aldermen; three by Simpson County, and two each by the Cities of Magee and Mendenhall. The County's appropriation to the joint venture was \$114,128 in fiscal year 2021. Complete financial statements for the South Central Regional Solid Waste Authority can be obtained from the following address: P.O. Box 487, Mendenhall, MS 39114.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Simpson County Board of Supervisors appoints two of the 27 members of the college board of trustees. The County appropriated \$1,307,316 for the maintenance and support of the college in fiscal year 2021.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Simpson County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$45,000 for support of the commission in fiscal year 2021.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Simpson County Board of Supervisors appoints three of the 33 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County appropriated \$14,151 for support of the district in fiscal year 2021.

(16) Tax Abatements.

As of September 30, 2021, Simpson County provides tax exempt status to one medical facility, one public utility, and three manufacturing companies subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under *Sections 27-31-101, 27-1-104 and 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$229,490.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(17) 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 Simpson County evaluated the activity of the County through November 10, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/09/2021	2.92%	\$ 3,900,191	Capital lease	Ad valorem taxes
03/03/2022	1.13%	588,000	Capital lease	Ad valorem taxes
08/26/2022	3.33%	196,000	Capital lease	Ad valorem taxes

SIMPSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SIMPSON COUNT

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SIMPSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,068,196	7,215,222	7,215,222	
Licenses, commissions and other revenue	396,650	470,264	470,264	
Fines and forfeitures	777,500	389,592	389,592	
Intergovernmental revenues	1,043,728	1,068,985	1,068,985	
Charges for services	75,000	99,868	99,868	
Interest income	100,000	2,060	2,060	
Miscellaneous revenues	126,500	219,682	219,682	
Total Revenues	<u>9,587,574</u>	<u>9,465,673</u>	<u>9,465,673</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	3,719,418	3,738,842	3,738,842	
Public safety	4,909,299	4,439,827	4,439,827	
Health and welfare	155,500	154,834	154,834	
Culture and recreation	264,652	263,572	263,572	
Conservation of natural resources	113,819	107,514	107,514	
Economic development and assistance	14,151	14,151	14,151	
Debt service:				
Principal	606,849	462,651	462,651	
Interest		146,377	146,377	
Total Expenditures	<u>9,783,688</u>	<u>9,327,768</u>	<u>9,327,768</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(196,114)</u>	<u>137,905</u>	<u>137,905</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	45,000	12,732	12,732	
Transfers out	<u>(37,250)</u>	<u>(54,365)</u>	<u>(54,365)</u>	
Total Other Financing Sources and Uses	<u>7,750</u>	<u>(41,633)</u>	<u>(41,633)</u>	<u>0</u>
Net Change in Fund Balance	(188,364)	96,272	96,272	0
Fund Balances - Beginning	<u>5,220,000</u>	<u>3,678,338</u>	<u>3,678,338</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 5,031,636</u>	<u>3,774,610</u>	<u>3,774,610</u>	<u>0</u>

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

SIMPSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Plan Act Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	2,589,002	2,589,002	
Total Revenues	<u>0</u>	<u>2,589,002</u>	<u>2,589,002</u>	<u>0</u>
EXPENDITURES				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>2,589,002</u>	<u>2,589,002</u>	<u>0</u>
Net Change in Fund Balance	0	2,589,002	2,589,002	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>2,589,002</u>	<u>2,589,002</u>	<u>0</u>

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

SIMPSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,610,325	2,617,119	2,617,119	
Road and bridge privilege taxes	335,000	340,838	340,838	
Intergovernmental revenues	928,300	1,341,754	1,341,754	
Miscellaneous revenues	6,000			
Total Revenues	<u>3,879,625</u>	<u>4,299,711</u>	<u>4,299,711</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,564,533	4,250,139	4,250,139	
Debt service:				
Principal	542,488	758,401	758,401	
Interest		40,901	40,901	
Total Expenditures	<u>4,107,021</u>	<u>5,049,441</u>	<u>5,049,441</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(227,396)</u>	<u>(749,730)</u>	<u>(749,730)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		548,322	548,322	
Proceeds from sale of capital assets		30,308	30,308	
Compensation for loss of capital assets		52,787	52,787	
Other financing sources	240,000			
Total Other Financing Sources and Uses	<u>240,000</u>	<u>631,417</u>	<u>631,417</u>	<u>0</u>
Net Change in Fund Balance	12,604	(118,313)	(118,313)	0
Fund Balances - Beginning	<u>910,000</u>	<u>1,110,426</u>	<u>1,110,426</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 922,604</u>	<u>992,113</u>	<u>992,113</u>	<u>0</u>

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

SIMPSON COUNTY

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2021

UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.088388%	0.086179%	0.081406%	0.076905%	0.073517%	0.074263%	0.074260%
County's proportionate share of the net pension liability (asset)	\$ 13,064,133	16,683,253	14,320,920	12,791,585	12,221,019	13,265,228	11,479,132
Covered payroll	\$ 5,876,870	5,643,859	5,395,898	4,995,967	4,739,682	4,750,761	4,639,321
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	295.60%	265.40%	256.04%	257.84%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

SIMPSON COUNTY
 Schedule of County Contributions
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2021
 UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,029,279	994,891	872,807	788,411	748,211	750,441	732,893
Contributions in relation to the contractually required contribution	<u>1,029,279</u>	<u>994,891</u>	<u>872,807</u>	<u>788,411</u>	<u>748,211</u>	<u>750,441</u>	<u>732,893</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 5,915,394	5,717,764	5,398,310	5,005,975	4,750,547	4,764,705	4,653,289
Contributions as a percentage of covered payroll	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%

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

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

SIMPSON COUNTY

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SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	American Rescue Plan Act Fund	Countywide Road Maintenance Fund
Net Changes in Fund Balances - Budgetary Basis	\$ 96,272	2,589,002	(118,313)
Increase (Decrease)			
Net adjustments for revenue accruals	(256,860)	(2,589,002)	5,917
Net adjustments for expenditure accruals	(251,229)		24,758
Net Changes in Fund Balances - GAAP Basis	\$ (411,817)	0	(87,638)

SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

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 more closely.

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%.

SIMPSON COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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%.

SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

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.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SIMPSON COUNTY

OTHER INFORMATION

SIMPSON COUNTY

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SIMPSON COUNTY
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2021
 UNAUDITED

Name	Position	Company	Bond
Mitchell Chatman	Supervisor District 1	Western Surety Company	\$100,000
Danny Craft	Supervisor District 2	Western Surety Company	\$100,000
Brian Kennedy	Supervisor District 3	Western Surety Company	\$100,000
Donny Welch	Supervisor District 4	Western Surety Company	\$100,000
Randy Moore	Supervisor District 5	Western Surety Company	\$100,000
Rhuel Dickinson	County Administrator	Western Surety Company	\$100,000
Tommy Joe Harvey	Chancery Clerk	Western Surety Company	\$100,000
Regina Evans	Purchase Clerk	Western Surety Company	\$75,000
Truedy Lockhart	Receiving Clerk	Western Surety Company	\$75,000
Pamela Savell	Assistant Receiving Clerk	Western Surety Company	\$50,000
Jeremey Bolton	Assistant Receiving Clerk	Western Surety Company	\$50,000
Eric Bowen	Inventory Control Clerk	Western Surety Company	\$75,000
Ben Warren	Road Manager	Western Surety Company	\$50,000
Chris Jones	Constable	Western Surety Company	\$50,000
Randall Coleman	Constable	Western Surety Company	\$50,000
Whitt Fortenberry	Circuit Clerk	State Farm Insurance	\$100,000
Kathy Brien	Deputy Circuit Clerk	Western Surety Company	\$50,000
Stacy Jones	Deputy Circuit Clerk	Western Surety Company	\$50,000
Paul Mullins	Sheriff	Western Surety Company	\$100,000
Charles Savell	Justice Court Judge	Western Surety Company	\$50,000
Ted Blakeney	Justice Court Judge	Western Surety Company	\$50,000
Joyce Hicks	Justice Court Clerk	Western Surety Company	\$50,000
Amanda Lott	Deputy Justice Court Clerk	State Farm Insurance	\$50,000
Theja Abernathy	Deputy Justice Court Clerk	State Farm Insurance	\$50,000
Jamie Brewer	Tax Assessor-Collector	Western Surety Company	\$100,000
Dawn McMullan	Deputy Tax Collector	Western Surety Company	\$50,000
Billy Joe Tucker	Deputy Tax Collector	Western Surety Company	\$50,000
Shay McNeil	Deputy Tax Collector	Western Surety Company	\$50,000
Diana Ashtin Rawls	Deputy Tax Collector	Western Surety Company	\$50,000
Carolyn Williams	Deputy Tax Collector	Western Surety Company	\$50,000
Kathy Kennedy	Deputy Tax Collector	Western Surety Company	\$50,000

SIMPSON COUNTY

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SIMPSON COUNTY

SPECIAL REPORTS

SIMPSON COUNTY

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

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

Members of the Board of Supervisors
Simpson County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Simpson County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 10, 2022. 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. The report is also qualified on the governmental activities, the business-type activities, and Garbage and Solid Waste Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Simpson County, Mississippi's internal control over financial reporting (internal control) to determine the 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 Simpson County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Simpson 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Simpson 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 November 10, 2022, included within this document.

Simpson County's Response to Finding

Simpson County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Simpson County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

November 10, 2022



**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
Simpson County, Mississippi

We have examined Simpson 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, 2021. The Board of Supervisors of Simpson 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 Simpson County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Purchase Clerk.

1. Purchase Clerk should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires each purchasing clerk to be bonded for an amount not less than \$100,000 with sufficient surety, to be payable, conditioned and approved as provided by law.

Condition	During test work, we noted that the purchase clerk was only bonded for \$75,000.
Cause	The County did not comply with state law.
Effect	Failure to comply with state law would limit the amount available for recovery if a loss occurred.
Recommendation	The County should ensure that the purchase clerk is bonded in accordance with state law.
Views of Responsible Official(s)	This was an oversight. The law changed last year increasing this surety bond. It has been corrected.

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.

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

This report is intended for use in evaluating Simpson 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

November 10, 2022

SIMPSON COUNTY
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2021

Schedule 1

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

SIMPSON COUNTY
 Schedule of Emergency Purchases
 For the Year Ended September 30, 2021

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
03/19/2021	Kenworth truck with knuckle boom	\$ 148,000	Truckworx	Truck broke down and replacement was needed immediately for cleanup of storm debris.
03/19/2021	Warranties for Kenworth truck with knuckle boom	6,497	Truckworx	Truck broke down and replacement was needed immediately for cleanup of storm debris.
04/05/2021	911 dispatch recorder	14,136	Quality Recording Solutions	Recorder was down and needed to be replaced quickly due to the critical nature of recordings.
08/02/2021	Jail kitchen walk in cooler condenser and evaporator	7,669	Upchurch Services LLC	Walk-in cooler was down and immediate repair was needed for jail.

SIMPSON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
11/19/2020	Software for indexing board minutes	\$ 12,500	Alliance Renewable Technologies

SIMPSON COUNTY

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Simpson County, Mississippi

In planning and performing our audit of the financial statements of Simpson County, Mississippi for the year ended September 30, 2021, we considered Simpson 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 Simpson 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 November 10, 2022, on the financial statements of Simpson 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. Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.

Repeat Finding No

Criteria *Section 23-15-5(2)(a)(i), Mississippi Code of 1972 Annotated*, states that monies distributed by The Secretary of State from the Election Support Fund shall be held in a separate fund solely for the purpose of acquiring, upgrading, maintaining or repairing voting equipment, systems and supplies, hiring temporary technical support, conducting elections using such voting equipment or systems, employing such personnel to conduct an election, and training election officials.

Condition The Board of Supervisors receipted Election Support Funds into the General Fund.

Cause The County did not comply with state laws.

Effect Failure to correctly receipt restricted funds into a separate fund could result in the misappropriation of restricted funds.

Recommendation The Board of Supervisors should create a separate fund to account for monies received from the Election Support Fund.

Views of Responsible Official(s) These funds have been expended in the past through the Election Budget in the General Fund for legal purposes authorized by *Section 23-15-5*. We will comply with the finding and recommendation to account for these funds in a separate special fund as required.

Chancery Clerk.

2. The Chancery Clerk should properly reconcile bank statements to fee journal on a monthly basis.

Repeat Finding Yes

Criteria An effective system of internal control over cash should include the proper reconciliation of the fee journal to the bank statements on a monthly basis.

Condition As reported in the prior year's audit report, we noted that the Chancery Clerk's fee journal did not agree with the reconciled bank balance.

Cause The Chancery Clerk did not have adequate controls over cash.

Effect The failure to reconcile the Clerk's fee journal to the monthly bank statements could result in the loss or misappropriation of public funds.

Recommendation The Chancery Clerk should ensure that the reconciled bank balance agrees with the fee journal.

Views of Responsible Official(s) We will comply.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

November 10, 2022

SIMPSON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

SIMPSON COUNTY

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SIMPSON COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component unit	Adverse
General Fund	Unmodified
American Rescue Plan Act Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
2021 Road and Bridge Bond Proceeds Fund	Unmodified
Aggregate remaining fund information	Unmodified
Garbage and Solid Waste Fund	Qualified

2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? None Reported

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2021-001. Liability for other postemployment benefits should be recorded.

Repeat Finding Yes

Criteria Simpson County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage to active employees and retirees through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement No. 75, as a single-employer defined benefit health care plan. GASB Statement No. 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition The County does not issue a publicly available financial report for its health insurance plan. Also, as reported in the prior eleven years' audit reports, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures that are required by accounting principles generally accepted in the United States of America.

Cause This was caused by a lack of county resources.

Effect The failure to follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities, business-type activities, and the major enterprise fund.

SIMPSON COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2021

Recommendation The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Official(s) The County's employee insurance plan is a group policy and the Board of Supervisors has allowed retirees to elect to participate in the plan until they reach the age of sixty-five, with each retiree paying the same premium as the cost to the county for an active employee. Historically, the County has had no more than five percent of the plan participants as retirees. During the Fiscal Year 2021 there were up to six retirees participating in the plan. Currently, there are four retirees participating in the plan. Because the County requires the retirees to pay the full premium for the insurance, it is our position there is no liability to the County and even if there is, it would not be material to the financial statements of the County. Because of that, the Board of Supervisors has determined that it is not cost effective to have an expensive actuarial valuation performed annually for reporting other postemployment benefits.