

# SIMPSON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2022



## SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA  
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

[www.osa.state.ms.us](http://www.osa.state.ms.us)







**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR**

**Shad White**  
AUDITOR

June 29, 2024

Members of the Board of Supervisors  
Simpson County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2022 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 Simpson 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 Audit of the Financial Statements**

***Adverse, Qualified, and Unmodified Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Simpson County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Adverse Opinion on Aggregate Discretely Presented Component Unit***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of Simpson County, Mississippi, as of September 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and garbage and solid waste fund of Simpson County, Mississippi, as of September 30, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Qualified Opinion on General Fund***

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fund of Simpson County, Mississippi, as of September 30, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions on American Rescue Plan Act Fund, Countywide Road Maintenance Fund, 2021 Road and Bridge Bond Proceeds Fund, and the Aggregate Remaining Fund Information***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

### ***Basis for Adverse, Qualified, and Unmodified Opinions***

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

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

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

#### ***Matter Giving Rise to Qualified Opinion on the 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 the 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 Garbage and Solid Waste Fund has not been determined.

#### ***Matter Giving Rise to Qualified Opinion on the General Fund***

The County was unable to provide reconciled bank statements for the Circuit Clerk's operational accounts for the fiscal year ended September 30, 2022. Requests were made to the Circuit Clerk for the criminal account, civil account and cash bond account for September 30, 2022. This issue affects the total cash presented in the General Fund on the financial statements.

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

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

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

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024 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

July 31, 2024

SIMPSON COUNTY

FINANCIAL STATEMENTS

## SIMPSON COUNTY

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SIMPSON COUNTY  
Statement of Net Position  
September 30, 2022

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash	\$ 16,271,597	131,587	16,403,184
Restricted assets - cash	965,492		965,492
Property tax receivable	12,482,841		12,482,841
Accounts receivable (net of allowance for uncollectibles of \$1,939,229)		558,783	558,783
Fines receivable (net of allowance for uncollectibles of \$2,219,105)	432,504		432,504
Lease receivable	241,767		241,767
Intergovernmental receivables	457,110	20,526	477,636
Other receivables	780		780
Capital assets:			
Land and construction in progress	1,927,098		1,927,098
Other capital assets, net	60,357,655	550,941	60,908,596
Total Assets	93,136,844	1,261,837	94,398,681
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	2,108,083	116,872	2,224,955
Deferred amount on refunding	33,583		33,583
Total Deferred Outflows of Resources	2,141,666	116,872	2,258,538
<b>LIABILITIES</b>			
Claims payable	322,271	10,618	332,889
Intergovernmental payables	500,500		500,500
Accrued interest payable	73,804		73,804
Unearned revenue	1,426,184	63,334	1,489,518
Amounts held in custody for others	17,208		17,208
Other payables	780		780
Long-term liabilities			
Due within one year:			
Leases payable	16,965		16,965
Capital debt	2,753,099	39,303	2,792,402
Due in more than one year:			
Leases payable	27,806		27,806
Capital debt	14,459,382	53,259	14,512,641
Non-capital debt	357,539	27,248	384,787
Net pension liability	16,823,761	1,089,357	17,913,118
Total Liabilities	36,779,299	1,283,119	38,062,418
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	143,504	8,578	152,082
Deferred inflows related to leases	244,205		244,205
Deferred revenues - property taxes	12,482,841		12,482,841
Total Deferred Inflows of Resources	12,870,550	8,578	12,879,128



SIMPSON COUNTY  
Statement of Net Position  
September 30, 2022

Exhibit 1- Cont'd

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	45,061,084	458,379	45,519,463
Restricted for:			
Expendable:			
General government	1,091,764		1,091,764
Public safety	1,057,878		1,057,878
Public works	6,741,875		6,741,875
Economic development and assistance	1,612,060		1,612,060
Debt service	213,778		213,778
Unrestricted	<u>(10,149,778)</u>	<u>(371,367)</u>	<u>(10,521,145)</u>
Total Net Position	\$ <u>45,628,661</u>	<u>87,012</u>	<u>45,715,673</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, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 6,387,186	828,832	126,773		(5,431,581)		(5,431,581)
Public safety	5,298,441	491,148	372,112		(4,435,181)		(4,435,181)
Public works	11,886,881		4,660,960	1,973,764	(5,252,157)		(5,252,157)
Health and welfare	163,437		34,244		(129,193)		(129,193)
Culture and recreation	269,556				(269,556)		(269,556)
Conservation of natural resources	107,718				(107,718)		(107,718)
Economic development and assistance	136,130				(136,130)		(136,130)
Interest on long-term debt	288,300				(288,300)		(288,300)
Pension expense	1,700,215				(1,700,215)		(1,700,215)
Total Governmental Activities	26,237,864	1,319,980	5,194,089	1,973,764	(17,750,031)		(17,750,031)
Business-type activities:							
Solid waste	1,257,225	1,182,883	26,874			(47,468)	(47,468)
Total Business-type Activities	1,257,225	1,182,883	26,874	0		(47,468)	(47,468)
Total Primary Government	\$ 27,495,089	2,502,863	5,220,963	1,973,764	(17,750,031)	(47,468)	(17,797,499)
General revenues:							
Property taxes					\$ 12,534,193		12,534,193
Road & bridge privilege taxes					345,893		345,893
Grants and contributions not restricted to specific programs					631,912		631,912
In lieu taxes - Mississippi Hub, LLC					359,616		359,616
Unrestricted interest income					97,118	752	97,870
Miscellaneous					837,502	117	837,619
Total General Revenues					14,806,234	869	14,807,103
Changes in Net Position					(2,943,797)	(46,599)	(2,990,396)
Net Position - Beginning					48,588,096	133,611	48,721,707
Prior period adjustment					(15,638)		(15,638)
Net Position - Beginning, as restated					48,572,458	133,611	48,706,069
Net Position - Ending					\$ 45,628,661	87,012	45,715,673

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

SIMPSON COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2022

Exhibit 3

	Major Funds					
	General Fund	American Rescue Plan Act Fund	Countywide Road Maintenance Fund	2021 Road and Bridge Bond Proceeds Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 4,935,673	1,378,004		4,832,610	5,125,310	16,271,597
Restricted assets - cash	965,492					965,492
Property tax receivable	8,079,866		2,672,581		1,730,394	12,482,841
Fines receivable (net of allowance for uncollectibles of \$2,219,105)	432,504					432,504
Lease receivable	241,767					241,767
Intergovernmental receivables	417,105				40,005	457,110
Other receivables	780					780
Due from other funds			68,295		26,897	95,192
Total Assets	\$ 15,073,187	1,378,004	2,740,876	4,832,610	6,922,606	30,947,283
<b>LIABILITIES</b>						
Liabilities:						
Claims payable	\$ 103,001		52,091		167,179	322,271
Intergovernmental payables	447,458					447,458
Due to other funds	148,234					148,234
Unearned revenue		1,378,004			48,180	1,426,184
Amounts held in custody for others	17,208					17,208
Other payables	780					780
Total Liabilities	716,681	1,378,004	52,091	0	215,359	2,362,135
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue - property taxes	8,079,866		2,672,581		1,730,394	12,482,841
Unavailable revenue - fines	432,504					432,504
Leases	244,205					244,205
Total Deferred Inflows of Resources	8,756,575	0	2,672,581	0	1,730,394	13,159,550
<b>Fund balances:</b>						
Restricted for:						
General government	965,492				126,272	1,091,764
Public safety					1,057,878	1,057,878
Public works			16,204	4,832,610	1,893,061	6,741,875
Economic development and assistance					1,612,060	1,612,060
Debt service					287,582	287,582
Unassigned	4,634,439					4,634,439
Total Fund Balances	5,599,931	0	16,204	4,832,610	4,976,853	15,425,598
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,073,187	1,378,004	2,740,876	4,832,610	6,922,606	30,947,283

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, 2022Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 15,425,598
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 \$102,420,046.	62,284,753
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	432,504
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(17,614,791)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(16,823,761)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(73,804)
Deferred amount on refunding	33,583
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	2,108,083
Deferred inflows of resources related to pensions	<u>(143,504)</u>
Total Net Position - Governmental Activities	\$ <u>45,628,661</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, 2022

	Major Funds					
	General	American Rescue Plan Act Fund	Countywide Road Maintenance Fund	2021 Road and Bridge Bond Proceeds Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 8,187,631		2,637,826		1,708,736	12,534,193
Road and bridge privilege taxes			345,893			345,893
Licenses, commissions and other revenue	554,395				7,575	561,970
Fines and forfeitures	369,068				7,116	376,184
In lieu taxes - Mississippi Hub, LLC	359,616					359,616
Intergovernmental revenues	778,691	3,800,000	1,328,433		1,892,641	7,799,765
Charges for services	162,525				280,169	442,694
Interest income	61,886		2,342	12,182	20,708	97,118
Miscellaneous revenues	144,227		18,966		126,669	289,862
Total Revenues	10,618,039	3,800,000	4,333,460	12,182	4,043,614	22,807,295
EXPENDITURES						
Current:						
General government	6,760,235				13,877	6,774,112
Public safety	4,784,389				957,467	5,741,856
Public works	138,403	3,800,000	5,880,760	1,218,860	991,342	12,029,365
Health and welfare	154,313					154,313
Culture and recreation	265,734				3,822	269,556
Conservation of natural resources	120,443					120,443
Economic development and assistance	14,151				94,702	108,853
Debt service:						
Principal	474,806		1,046,799		747,392	2,268,997
Interest	131,312		30,872		135,503	297,687
Total Expenditures	12,843,786	3,800,000	6,958,431	1,218,860	2,944,105	27,765,182
Excess of Revenues over (under) Expenditures	(2,225,747)	0	(2,624,971)	(1,206,678)	1,099,509	(4,957,887)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	3,900,191		784,000			4,684,191
Leases issued	22,639					22,639
Proceeds from sale of capital assets	1,880		631,305		202,070	835,255
Compensation for loss of capital assets	8,313					8,313
Transfers in			187,978		53,307	241,285
Transfers out	(241,285)					(241,285)
Total Other Financing Sources and Uses	3,691,738	0	1,603,283	0	255,377	5,550,398
Net Changes in Fund Balances	1,465,991	0	(1,021,688)	(1,206,678)	1,354,886	592,511
Fund Balances - Beginning	4,141,105	0	1,037,892	6,039,288	3,621,967	14,840,252
Prior period adjustment	(7,165)					(7,165)
Fund Balances - Beginning, as restated	4,133,940	0	1,037,892	6,039,288	3,621,967	14,833,087
Fund Balances - Ending	\$ 5,599,931	0	16,204	4,832,610	4,976,853	15,425,598

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, 2022

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 592,511
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,867,614 exceeded depreciation of \$1,863,778 in the current period.	3,836
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 \$547,640 and the proceeds from the sale of \$835,255, and the compensation for loss of \$8,313 in the current period.	(295,928)
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.	(60,868)
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 debt proceeds of \$4,706,830 exceeded debt repayments of \$2,268,997.	(2,437,833)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability.	(35,594)
The amount of decrease in accrued interest payable.	3,711
The amortization of deferred amount on refunding.	(8,071)
The amortization of bond premium.	13,747
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	(1,700,215)
Recording of contributions made during the year	<u>980,907</u>
Change in Net Position of Governmental Activities	\$ <u>(2,943,797)</u>

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

SIMPSON COUNTY  
Statement of Net Position - Proprietary Fund  
September 30, 2022

Exhibit 5

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Garbage and Solid Waste Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 131,587
Accounts receivable (net of allowance for uncollectibles of \$1,939,229)	558,783
Intergovernmental receivables	20,526
Total Current Assets	<u>710,896</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	550,941
Total Noncurrent Assets	<u>550,941</u>
Total Assets	<u>1,261,837</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	116,872
Total Deferred Outflows of Resources	<u>116,872</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	10,618
Unearned revenue	63,334
Capital debt:	
Financed purchases payable	39,303
Total Current Liabilities	<u>113,255</u>
Noncurrent liabilities:	
Capital debt:	
Financed purchases payable	53,259
Non-capital debt:	
Compensated absences payable	27,248
Net pension liability	1,089,357
Total Noncurrent Liabilities	<u>1,169,864</u>
Total Liabilities	<u>1,283,119</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	8,578
Total Deferred Inflows of Resources	<u>8,578</u>
<b>NET POSITION</b>	
Net investment in capital assets	458,379
Restricted for:	
Unrestricted	(371,367)
Total Net Position	<u>\$ 87,012</u>

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

## SIMPSON COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Fund
	Garbage and Solid Waste Fund
Operating Revenues	
Charges for services	\$ 1,182,883
Miscellaneous	117
Total Operating Revenues	1,183,000
Operating Expenses	
Personal services	488,113
Contractual services	316,551
Materials and supplies	267,896
Depreciation expense	80,991
Pension expense	101,628
Total Operating Expenses	1,255,179
Operating Income (Loss)	(72,179)
Nonoperating Revenues (Expenses)	
Interest income	752
Intergovernmental grants	26,874
Interest expense	(2,046)
Net Nonoperating Revenue (Expenses)	25,580
Changes in Net Position	(46,599)
Net Position - Beginning	133,611
Net Position - Ending	\$ 87,012

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, 2022

Exhibit 7

	Business-type Activities - Enterprise Fund
	Garbage and Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,147,738
Payments to suppliers	(583,531)
Payments to employees	(542,203)
Other operating miscellaneous receipts	117
Net Cash Provided (Used) by Operating Activities	22,121
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	26,874
Net Cash Provided (Used) by Noncapital Financing Activities	26,874
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(61,265)
Interest paid on debt	(2,046)
Net Cash Provided (Used) by Capital and Related Financing Activities	(63,311)
Cash Flows From Investing Activities	
Interest on deposits	752
Net Cash Provided (Used) by Investing Activities	752
Net Increase (Decrease) in Cash and Cash Equivalents	(13,564)
Cash and Cash Equivalents at Beginning of Year	145,151
Cash and Cash Equivalents at End of Year	\$ 131,587
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (72,179)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	80,991
Provision for uncollectible accounts	101,264
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(127,730)
(Increase) decrease in intergovernmental receivables	(10,306)
Increase (decrease) in claims payable	916
Increase (decrease) in compensated absences liability	4,542
Increase (decrease) in unearned revenue	1,627
Increase (decrease) in pension liability, deferred outflows/inflows, net	42,996
Total Adjustments	94,300
Net Cash Provided (Used) by Operating Activities	\$ 22,121

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

SIMPSON COUNTY  
Statement of Fiduciary Net Position  
September 30, 2022

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 142,486
Receivables:	
Due from other funds	<u>53,042</u>
Total Assets	<u><u>195,528</u></u>
LIABILITIES	
Intergovernmental payables	<u>53,042</u>
Total Liabilities	<u><u>53,042</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>142,486</u>
Total Net Position	<u><u>\$ 142,486</u></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, 2022

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 1,496,448
Licenses and fees collected for State	<u>389,234</u>
Total Additions	<u>1,885,682</u>
DEDUCTIONS	
Payments of tax to other governments	1,421,522
Payments of licenses and fees collected for State	<u>343,120</u>
Total Deductions	<u>1,764,642</u>
Net increase (decrease) in fiduciary net position	121,040
Net Position - Beginning	<u>21,446</u>
Net Position - Ending	\$ <u>142,486</u>

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

## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

#### (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 have significant operational or financial relationships with the County.

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

- 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. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally

## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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 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 separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures/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 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, 2022

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.

#### F. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of

## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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. Restricted Assets.

Assets required to be held and/or used as specified in bond indentures, bond resolutions, trust agreements, board resolutions and donor specifications have been reported as restricted assets. Certain resources and revenues associated with the County's energy efficiency loan are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable debt statutes. The "capitalized interest" fund is used to pay the initial debt service payments on the loan. The "escrow" fund is used to pay the expenditures related to the energy efficiency improvements project. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

#### J. 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

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

capital assets are recorded at their fair value at the time of donation.

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

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

The term "depreciation" includes the amortization of intangible assets.

### K. 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 or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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



## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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.

Deferred inflows related to leases/leases – Deferred inflows of resources measured at the initial value of the lease receivable to reflect that the receivable relates to future periods.

#### L. Leases.

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

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

#### M. Long-term Liabilities.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary 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.

#### N. 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.

#### O. Compensated Absences.

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

## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

#### P. Equity Classifications.

##### Government-wide Financial Statements:

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

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

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

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

##### Net Position Flow Assumption:

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

##### Fund Financial Statements:

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

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

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

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

##### Fund Balance Flow Assumption:

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

## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

#### Q. Property Tax Revenues:

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

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

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

#### R. Intergovernmental Revenues in Governmental Funds.

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

#### S. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

### (2) Prior Period Adjustments.

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

#### Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To record beginning balances for leases payable due to the implementation of GASB 87.	\$
Assets	30,346
Liabilities	(38,819)
To record beginning balances for lease receivable and deferred inflow related to leases due to the implementation of GASB 87.	(7,165)
Total prior period adjustments	\$ (15,638)

#### Exhibit 4 – Statement of Revenues, Expenditures, and Changes in Fund Balances.

Explanation	Amount
General Fund:	
To record beginning balances for lease receivable and deferred inflow for leases due to the implementation of GASB 87.	\$ (7,165)

### (3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$16,545,670, and the bank balance was \$17,620,807. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

### (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2022:

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 68,295
Other Governmental Funds	General Fund	26,897
Custodial Funds	General Fund	<u>53,042</u>
Total		<u>\$ 148,234</u>

The receivables represent the tax revenue collected in September, 2022, but not settled until October, 2022. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 187,978
Other Governmental Funds	General Fund	<u>53,307</u>
Total		<u>\$ 241,285</u>

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

### (5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2022, consisted of the following:

<u>Description</u>	<u>Amount</u>
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 245,284
Help America vote act grant reimbursement	113,629
Emergency management performance grant reimbursement	26,088
Reimbursement for housing prisoners	20,610
E-911 service fees	34,118
Other grant reimbursements	<u>17,381</u>
Total Governmental Activities	<u>\$ 457,110</u>
<b>Business-type Activities:</b>	
Town of D'Lo	\$ 2,180
City of Mendenhall	4,271
City of Magee	<u>14,075</u>
Total Business-type Activities	<u>\$ 20,526</u>

SIMPSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2022:

**Governmental activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,682,887		91,135		1,591,752
Construction in progress	154,538	180,808			335,346
Total non-depreciable capital assets	1,837,425	180,808	91,135	0	1,927,098
<u>Depreciable capital assets:</u>					
Infrastructure	135,706,192				135,706,192
Buildings	14,975,048				14,975,048
Improvements other than buildings	740,479				740,479
Mobile equipment	6,368,280	1,151,403	584,278	2,961,923	9,897,328
Furniture and equipment	843,555	512,764	24,914	44,940	1,376,345
Leased property under capital leases	3,006,863			(3,006,863)	0
Intangible right-to-use equipment		22,639		59,670	82,309
Total depreciable capital assets	161,640,417	1,686,806	609,192	59,670	162,777,701
<u>Less accumulated depreciation for:</u>					
Infrastructure	88,338,894	419,477			88,758,371
Buildings	5,687,388	232,463			5,919,851
Improvements other than buildings	350,774	29,622			380,396
Mobile equipment	4,628,765	1,039,805	381,977	1,233,380	6,519,973
Furniture and equipment	665,178	123,544	22,422	26,964	793,264
Leased property under capital leases	1,260,344			(1,260,344)	0
Intangible right-to-use equipment		18,867		29,324	48,191
Total accumulated depreciation	100,931,343	1,863,778	404,399	29,324	102,420,046
Total depreciable capital assets, net	60,709,074	(176,972)	204,793	30,346	60,357,655
Governmental activities capital assets, net	\$ 62,546,499	3,836	295,928	30,346	62,284,753
Total capital assets, net, excluding intangible right-to-use assets				\$	62,250,635
Intangible right-to-use assets, net					34,118
Total capital assets, net, as reported in the statement of net position				\$	62,284,753

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

### Business-type activities:

	Balance Oct. 1, 2021	Additions	Adjustments*	Balance Sept. 30, 2022
<b>Depreciable capital assets:</b>				
Buildings	164,260			164,260
Mobile equipment	1,161,287		342,468	1,503,755
Leased property under capital leases	342,468		(342,468)	0
Total depreciable capital assets	1,668,015	0	0	1,668,015
<b>Less accumulated depreciation for:</b>				
Buildings	75,578	3,286		78,864
Mobile equipment	842,575	77,705	117,930	1,038,210
Leased property under capital leases	117,930		(117,930)	0
Total accumulated depreciation	1,036,083	80,991	0	1,117,074
Total depreciable capital assets, net	631,932	(80,991)	0	550,941
Business-type activities capital assets, net	\$ 631,932	(80,991)	0	550,941

\*The adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. See note 8 for further details.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 333,567
Public safety	238,039
Public works	1,252,732
Health and welfare	9,124
Conservation of natural resources	3,039
Economic development and assistance	27,277
Total governmental activities depreciation expense	\$ 1,863,778
<b>Business-type activities:</b>	
Solid waste	\$ 80,991

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Sofa Road bridge replacement	\$ 27,417	December, 2022

### (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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (8) Leases.

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

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

The County generally uses the historical federal prime borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.

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

As Lessee:

#### Lease Assets

	<u>Balance 10/1/2021</u>	<u>Additions</u>	<u>Amortization</u>	<u>Adjustments*</u>	<u>Balance 9/30/2022</u>
Intangible right-to-use equipment	\$	22,639	18,867	30,346	34,118

\*Adjustment made to add intangible right-to-use equipment due to implementation of GASB 87.

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



# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

### Lease Liabilities

	Balance 10/1/2021	Additions	Principal Payments	Adjustments*	Balance 9/30/2022
Postage machines	\$		3,610	12,391	8,781
Copier leases		22,639	13,077	26,428	35,990
Total	\$ 0	22,639	16,687	38,819	44,771

\*Adjustments made to add lease liability due to implementation of GASB 87.

Simpson County entered into various lease agreements with Canon, RJ Young, and Southern Duplicating for the lease of copiers. Each lease has its own fixed lease payment and term. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

Simpson County entered into various lease agreements with Pitney Bowes for the lease of postage machines. Each lease has its own fixed lease payment and term. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Postage machine	5.00%	60 mos	7/1/2018	6/1/2023	\$ 154	\$ 1,358
Postage machine	3.25%	60 mos	6/1/2021	5/1/2026	179	7,423
Copier lease	3.50%	48 mos	4/1/2022	3/1/2026	271	10,697
Copier lease	3.25%	48 mos	8/1/2021	7/1/2025	202	6,542
Copier lease	3.25%	48 mos	4/1/2020	3/1/2024	192	3,369
Copier lease	3.25%	48 mos	4/1/2020	3/1/2024	126	2,202
Copier lease	3.25%	48 mos	4/1/2020	3/1/2024	126	2,202
Copier lease	5.50%	60 mos	4/1/2019	3/1/2024	106	1,828
Copier lease	3.25%	60 mos	1/1/2022	12/1/2026	189	8,992
Copier lease	5.25%	48 mos	11/1/2018	10/1/2022	158	158
					\$ 1,703	\$ 44,771

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2023	\$ 16,965	1,259
2024	12,677	710
2025	9,330	357
2026	5,234	90
2027	565	3
Total	\$ 44,771	2,419

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

As Lessor:

On July 12, 2019, Simpson County entered into a non-cancellable lease agreement with Howard Industries, Inc. for the lease of commercial property owned by the County with a basic term of ten (10) years for the purpose of operating a manufacturing plant. The lease stipulated that the lessee would pay \$52,965 per year for the years 2019 and 2020. For the remainder of the term, the lessee would pay \$45,000 per annum on or before July 12, 2021, and a like payment on the same day of each year of the remaining term. The County is to receive \$45,000 in rent annually with an implicit interest rate of 3.25%. Total income received was \$45,000 for the year ended September 30, 2022.

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

Year Ending September 30	Principal	Interest
2023	\$ 37,143	7,857
2024	38,350	6,650
2025	39,596	5,404
2026	40,883	4,117
2027	42,212	2,788
2028 - 2032	43,583	1,417
Total	\$ 241,767	28,233

### (9) Long-term Debt.

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
General obligation refunding bonds, series 2017	\$ 4,368,000	2.45-4.00%	11/2030
2014 General obligation road and bridge bonds	1,000,000	1.875-2.625%	06/2024
2021 General obligation road and bridge bonds	6,000,000	1.69%	08/2031
Total General Obligation Bonds	\$ 11,368,000		
B. Financed Purchases:			
Motorola E911 communications console	\$ 25,854	3.19%	06/2024
Caterpillar pneumatic compactor and Kubota mini excavator	9,587	3.50%	01/2023
Chip spreader and tar truck	50,080	3.57%	04/2023
IBM server	7,664	1.83%	03/2023
(3) 2020 Western Star dump trucks	117,631	2.68%	12/2023
(2) John Deere 6105E tractors	40,927	2.68%	12/2023
(2) Case 590SN backhoes	139,146	1.83%	03/2023
(2) Caterpillar 140 motor graders	371,134	1.44%	07/2023
2020 Caterpillar 320 excavator	149,874	1.53%	04/2025
(2) 2017 Mack GU432 dump trucks	35,822	1.38%	10/2023
2017 Peterbilt with Leeboy patcher	44,926	1.30%	01/2024
2018 John Deere 6120M tractor & 2017 John Deere 6120M tractor	89,482	1.12%	03/2024
2022 Kenworth knuckle boom T370	125,869	1.17%	06/2024
(3) Kenworth T880 dump trucks	490,560	1.13%	03/2023
2023 Kenworth T880S dump truck	191,391	3.30%	08/2023
Total Financed Purchases	\$ 1,889,947		
C. Other Loans:			
Energy efficiency loan	\$ 3,900,191	2.92%	11/2042

SIMPSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2022

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
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**Business-type Activities:**

A. Financed Purchases:

2021 Western Star garbage truck	\$ <u>92,562</u>	1.52%	11/2023
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Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

**Governmental Activities:**

Year Ending September 30	General Obligation Bonds		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 1,181,000	235,116	1,572,099	22,062
2024	1,213,000	207,365	119,203	4,019
2025	1,239,000	178,898	198,645	1,664
2026	1,264,000	152,771		
2027	1,290,000	127,317		
2028 - 2032	<u>5,181,000</u>	<u>237,527</u>		
Total	\$ <u>11,368,000</u>	<u>1,138,994</u>	<u>1,889,947</u>	<u>27,745</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2023	\$ 0	108,191
2024	124,336	113,886
2025	130,189	110,255
2026	136,269	106,453
2027	142,583	102,474
2028-2032	638,448	366,313
2033-2037	971,910	344,023
2038-2042	1,201,529	189,207
2043-2047	<u>554,927</u>	<u>24,472</u>
Total	\$ <u>3,900,191</u>	<u>1,465,274</u>

**Business-Type Activities:**

Year Ending September 30	Financed Purchases	
	Principal	Interest
2023	\$ 39,303	1,134
2024	<u>53,259</u>	<u>114</u>
Total	\$ <u>92,562</u>	<u>1,248</u>

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

**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, 2022, the amount of outstanding debt was equal to 4.09 percent (4.09%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments*	Balance Sept. 30, 2022	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 321,945	35,594			357,539	
General obligation bonds	12,526,000		1,158,000		11,368,000	1,181,000
Add:						
Premiums	68,090		13,747		54,343	
Capital leases	2,200,257			(2,200,257)		
Financed purchases		784,000	1,094,310	2,200,257	1,889,947	1,572,099
Leases payable		22,639	16,687	38,819	44,771	16,965
Other loans		3,900,191			3,900,191	
Total	\$ 15,116,292	4,742,424	2,282,744	38,819	17,614,791	2,770,064

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments*	Balance Sept. 30, 2022	Amount due within one year
<b>Business-type Activities:</b>						
Compensated absences	\$ 22,706	4,542			27,248	
Capital leases	153,827			(153,827)		
Financed purchases			61,265	153,827	92,562	39,303
Total	\$ 176,533	4,542	61,265	0	119,810	39,303

\*Adjustments above for capital leases and leases payable are the result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases.

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.

**Energy Efficiency Loan** - An energy efficiency loan agreement dated October 29, 2021, was executed by and between Simpson County and ABM Building Solutions, LLC. The agreement authorized the borrowing of \$3,900,191 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments shall be made from the General Fund and not exceed twenty (20) years. The County entered into this energy efficiency agreement under the authority of *Section 31-7-14, Mississippi Code of 1972 Annotated*. Upon written notice, the County has the option of repaying the total amount due as set forth by the agreement.

## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

#### (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, 2022

**Contributions.** At September 30, 2022, 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, 2022 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, 2022, 2021 and 2020 were \$1,039,539, \$1,029,279 and \$994,891, 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, 2022, the County reported a liability of \$17,913,118 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.087026 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.001362 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$1,801,843. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 254,491	
Net difference between projected and actual earnings on pension plan investments	877,831	
Changes of assumptions	629,241	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	208,711	152,082
County contributions subsequent to the measurement date	254,681	
Total	\$ 2,224,955	152,082

\$254,681 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2023	\$ 603,991
2024	445,289
2025	(203,102)
2026	972,014
Total	\$ 1,818,192

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

**Actuarial Assumptions.** The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. 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 for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
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, 2022

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	\$ 23,378,448	17,913,118	13,407,231

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 \$(10,149,778) 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 \$240,316 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, 2023. The \$1,867,767 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$143,504 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three years.

The governmental activities' unrestricted net position amount of \$(10,149,778) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$244,205 balance of deferred inflows of resources at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next six years.

The governmental activities' net investment in capital assets net position of \$45,061,084 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$33,583 balance of deferred outflows of resources at September 30, 2022, will be recognized as an expense and will decrease the net investment in capital assets net position over the next nine years.



## SIMPSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

The business-type activities' unrestricted net position amount of \$(371,367) 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 \$14,365 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, 2023. The \$102,507 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$8,578 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three 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 2022. 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 \$141,063 in fiscal year 2022. 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 \$1,421,522 for the maintenance and support of the college in fiscal year 2022.

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 2022.

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 2022.

#### (16) Tax Abatements.

As of September 30, 2022, Simpson County provides tax exempt status to 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 2022 totaled \$778,818.

# SIMPSON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

### (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 July 31, 2024, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the County issued the following debt obligations:

<u>Issue</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/12/2022		4.42%	\$ 392,000	Financed	Ad valorem
12/27/2022		4.51%	384,855	Financed	Ad valorem
02/08/2023		4.37%	610,409	Financed	Ad valorem
02/16/2023		4.23%	790,000	General	Ad valorem
02/28/2023		4.52%	217,800	Financed	Ad valorem
04/12/2023		4.30%	319,324	Financed	Ad valorem
11/17/2023		5.17%	477,906	Financed	Ad valorem
12/07/2023		5.18%	217,800	Financed	Ad valorem
06/06/2024		5.01%	185,000	Financed	Ad valorem

## SIMPSON COUNTY

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## SIMPSON COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

## SIMPSON COUNTY

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SIMPSON COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 8,346,121	8,794,584	8,794,584	
Licenses, commissions and other revenue	413,140	556,556	556,556	
Fines and forfeitures	436,100	379,043	379,043	
Intergovernmental revenues	581,405	685,373	685,373	
Charges for services	80,000	159,560	159,560	
Interest income	8,000	159,786	159,786	
Miscellaneous revenues	183,500	158,901	158,901	
Total Revenues	<u>10,048,266</u>	<u>10,893,803</u>	<u>10,893,803</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,716,522	6,837,136	6,835,965	1,171
Public safety	4,498,346	4,806,789	4,806,789	
Public works		138,403	138,403	
Health and welfare	155,150	156,744	156,744	
Culture and recreation	264,652	265,490	265,490	
Conservation of natural resources	113,819	109,211	109,211	
Economic development and assistance	14,151	14,151	14,151	
Debt service:				
Principal	586,378	460,369	460,369	
Interest	0	127,507	127,507	
Total Expenditures	<u>10,349,018</u>	<u>12,915,800</u>	<u>12,914,629</u>	<u>1,171</u>
Excess of Revenues over (under) Expenditures	<u>(300,752)</u>	<u>(2,021,997)</u>	<u>(2,020,826)</u>	<u>1,171</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		3,792,000	3,792,000	
Proceeds from sale of capital assets		1,880	1,880	
Compensation for loss of capital assets		23,486	23,486	
Transfers out		(241,285)	(241,285)	
Other financing sources	345,000		149,345	149,345
Other financing uses	(37,250)			
Total Other Financing Sources and Uses	<u>307,750</u>	<u>3,576,081</u>	<u>3,725,426</u>	<u>149,345</u>
Net Change in Fund Balance	6,998	1,554,084	1,704,600	150,516
Fund Balances - Beginning	<u>4,590,000</u>	<u>3,925,126</u>	<u>3,774,610</u>	<u>(150,516)</u>
Fund Balances - Ending	<u>\$ 4,596,998</u>	<u>5,479,210</u>	<u>5,479,210</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, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	<u>2,589,002</u>	<u>2,589,002</u>	<u>2,589,002</u>	
Total Revenues	<u>2,589,002</u>	<u>2,589,002</u>	<u>2,589,002</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	<u>5,178,004</u>	<u>3,800,000</u>	<u>3,800,000</u>	
Total Expenditures	<u>5,178,004</u>	<u>3,800,000</u>	<u>3,800,000</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(2,589,002)</u>	<u>(1,210,998)</u>	<u>(1,210,998)</u>	<u>0</u>
Net Change in Fund Balance	<u>(2,589,002)</u>	<u>(1,210,998)</u>	<u>(1,210,998)</u>	<u>0</u>
Fund Balances - Beginning	<u>2,589,002</u>	<u>2,589,002</u>	<u>2,589,002</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>1,378,004</u>	<u>1,378,004</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, 2022  
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,600,031	2,689,196	2,689,196	
Road and bridge privilege taxes	345,000	345,926	345,926	
Intergovernmental revenues	1,328,210	1,328,434	1,328,434	
Interest income	0	2,342	2,342	
Miscellaneous revenues	6,000	30	30	
Total Revenues	<u>4,279,241</u>	<u>4,365,928</u>	<u>4,365,928</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,889,482	5,902,585	5,902,585	
Debt service:				
Principal	585,606	1,046,799	1,046,799	
Interest	0	30,872	30,872	
Total Expenditures	<u>4,475,088</u>	<u>6,980,256</u>	<u>6,980,256</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(195,847)</u>	<u>(2,614,328)</u>	<u>(2,614,328)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		784,000	784,000	
Proceeds from sale of capital assets		631,305	631,305	
Compensation for loss of capital assets		18,932	18,932	
Transfers in		187,978	187,978	
Other financing sources	200,000			
Total Other Financing Sources and Uses	<u>200,000</u>	<u>1,622,215</u>	<u>1,622,215</u>	<u>0</u>
Net Change in Fund Balance	4,153	(992,113)	(992,113)	0
Fund Balances - Beginning	<u>1,350,000</u>	<u>992,113</u>	<u>992,113</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,354,153</u>	<u>0</u>	<u>0</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, 2022

UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.087026%	0.088388%	0.086179%	0.081406%	0.076905%	0.073517%	0.074263%	0.074260%
County's proportionate share of the net pension liability (asset)	\$ 17,913,118	13,064,133	16,683,253	14,320,920	12,791,585	12,221,019	13,265,228	11,479,132
Covered payroll	\$ 5,991,148	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	298.99%	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	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

SIMPSON COUNTY  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2022  
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,039,539	1,029,279	994,891	872,807	788,411	748,211	750,441	732,893
Contributions in relation to the contractually required contribution	<u>1,039,539</u>	<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>	<u>0</u>
Covered payroll	\$ 5,974,362	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%	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, 2022 UNAUDITED

### A. Budgetary Information.

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

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

### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required 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
Budget (Cash Basis)	\$ 1,704,600	(1,210,998)	(992,113)
Increase (Decrease)			
Net adjustments for revenue accruals	(309,452)	1,210,998	(51,400)
Net adjustments for expenditure accruals	70,843		21,825
GAAP Basis	\$ 1,465,991	0	(1,021,688)

## SIMPSON COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

#### Pension Schedules

##### A. Changes of assumptions.

###### 2015

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

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

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

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

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

###### 2016

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

###### 2017

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

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

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

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

###### 2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

## SIMPSON COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

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

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

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

#### 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 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.

SIMPSON COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2022  
UNAUDITED

C. Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 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

## SUPPLEMENTARY INFORMATION



## SIMPSON COUNTY

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SIMPSON COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice - Office of Justice Programs / Coronavirus emergency supplemental funding program (Direct Award)	16.034	N/A	\$ 1,487
Bulletproof vest partnership program (Direct Award)	16.607	N/A	5,549
Passed-through the Mississippi Department of Public Safety Edward Byrne memorial justice assistance grant program	16.738	20LB1641	4,400
Total U.S. Department of Justice			11,436
U.S. Department of the Treasury Coronavirus state and local fiscal recovery funds (Direct Award)*	21.027	N/A	3,800,000
Total U.S. Department of the Treasury			3,800,000
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance (Presidentially declared disasters)	97.036	FEMA-4528-DR-MS	10,337
Emergency management performance grants	97.042	EMA-2022-EP-00007	26,088
Total U.S. Department of Homeland Security			36,425
Total Expenditures of Federal Awards			\$ 3,847,861

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Simpson County under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Simpson County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Simpson County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

\* Denotes major federal award program

## SIMPSON COUNTY

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**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, 2022  
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	\$100,000
Rhuel Dickinson	Assistant Purchase Clerk	Western Surety Company	\$50,000
Trudy 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
Charles Welch	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
Witt Fortenberry	Circuit Clerk	Western Surety Company	\$100,000
Theja Abernathy	Deputy Circuit Clerk	Western Surety Company	\$50,000
Jeri Knupp	Deputy Circuit Clerk	Western Surety Company	\$50,000
Kathy Brien	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
Ursula Sims	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Lacy Irving	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Jamie Brewer	Tax Assessor-Collector	Western Surety Company	\$100,000
Dawn McMullan	Deputy Tax Collector	State Farm Insurance	\$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
Jazmine Peacock	Deputy Tax Collector	Western Surety Company	\$50,000
Heidi Pierce	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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 31, 2024. 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 qualified on the governmental activities, 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. Our report also includes a qualified opinion on the General Fund due to the lack of reconciled bank statements for the Circuit Clerk's operational accounts.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

### **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002.

We also noted certain matters, which we have reported to the management of Simpson County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 31, 2024, included within this document.

### **Simpson County's Responses to Findings**

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

### **Purpose of this Report**

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 31, 2024



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

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

Members of the Board of Supervisors  
Simpson County, Mississippi

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Simpson County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Simpson County, Mississippi's major federal program for the year ended September 30, 2022. Simpson County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Simpson County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on the Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Simpson County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Simpson County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Simpson County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

JOE E. MCKNIGHT CPA  
Director, County Audit Section

July 31, 2024

## SIMPSON COUNTY

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

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

Members of the Board of Supervisors  
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, 2022. 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.

In our opinion, Simpson County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

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.



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  
July 31, 2024

SIMPSON COUNTY

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2022

Schedule 1

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

SIMPSON COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2022

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
11/17/2021	Old Westville Road - bridge repair	\$ 49,900	Grant Blakeney	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and traveling citizens.
11/17/2021	Cemetery Road - bridge repair	17,000	Grant Blakeney	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and traveling citizens.
5/4/2022	1 - 2005 Mack truck	55,000	Henderson Auction	Due to lack of availability in the market.
5/4/2022	1 - 2006 Mack truck	55,000	Henderson Auction	Due to lack of availability in the market.
6/21/2022	Mulligan Road - bridge repair	30,400	Grant Blakeney	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and traveling citizens.

## SIMPSON COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2022

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
12/1/2021	58' conveyor belt for Leeboy force feed loader	\$	6,320	Mid South Machinery

## 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, 2022, 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 July 31, 2024, 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 / Deputy Justice Court Clerks.**

1. Deputy Justice Court Clerks should be bonded as required by state statute.

**Repeat Finding** No

**Criteria** *Section 9-11-29(2), Mississippi Code of 1972 Annotated*, requires every person appointed as clerk and deputy clerk of the Justice Court to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law.

**Condition** During our review of the County's surety bonds, it was noted that two deputy justice court clerks were not bonded for the 2022 fiscal year.

**Cause** The County did not comply with state laws.

<b>Effect</b>	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
<b>Recommendation</b>	The County should implement procedures to ensure each deputy justice court clerk are bonded in accordance with state law.
<b>Views of Responsible Official(s)</b>	I took office on December 12, 2022. In early April of 2023 while working through the duties of the office, I was unable to locate a bond for two deputy court clerks. I immediately started the bond process for these employees.
<b>Chancery Clerk.</b>	
<b>2.</b>	<u>The Chancery Clerk should properly reconcile bank statements to fee journal on a monthly basis.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over cash should include the proper reconciliation of the fee journal to the bank account on a monthly basis.
<b>Condition</b>	As reported in the prior two years' audit reports, we noted that the former Chancery Clerk's fee journal did not agree with the reconciled bank balance.
<b>Cause</b>	The former Chancery Clerk did not have adequate controls over cash.
<b>Effect</b>	The failure to reconcile the Clerk's fee journal to the monthly bank statements could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The former Chancery Clerk should ensure that the reconciled bank balance agrees with the fee journal.
<b>Views of Responsible Official(s)</b>	We will comply.
<b>Circuit Clerk.</b>	
<b>3.</b>	<u>The Circuit Clerk should establish and maintain a fee journal as required by state statute.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 9-1-43(6), Mississippi Code of 1972 Annotated</i> , states a Circuit Clerk shall establish and maintain a cash journal for recording cash receipts from private or government sources for furnishing copies of any papers of record or on file, or for rendering services as a notary public, or other fees wherein the total fee for the transaction is ten dollars (\$10) or less.
<b>Condition</b>	The Circuit Clerk failed to maintain a fee journal for which an accurate annual financial report could be derived for calendar year 2022.
<b>Cause</b>	The Circuit Clerk did not comply with state laws.
<b>Effect</b>	Failure to establish and maintain a fee journal could result in the loss or misappropriation of public funds, understatement of income and inaccurate settlements of over the cap fee income to the County's General Fund.

**Recommendation**      The Circuit Clerk should establish and maintain a fee journal as required by law.

**Views of Responsible  
Official(s)**      The issue has been resolved.

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

July 31, 2024



## SIMPSON COUNTY

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SIMPSON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## SIMPSON COUNTY

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# SIMPSON COUNTY

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

### 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	Qualified
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 weaknesses identified? Yes
  - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? Yes

#### **Federal Awards:**

4. Internal control over major federal programs:
  - a. Material weakness identified? No
  - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for the major federal program: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal program:
  - a. ALN 21.027, Coronavirus state and local fiscal recovery funds
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit finding and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

SIMPSON COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**2022-001.** 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 the 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 twelve 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.

**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 not disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

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

**Circuit Clerk.**

**Material Weakness**

**Material Noncompliance**

**2022-002.** Reconciled cash amounts were not provided for inclusion in the financial statements by the Circuit Clerk.

**Repeat Finding** No

**Criteria** Reconciled amounts for the criminal, civil, and cash bond accounts of the Circuit Clerk's office are to be included as cash and payable amounts in the financial statements.

## SIMPSON COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

<b>Condition</b>	<p>Reconciled bank statements were not provided as of September 30, 2022. Public depositor annual reports determined that the following bank statement balances are known:</p> <ul style="list-style-type: none"><li>a. Criminal - \$13,582</li><li>b. Civil - \$10,919</li><li>c. Cash Bond - \$25,666</li></ul> <p>In total, \$50,167 in unreconciled cash is known for the Circuit Clerk's office.</p>
<b>Cause</b>	<p>Reconciled bank statements were not provided for the relevant bank accounts for September 30, 2022.</p>
<b>Effect</b>	<p>Unrecorded cash translates into actual cash being undetermined. Without adequate records and supporting documentation provided, the cash position of the Circuit Clerk's office cannot be determined with reliability for inclusion in the financial statements. Cash withheld from financial statement inclusion can cause material misstatement to the financial statements. This material exclusion resulted in a qualified opinion on the General Fund opinion unit.</p>
<b>Recommendation</b>	<p>The Circuit Clerk should provide reconciled cash information for relevant bank accounts as of September 30, 2022, for inclusion in the financial statements.</p>
<b>Views of Responsible Official(s)</b>	<p>See Auditee's Corrective Action Plan.</p>

#### Section 3: Federal Award Findings and Questioned Costs

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

## SIMPSON COUNTY

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SIMPSON COUNTY

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



## SIMPSON COUNTY

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# **SIMPSON COUNTY, MISSISSIPPI**

**Mitchell Chatman**  
District One

**Danny Craft**  
District Two

**Wayne Womack**  
District Three

**Donny Welch**  
District Four

## **OFFICE OF THE BOARD OF SUPERVISORS**

**P.O. BOX 308  
MENDENHALL, MS 39114  
TELEPHONE 601-847-1418 • FAX 601-847-7004**

**Charlie Westmoreland**  
District Five

**Danny Welch**  
Attorney for the Board

**Eric Bowen**  
County Administrator /  
Comptroller

**Tim Gray**  
Chancery Clerk

### **CORRECTIVE ACTION PLAN**

May 28, 2024

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

Gentlemen:

Simpson County respectfully submits the following Corrective Action Plan for the year ended September 30, 2022.

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

#### **SECTION 2: FINANCIAL STATEMENT FINDINGS**

2022-001. Corrective Action Planned: It remains our opinion that this disclosure is not cost effective or material to the financial statements due to the fact that retirees pay the cost of their health insurance coverage.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Eric Bowen, County Administrator

2022-002. Corrective Action Planned: This issue has been resolved.

Anticipated Completion Date: November 17, 2023

Name of Contact Person Responsible for Corrective Action: Witt Fortenberry, Circuit Clerk

#### **SECTION 3: FEDERAL AWARD FINDINGS**

There were no prior year findings and questioned costs related to federal awards.

Sincerely,



President, Simpson County Board of Supervisors

## SIMPSON COUNTY

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**Mitchell Chatman**  
District One

**Danny Craft**  
District Two

**Wayne Womack**  
District Three

**Donny Welch**  
District Four

## **SIMPSON COUNTY, MISSISSIPPI**

### **OFFICE OF THE BOARD OF SUPERVISORS**

**P.O. BOX 308  
MENDENHALL, MS 39114  
TELEPHONE 601-847-1418 • FAX 601-847-7004**

**Charlie Westmoreland**  
District Five

**Danny Welch**  
Attorney for the Board

**Eric Bowen**  
County Administrator /  
Comptroller

**Tim Gray**  
Chancery Clerk

#### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

May 28, 2024

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

Gentlemen:

Simpson County respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2022.

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

#### **SECTION 2: FINANCIAL STATEMENT FINDINGS**


10-1. Liability for other postemployment benefits should be recorded.

NOT CORRECTED. Repeated as 11-1, 12-1, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001 and 2022-001.

#### **SECTION 3: FEDERAL AWARD FINDINGS**

There were no prior year findings and questioned costs related to federal awards.

Sincerely,



President, Simpson County Board of Supervisors