

# STONE 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

April 2, 2024

Members of the Board of Supervisors  
Stone County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Stone 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 Stone County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Stone 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



STONE COUNTY  
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STONE COUNTY

FINANCIAL SECTION

## STONE 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  
Stone County, Mississippi

**Report on the Audit of the Financial Statements**

***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 Stone 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.

***Qualified Opinion on Governmental Activities, Business-type Activities, General Fund and Correctional Facility Fund***

In our opinion, except for the effects of the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the General Fund and the Correctional Facility Fund of Stone 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 principles generally accepted in the United States of America.

***Unmodified Opinions on Road and Bridge Fund, Bridge and Culvert Fund, American Rescue Plan Act Fund and 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 Road and Bridge Fund, the Bridge and Culvert Fund, the American Rescue Plan Act Fund and the aggregate remaining fund information of Stone 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 principles generally accepted in the United States of America.

***Basis for 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 qualified and unmodified opinions.

*Matter Giving Rise to Qualified Opinion on the Governmental Activities, Business-type Activities, and Correctional Facility Fund*

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

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

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Circuit Court or the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Circuit Court fines receivable aging schedules at September 30, 2022. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported in the General Fund at \$496,402 as of September 30, 2022. Also, because of the nature of the fines receivable records we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

***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***

Stone County, Mississippi, has omitted the Management's Discussion and Analysis and the Schedule of Funding Progress – Other Postemployment Benefits 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 Stone 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*, and the accompanying Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are 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*, and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relate 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 and the Reconciliation of Operating Costs of Solid Waste are 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 April 2, 2024 on our consideration of Stone 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 Stone 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 Stone County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with the first name "Joe" and last name "McKnight" clearly legible.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 2, 2024

## STONE COUNTY

## FINANCIAL STATEMENTS

## STONE COUNTY

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STONE COUNTY  
Statement of Net Position  
September 30, 2022

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 7,627,850	1,198,185	8,826,035
Property tax receivable	6,962,770		6,962,770
Fines receivable (net of allowance for uncollectibles of \$1,344,019)	496,402		496,402
Intergovernmental receivables	226,717	571,635	798,352
Other receivables	5,402		5,402
Internal balances	32,073	(32,073)	0
Capital assets:			
Land and construction in progress	4,000,861	12,957	4,013,818
Other capital assets, net	17,944,033	3,613,966	21,557,999
<b>Total Assets</b>	<b>37,296,108</b>	<b>5,364,670</b>	<b>42,660,778</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,881,578	770,854	2,652,432
<b>Total Deferred Outflows of Resources</b>	<b>1,881,578</b>	<b>770,854</b>	<b>2,652,432</b>
<b>LIABILITIES</b>			
Claims payable	396,356	102,498	498,854
Intergovernmental payables	909,107		909,107
Unearned revenue	3,361,552		3,361,552
Long-term liabilities			
Due within one year:			
Leases payable	53,005	6,876	59,881
Capital debt	707,753	3,283	711,036
Due in more than one year:			
Leases payable	37,148	13,829	50,977
Capital debt	442,292	35,991	478,283
Non-capital debt	137,586	70,327	207,913
Net pension liability	11,668,660	4,981,034	16,649,694
<b>Total Liabilities</b>	<b>17,713,459</b>	<b>5,213,838</b>	<b>22,927,297</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenues - property taxes	6,962,770		6,962,770
<b>Total Deferred Inflows of Resources</b>	<b>6,962,770</b>	<b>0</b>	<b>6,962,770</b>
<b>NET POSITION</b>			
Net investment in capital assets	20,704,696	3,566,944	24,271,640
Restricted for:			
Expendable:			
General government	190,141		190,141
Public safety	740,071		740,071
Public works	2,592,650		2,592,650
Unemployment compensation	23,640		23,640
Debt service	1,410		1,410
Unrestricted	(9,751,151)	(2,645,258)	(12,396,409)
<b>Total Net Position</b>	<b>\$ 14,501,457</b>	<b>921,686</b>	<b>15,423,143</b>

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

STONE 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	\$ 3,383,505	734,234	23,499		(2,625,772)		(2,625,772)
Public safety	3,490,517	620,299	402,499		(2,467,719)		(2,467,719)
Public works	3,239,974		2,136,431	1,231,007	127,464		127,464
Health and welfare	243,981		43,697		(200,284)		(200,284)
Culture and recreation	263,831				(263,831)		(263,831)
Education	91,319		91,319		0		0
Conservation of natural resources	50,567				(50,567)		(50,567)
Economic development and assistance	578,974		500,000		(78,974)		(78,974)
Interest on long-term debt	49,863				(49,863)		(49,863)
Pension expense	1,260,004				(1,260,004)		(1,260,004)
Total Governmental Activities	12,652,535	1,354,533	3,197,445	1,231,007	(6,869,550)		(6,869,550)
Business-type activities:							
Correctional Facility	4,870,120	4,208,656				(661,464)	(661,464)
Total Business-type Activities	4,870,120	4,208,656	0	0		(661,464)	(661,464)
Total Primary Government	\$ 17,522,655	5,563,189	3,197,445	1,231,007	(6,869,550)	(661,464)	(7,531,014)
General revenues:							
Property taxes					\$ 7,110,456		7,110,456
Road & bridge privilege taxes					240,327		240,327
Grants and contributions not restricted to specific programs					388,040		388,040
Unrestricted interest income					51,630	5,199	56,829
Miscellaneous					661,622	76,321	737,943
Transfers					(156,667)	156,667	0
Total General Revenues and Transfers					8,295,408	238,187	8,533,595
Changes in Net Position					1,425,858	(423,277)	1,002,581
Net Position - Beginning, as previously reported					14,851,355	1,350,314	16,201,669
Prior period adjustments					(1,775,756)	(5,351)	(1,781,107)
Net Position - Beginning, as restated					13,075,599	1,344,963	14,420,562
Net Position - Ending					\$ 14,501,457	921,686	15,423,143

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

STONE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2022

Exhibit 3

	Major Funds					
	General Fund	Road and Bridge Fund	Countywide Bridge and Culvert Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 1,522,982	7,586	1,423,264	3,574,372	1,099,646	7,627,850
Property tax receivable	4,740,382	176,263	893,992		1,152,133	6,962,770
Fines receivable (net of allowance for uncollectibles of \$1,344,019)	496,402					496,402
Intergovernmental receivables	172,510				54,207	226,717
Other receivables	5,402					5,402
Due from other funds	52,458	24,919	219,792		1,243,471	1,540,640
Advances to other funds	100,382	98,823	89,699		5,925	294,829
Total Assets	\$ 7,090,518	307,591	2,626,747	3,574,372	3,555,382	17,154,610
<b>LIABILITIES</b>						
Claims payable	\$ 158,791	113,850	44,122		79,593	396,356
Intergovernmental payables	784,403					784,403
Due to other funds	191,911	1,336		200,000	1,219,590	1,612,837
Advances from other funds	56,386	63,655			195,222	315,263
Unearned revenue				3,361,552		3,361,552
Total Liabilities	1,191,491	178,841	44,122	3,561,552	1,494,405	6,470,411
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue - property taxes	4,740,382	176,263	893,992		1,152,133	6,962,770
Unavailable revenue - fines	496,402					496,402
Total Deferred Inflows of Resources	5,236,784	176,263	893,992	0	1,152,133	7,459,172
<b>Fund balances:</b>						
Nonspendable:						
Advances	100,382					100,382
Restricted for:						
General government					190,141	190,141
Public safety					740,071	740,071
Public works			1,688,633	12,820	891,197	2,592,650
Unemployment compensation					23,640	23,640
Debt service					1,410	1,410
Unassigned	561,861	(47,513)			(937,615)	(423,267)
Total Fund Balances	662,243	(47,513)	1,688,633	12,820	908,844	3,225,027
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,090,518	307,591	2,626,747	3,574,372	3,555,382	17,154,610

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

## STONE COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 3,225,027
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 \$10,994,248.	21,944,894
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	496,402
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,377,784)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(11,668,660)
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	<u>1,881,578</u>
Total Net Position - Governmental Activities	\$ <u><u>14,501,457</u></u>

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

## STONE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2022

	Major Funds					
	General Fund	Road and Bridge Fund	Countywide Bridge and Culvert Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 4,695,967	233,030	1,099,966		1,081,493	7,110,456
Road and bridge privilege taxes		240,327				240,327
Licenses, commissions and other revenue	338,232				132,888	471,120
Fines and forfeitures	448,248				7,318	455,566
Intergovernmental revenues	601,278	612,105	1,238,942	200,000	2,164,167	4,816,492
Charges for services	177,997				244,735	422,732
Interest income	27,057	31	5,810	11,043	7,689	51,630
Miscellaneous revenues	250,816	15,609	200,000		173,248	639,673
Total Revenues	6,539,595	1,101,102	2,544,718	211,043	3,811,538	14,207,996
EXPENDITURES						
Current:						
General government	3,431,933				48,145	3,480,078
Public safety	2,481,264				1,219,893	3,701,157
Public works	2,000	989,227	2,222,669	200,000	1,321,750	4,735,646
Health and welfare	179,988					179,988
Culture and recreation	188,857				60,007	248,864
Education	91,319					91,319
Conservation of natural resources	50,567					50,567
Economic development and assistance	3,815				572,783	576,598
Debt service:						
Principal	63,996	482,050			820,052	1,366,098
Interest	3,559	29,047			17,257	49,863
Total Expenditures	6,497,298	1,500,324	2,222,669	200,000	4,059,887	14,480,178
Excess of Revenues over (under) Expenditures	42,297	(399,222)	322,049	11,043	(248,349)	(272,182)
OTHER FINANCING SOURCES (USES)						
Leases issued	17,984	8,517			0	26,501
Proceeds from sale of capital assets		77,355			3,150	80,505
Transfers in	24,472	7,842	49,565		82,110	163,989
Transfers out	(296,184)				(24,472)	(320,656)
Total Other Financing Sources and Uses	(253,728)	93,714	49,565	0	60,788	(49,661)
Net Changes in Fund Balances	(211,431)	(305,508)	371,614	11,043	(187,561)	(321,843)
Fund Balances - Beginning, as previously reported	847,110	257,995	1,317,019	1,782,553	1,096,405	5,301,082
Prior period adjustments	26,564			(1,780,776)		(1,754,212)
Fund Balances - Beginning, as restated	873,674	257,995	1,317,019	1,777	1,096,405	3,546,870
Fund Balances - Ending	\$ 662,243	(47,513)	1,688,633	12,820	908,844	3,225,027

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

## STONE 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	\$ (321,843)
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 \$2,077,485 exceeded depreciation of \$983,928 in the current period.	1,093,557
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 \$21,949 and the proceeds from the sale of \$80,505 in the current period.	(58,556)
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.	5,115
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,366,098 exceeded debt proceeds of \$26,501.	1,339,597
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	(50,949)
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	(1,260,004)
Recording of contributions made during the year	<u>678,941</u>
Change in Net Position of Governmental Activities	\$ <u><u>1,425,858</u></u>

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

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

Exhibit 5

	Business-type Activities - Enterprise Fund
	Correctional Facility Fund
<hr/>	
ASSETS	
Current assets:	
Cash	\$ 1,198,185
Intergovernmental receivables	571,635
Due from other funds	330
Advances to other funds	56,386
Total Current Assets	<hr/> 1,826,536 <hr/>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	12,957
Other capital assets, net	3,613,966
Total Noncurrent Assets	<hr/> 3,626,923 <hr/>
Total Assets	<hr/> 5,453,459 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	770,854
Total Deferred Outflows of Resources	<hr/> 770,854 <hr/>
LIABILITIES	
Current liabilities:	
Claims payable	102,498
Due to other funds	52,837
Advances from other funds	35,952
Capital debt:	
Leases payable	6,876
Finance purchases payable	3,283
Total Current Liabilities	<hr/> 201,446 <hr/>
Noncurrent liabilities:	
Capital debt:	
Leases payable	13,829
Finance purchases payable	35,991
Non-capital debt:	
Compensated absences payable	70,327
Net pension liability	4,981,034
Total Noncurrent Liabilities	<hr/> 5,101,181 <hr/>
Total Liabilities	<hr/> 5,302,627 <hr/>
NET POSITION	
Net investment in capital assets	3,566,944
Unrestricted	(2,645,258)
Total Net Position	<hr/> \$ 921,686 <hr/>

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

## STONE 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
	Correctional Facility Fund
Operating Revenues	
Charges for services	\$ 4,208,656
Miscellaneous	76,321
Total Operating Revenues	<u>4,284,977</u>
Operating Expenses	
Personal services	2,335,986
Contractual services	661,913
Materials and supplies	1,085,928
Depreciation expense	163,315
Indirect administrative cost	52,458
Pension expense	567,203
Total Operating Expenses	<u>4,866,803</u>
Operating Income (Loss)	<u>(581,826)</u>
Nonoperating Revenues (Expenses)	
Interest income	5,199
Gain (loss) on sale of capital assets	(1,290)
Interest expense	(2,027)
Net Nonoperating Revenue (Expenses)	<u>1,882</u>
Net Income (Loss) Before Transfers	(579,944)
Transfers in	<u>156,667</u>
Change in Net Position	<u>(423,277)</u>
Net Position - Beginning, as previously reported	1,350,314
Prior period adjustments	(5,351)
Net Position - Beginning, as restated	<u>1,344,963</u>
Net Position - Ending	<u>\$ 921,686</u>

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



STONE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2022

Exhibit 7

	Business-type Activities - Enterprise Fund
	Correctional Facility Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 4,126,819
Payments to suppliers	(1,741,015)
Payments to employees	(2,622,066)
Payments to General Fund for indirect costs	(52,458)
Other operating cash receipts	76,321
Net Cash Provided (Used) by Operating Activities	<u>(212,399)</u>
Cash Flows From Noncapital Financing Activities	
Cash received from other funds:	
Operating transfers in	156,667
Loans from other funds	52,837
Cash paid to other funds:	
Loans made to other funds	(330)
Interfund loan repayments	(34,099)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>175,075</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(34,045)
Principal paid on long-term debt	(8,695)
Interest paid on debt	(2,027)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(44,767)</u>
Cash Flows From Investing Activities	
Interest on deposits	5,199
Net Cash Provided (Used) by Investing Activities	<u>5,199</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(76,892)
Cash and Cash Equivalents at Beginning of Year	<u>1,275,077</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,198,185</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (581,826)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	163,315
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivable	(81,837)
Increase (decrease) in claims payable	6,826
Increase (decrease) in compensated absences liability	19,555
Increase (decrease) in net pension liability, deferred outflows/inflows, net	261,568
Total Adjustments	<u>369,427</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (212,399)</u>
Noncash Capital Financing Activity:	
Stone County leased a copier for \$5,497 for 4 years at 5.50% interest	
Principal payments of \$103 were made on the lease during the year.	

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

STONE COUNTY  
Statement of Fiduciary Net Position  
September 30, 2022

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 1,734
Receivables:	
Due from other funds	<u>124,704</u>
Total Assets	<u><u>126,438</u></u>
LIABILITIES	
Intergovernmental payables	<u>126,438</u>
Total Liabilities	<u><u>126,438</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	
Total Net Position	\$ <u><u>0</u></u>

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

STONE 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	\$ 942,464
Other taxes and fees collected for other governments	1,128,446
Licenses and fees collected for State	<u>389,189</u>
Total Additions	<u>2,460,099</u>
DEDUCTIONS	
Payments of tax to other governments	1,621,596
Payments of other taxes and fees to other governments	676,065
Payments of licenses and fees to State	<u>363,948</u>
Total Deductions	<u>2,661,609</u>
Net increase (decrease) in fiduciary net position	<u>(201,510)</u>
Net Position - Beginning, as previously reported	(17,974)
Prior period adjustment	<u>219,484</u>
Net Position - Beginning, as restated	<u>201,510</u>
Net Position - Ending	<u>\$ 0</u>

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

## STONE COUNTY

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## STONE COUNTY

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

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Stone 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 Stone County to present these financial statements on the primary government. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and 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-

## STONE COUNTY

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

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.

#### C. 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.

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.

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

Countywide Bridge and Culvert Fund - This fund is used to account for monies from specific revenue sources that are restricted for bridge maintenance.

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

The County reports the following major Enterprise Fund:

Correctional Facility Fund - This fund is used to account for monies from inmate housing agreement income with the Mississippi Department of Corrections for housing state prisoners.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

## STONE COUNTY

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

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.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

#### E. Deposits and Investments.

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

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

#### F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

#### G. Interfund Transactions and Balances.

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

## STONE COUNTY

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

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."

#### H. 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 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. Stone County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

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



## STONE COUNTY

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

#### I. 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 13 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 future periods 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.

#### J. 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 bank prime lending rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

#### K. Long-term Liabilities.

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

In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

#### L. Pensions.

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

## STONE COUNTY

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

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### M. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example, an employee resigns or retires. The County's policy caps the amount of accumulated unpaid employee personal leave at 30 days.

#### N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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:

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

## STONE COUNTY

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

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

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

#### Fund Balance Flow Assumption:

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

#### O. Property Tax Revenues.

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

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

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

#### P. Intergovernmental Revenues in Governmental Funds.

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

#### Q. Changes in Accounting Standards.

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

# STONE COUNTY

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

asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

### (2) Prior Period Adjustments.

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

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

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets, net	\$ 25,169
Implementation of GASB 87	(46,713)
To correct interfund payable recorded in prior year	26,564
To correctly record unexpended ARPA funds received in prior year	<u>(1,780,776)</u>
Total prior period adjustments	<u>\$ (1,775,756)</u>

#### Exhibit 2 – Statement of Activities – Business-type Activities.

<u>Explanation</u>	<u>Amount</u>
To correct prior year error in capital assets, net	\$ (2,799)
Implementation of GASB 87	<u>(2,552)</u>
Total prior period adjustments	<u>\$ (5,351)</u>

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

<u>Explanation</u>	<u>Amount</u>
To correct interfund payable recorded in prior year	\$ 26,564
To correctly record unexpended ARPA funds received in prior year	<u>(1,780,776)</u>
	<u>\$ (1,754,212)</u>

#### Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets, net.	\$ (2,799)
Implementation of GASB 87	<u>(2,552)</u>
Total prior period adjustments	<u>\$ (5,351)</u>

#### Exhibit 9 – Statement of Changes in Fiduciary Net Position.

<u>Explanation</u>	<u>Amount</u>
To correct prior year liability balances	<u>\$ 219,484</u>

# STONE COUNTY

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

### (3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$8,827,769, and the bank balance was \$9,129,334. 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.

### (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>
General Fund	Correctional Facility Fund	\$ 52,458
Road and Bridge Fund	General Fund	24,919
Countywide Bridge and Culvert Fund	American Rescue Plan Act Fund	200,000
Countywide Bridge and Culvert Fund	General Fund	19,792
Other Governmental Funds	General Fund	22,496
Other Governmental Funds	Road and Bridge Fund	1,006
Other Governmental Funds	Other Governmental Funds	1,219,590
Other Governmental Funds	Correctional Facility Fund	379
Correctional Facility Fund	Road and Bridge Fund	330
Custodial Funds	General Fund	124,704
Total		\$ <u>1,665,674</u>

The amount payable to Other Governmental Funds from Other Governmental Funds represents amounts received to cover deficit cash balances at year-end. The amount payable to the Countywide Bridge and Culvert Fund from the American Rescue Plan Act Fund represents reimbursement of federal expenditures. All other 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.

STONE COUNTY

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

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Road and Bridge Fund	\$ 59,140
General Fund	Correctional Facility Fund	34,542
General Fund	Other Governmental Funds	6,700
Road and Bridge Fund	Other Governmental Funds	98,823
Countywide Bridge and Culvert Fund	Other Governmental Funds	89,699
Other Governmental Funds	Road and Bridge Fund	4,515
Other Governmental Funds	Correctional Facility Fund	1,410
Correctional Facility Fund	General Fund	<u>56,386</u>
Total		\$ <u>351,215</u>

The advances represent errors in posting revenues, debt proceeds, and debt service expenditures in prior years.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 24,472
Road and Bridge Fund	General Fund	7,842
Countywide Bridge and Culvert Fund	General Fund	49,565
Other Governmental Funds	General Fund	82,110
Correctional Facility Fund	General Fund	<u>156,667</u>
Total		\$ <u>320,656</u>

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

STONE COUNTY

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

(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	\$ 168,006
DHS reimbursement	4,504
DUI grant reimbursement	7,841
HSGP grant reimbursement	25,000
Emergency management performance grant reimbursement	<u>21,366</u>
Total Governmental Activities	\$ <u>226,717</u>
<b>Business-type Activities:</b>	
Reimbursement for housing prisoners	\$ <u>571,635</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2022, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Emergency Medical Services District	June 1987	N/A	N/A	\$ 22,439
Less: allowance for doubtful accounts*				<u>(22,439)</u>
Total				\$ <u>0</u>

\*The Emergency Medical Services District loan receivable was determined to be uncollectible in fiscal year 1997.

STONE COUNTY

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

(7) 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	\$ 452,756	1,500			454,256
Construction in progress	2,041,639	1,804,408		(299,442)	3,546,605
Total non-depreciable capital assets	2,494,395	1,805,908	0	(299,442)	4,000,861
<u>Depreciable capital assets:</u>					
Infrastructure	10,456,059			299,442	10,755,501
Buildings	9,360,357			20,000	9,380,357
Improvements other than buildings	918,306				918,306
Mobile equipment	5,581,222	238,327	118,934	893,547	6,594,162
Furniture and equipment	808,485	6,749	5,306	36,597	846,525
Leased property under capital leases	902,155			(902,155)	0
Intangible right to use buildings				354,933	354,933
Intangible right to use equipment		26,501		61,996	88,497
Total depreciable capital assets	28,026,584	271,577	124,240	764,360	28,938,281
<u>Less accumulated depreciation for:</u>					
Infrastructure	874,071	303,451			1,177,522
Buildings	3,185,638	175,631		13,200	3,374,469
Improvements other than buildings	440,796	36,733			477,529
Mobile equipment	4,252,925	396,961	60,909	237,115	4,826,092
Furniture and equipment	695,478	14,660	4,775	32,937	738,300
Leased property under capital leases	260,432			(260,432)	0
Intangible right to use buildings		35,493		319,440	354,933
Intangible right to use equipment		20,999		24,404	45,403
Total accumulated depreciation	9,709,340	983,928	65,684	366,664	10,994,248
Total depreciable capital assets, net	18,317,244	(712,351)	58,556	397,696	17,944,033
Governmental activities capital assets, net	\$ 20,811,639	1,093,557	58,556	98,254	21,944,894

Total capital assets, net, excluding intangible right to use assets	\$ 21,901,800
Intangible right to use assets, net	43,094
Total capital assets, net, as reported in the statement of net position	\$ 21,944,894



STONE COUNTY

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

**Business-type activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 12,957				12,957
Total non-depreciable capital assets	12,957	0	0	0	12,957
<u>Depreciable capital assets:</u>					
Buildings	5,857,503				5,857,503
Mobile equipment	298,737			17,042	315,779
Furniture and equipment	373,722	34,045	12,902		394,865
Leased property under capital leases	45,031			(45,031)	0
Intangible right to use equipment		5,497		27,753	33,250
Total depreciable capital assets	6,574,993	39,542	12,902	(236)	6,601,397
<u>Less accumulated depreciation for:</u>					
Buildings	2,319,695	117,156			2,436,851
Mobile equipment	243,645	24,566		(8,978)	259,233
Furniture and equipment	271,800	14,669	11,612		274,857
Leased property under capital leases	16,212			(16,212)	0
Intangible right to use equipment		6,924		9,566	16,490
Total accumulated depreciation	2,851,352	163,315	11,612	(15,624)	2,987,431
Total depreciable capital assets, net	3,723,641	(123,773)	1,290	15,388	3,613,966
Business-type activities capital assets, net	\$ 3,736,598	(123,773)	1,290	15,388	3,626,923

\*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. There are also adjustments to correct errors in the capital assets records and for the reclassification of completed construction in progress.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 177,645
Public safety	144,212
Public works	575,728
Health and welfare	63,993
Culture and recreation	19,974
Economic development and assistance	2,376
Total governmental activities depreciation expense	\$ 983,928

# STONE COUNTY

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

	<u>Amount</u>
<b>Business-type activities:</b>	
Correctional facility	\$ <u>163,315</u>

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>
Cobb Road bridge replacement	\$ 807,040	November 2023
East McHenry Road and bridge improvements - Phase II	312,314	October 2023
Ten Mile Church Road and bridge replacement	23,438	March 2023
Silver Run-Progress Road and bridge replacement	456,915	June 2024

### (8) 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.

### (9) Leases.

The County is a lessee for various non-cancellable leases of buildings and equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County 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, less 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 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 bank prime lending rate as the discount rate for leases unless the rate that the lessor charges is known. At the implementation of GASB 87 the bank prime lending rate of 3.25% was used for all existing leases. All subsequent leases used the bank prime lending rate at the inception of the lease.

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

STONE COUNTY

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

As Lessee:

**Lease Assets**

**Governmental Activities:**

	Balance 10/1/2021	Additions	Amortization	Adjustments*	Balance 9/30/2022
Intangible right-to-use equipment \$		26,501	20,999	37,592	43,094
Intangible right-to-use buildings			35,493	35,493	0
Total	\$ 0	26,501	56,492	73,085	43,094

**Business-type Activities:**

	Balance 10/1/2021	Additions	Amortization	Adjustments*	Balance 9/30/2022
Intangible right-to-use equipment \$		5,497	6,924	18,187	16,760
Total	\$ 0	5,497	6,924	18,187	16,760

\*Adjustments made to add intangible right-to-use assets due to implementation of GASB 87.

See Note 7 for further details regarding intangible right-to-use assets, which represents leased assets.

**Lease Liabilities**

**Governmental Activities:**

	Balance 10/1/2021	Additions	Principal Payments	Adjustments*	Balance 9/30/2022
Copier leases \$		26,501	13,800	33,397	46,098
Postage meter leases			2,648	12,623	9,975
DHS building			39,698	73,778	34,080
Total	\$ 0	26,501	56,146	119,798	90,153

**Business-type Activities:**

	Balance 10/1/2021	Additions	Principal Payments	Adjustments*	Balance 9/30/2022
Copier leases \$		5,497	4,082	13,418	14,833
Postage meter leases			1,449	7,321	5,872
Total	\$ 0	5,497	5,531	20,739	20,705

\*Adjustments made to add leases payable due to the implementation of GASB 87.

# STONE COUNTY

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

Stone County entered into various non-cancellable lease agreements with RJ Young for the lease of copiers from RJ Young. The leases stipulated the lessee would pay lease payments ranging from \$128 to \$365 per month for terms of three to five years (36 to 60 months).

Stone County entered into a non-cancellable lease agreement with Quadient, Inc. for the lease of postage meters owned by Quadient, Inc. for use in the County offices. The leases stipulated the lessee would pay lease payments ranging from \$417 to \$757 per quarter for terms of three to five years (12 to 20 quarters).

Stone County entered into a non-cancellable lease agreement with Carolyn D. Brooks for the lease of a building owned by Carolyn D. Brooks for use by the County's Department of Human Services. The lease stipulated that the lessee would pay \$3,459 per month in lease payments commencing July 30, 2013 for a term of 10 years (120 months). The lease contains an option for the lessee to renew the lease for an additional ten years at \$3,459 per month. However, the County intends to pursue purchasing the building rather than exercising the option.

### Governmental Activities:

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Ricoh MP C6503 Copier	3.25%	36 months	2/28/2020	3/27/2023	\$ 365	1,810
Ricoh IM C4500 Copier	3.25%	48 months	11/5/2021	11/4/2025	240	8,655
Ricoh IM C4500 Copier	3.25%	60 months	4/22/2020	4/21/2025	365	11,174
Ricoh IM 4000 Copier	3.25%	48 months	9/3/2021	9/2/2025	137	4,810
Ricoh MP 5055SP Copier	3.25%	60 months	2/28/2020	2/27/2025	165	4,596
Ricoh IM C4500 Copier	4.00%	48 months	5/5/2022	5/4/2026	192	7,858
Ricoh IM 4000 Copier	5.50%	48 months	8/23/2022	8/22/2026	167	7,195
Postage meter	3.25%	60 months	4/28/2021	4/27/2026	757	9,975
DHS building	3.25%	120 months	7/30/2013	7/31/2023	3,459	34,080
					<u>\$ 5,847</u>	<u>\$ 90,153</u>

### Business-type Activities:

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Ricoh IM 2500 Copier	5.50%	48 months	8/4/2022	8/3/2026	\$ 128	5,394
Ricoh MP7503SP Copier	3.25%	60 months	12/10/2019	12/9/2024	363	9,439
Postage meter	3.25%	60 months	4/28/2021	4/27/2026	417	5,872
					<u>\$ 908</u>	<u>\$ 20,705</u>

STONE COUNTY

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

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

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 53,005	2,302	6,876	684
2024	17,122	1,102	7,133	426
2025	14,748	498	4,096	197
2026	<u>5,278</u>	<u>93</u>	<u>2,600</u>	<u>58</u>
Total	\$ <u>90,153</u>	<u>3,995</u>	<u>20,705</u>	<u>1,365</u>

(10) Short-term Debt and Liquidity.

The following is a summary of short-term debt activity for the year ended September 30, 2022:

Description of Debt	Balance	Additions	Reductions	Balance
	Oct. 1, 2021			Sept. 30, 2022
Grant anticipation note	\$ <u>0</u>	<u>450,000</u>	<u>450,000</u>	<u>0</u>

During the month of November 2021, the County issued a \$450,000 grant anticipation note with an interest rate of 1.43% and maturity date of November 2023 in order to alleviate a temporary operating cash flow deficiency. The note was repaid August 2022.

(11) 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. Financed Purchases:			
John Deere 6105E tractor & Alamo boom mower	\$ 63,242	3.16%	03/2025
2020 Kenworth T270 truck	19,638	2.34%	04/2023
Caterpillar 262D3 skid steer loader	45,080	3.35%	08/2024
2021 Kenworth dump truck	82,918	1.95%	04/2024
(2) Western Star garbage trucks	<u>315,979</u>	1.34%	01/2023
Total Financed Purchases	\$ <u>526,857</u>		
B. Other Loans:			
2019 road repair note	105,196	3.25%	08/2024
2020 road repair note	277,189	2.65%	04/2025
2021 road repair note	<u>240,803</u>	1.90%	04/2024
Total Other Loans	\$ <u>623,188</u>		

STONE 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:

Caterpillar 259D3 track loader	\$ <u>39,274</u>	3.35%	08/2024
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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	Financed Purchases		Other Loans	
	Principal	Interest	Principal	Interest
2023	\$ 414,858	5,803	292,895	14,112
2024	98,924	2,330	235,356	7,313
2025	<u>13,075</u>	<u>121</u>	<u>94,937</u>	<u>2,511</u>
Total	\$ <u>526,857</u>	<u>8,254</u>	<u>623,188</u>	<u>23,936</u>

**Business-Type Activities:**

Year Ending September 30	Financed Purchases	
	Principal	Interest
	\$	
2023	3,283	1,266
2024	<u>35,991</u>	<u>1,154</u>
Total	\$ <u>39,274</u>	<u>2,420</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, there is no outstanding debt that is subject to these debt limitations.

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

STONE COUNTY

Notes to Financial Statements  
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	\$ 86,637	50,949			137,586	
Capital leases	774,601			(774,601)		
Financed purchases			247,744	774,601	526,857	414,858
Leases payable		26,501	56,146	119,798	90,153	53,005
Other loans	1,685,396		1,062,208		623,188	292,895
Total	\$ 2,546,634	77,450	1,366,098	119,798	1,377,784	760,758
<b>Business-type Activities:</b>						
Compensated absences	\$ 50,772	19,555			70,327	
Capital leases	42,438			(42,438)		
Financed purchases			3,164	42,438	39,274	3,283
Leases payable		5,497	5,531	20,739	20,705	6,876
Total	\$ 93,210	25,052	8,695	20,739	130,306	10,159

\*Adjustments made to add leases payable due to the implementation of GASB 87.

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road and Bridge Fund, Garbage and Solid Waste Fund and Correctional Facility Fund.

(12) Other Postemployment Benefits.

Plan Description

The Stone 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 Stone 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.

## STONE COUNTY

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

#### (13) Defined Benefit Pension Plan.

##### *General Information about the Pension Plan*

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

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

Contributions. At September 30, 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 \$984,574, \$931,265 and \$865,747, respectively, equal to the required contributions for each year.

##### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions*

At September 30, 2022, the County reported a liability of \$16,649,694 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 0.080888 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.001632 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.



# STONE COUNTY

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

For the year ended September 30, 2022, the County recognized pension expense of \$1,827,207. At September 30, 2022 the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 231,644
Net difference between projected and actual earnings on pension plan investments	898,630
Changes of assumptions	564,230
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	696,221
County contributions subsequent to the measurement date	<u>261,707</u>
Total	<u><u>\$ 2,652,432</u></u>

\$261,707 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:

<u>Year ending September 30</u>	<u>Amount</u>
2023	\$ 889,594
2024	665,085
2025	(67,411)
2026	<u>903,457</u>
Total	<u><u>\$ 2,390,725</u></u>

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.

# STONE COUNTY

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

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.

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	\$ 21,729,551	16,649,694	12,461,610

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

# STONE COUNTY

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

### (14) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2022:

Fund	Deficit Amount
Road and Bridge Fund	\$ 47,513
Sheriff DUI Grant Fund	16,332
COVID Emergency Supplemental Fund	1,025
Eniva Project Fund	4,514
Sheriff Department Equipment Grants Fund	861
Waste Tire Disposal Grant Fund	20,804
Hurricane Zeta Fund	98,670
Multi-Purpose Arena Fund	15,439
Law Library Fund	16,217
Garbage and Solid Waste Fund	139,319
Special Election (School Bond) Fund	38,976
Rip Rap Project Fund	935,168
Stone Elementary Shelter Fund	57,496
Stone High School Shelter Fund	57,495
Storm Shelters Debt Fund	12,580
Perkinston Boulevard Project Fund	325

### (15) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

### (16) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(9,751,151) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$180,468 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 \$1,701,110 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 business-type activities' unrestricted net position amount of \$(2,645,258) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$81,239 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 \$689,615 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.

## STONE COUNTY

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

#### (17) Joint Ventures.

The County participates in the following joint ventures:

Stone County is a participant with Greene County and the Town of Richton in a joint venture authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the Pine Forest Regional Library System. This joint venture was created to provide free library service for the citizens of the respective counties and town and is governed by a five-member board of trustees. Each participant appoints at least one board member and may appoint two at the discretion of the participating party. By contractual agreement, the county's appropriation to the joint venture was \$59,583 in 2022. Complete financial statements for the Pine Forest Regional Library can be obtained from Post Office Box 1208, Richton, Mississippi 39476.

Stone County is a participant with the City of Wiggins in a joint venture, authorized by *Section 61-3-5, Mississippi Code of 1972 Annotated*, to operate the Stone-Wiggins Airport Board. The joint venture was created to provide an airport for the citizens of Stone County and is governed by a board of commissioners consisting of five members, with Stone County and the City of Wiggins appointing two members each and one member appointed jointly by the City and County. By contractual agreement, the county's appropriation to the joint venture was \$2,000 in fiscal year 2022. Complete financial statements for the Stone-Wiggins Airport Board can be obtained from 206 Big Four Road, Wiggins, Mississippi 39577.

#### (18) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Stone County Board of Supervisors appoints one of the 27 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$23,500 for support of the district in fiscal year 2022.

Region XIII Commission for Mental Health and Mental Retardation operates in a district composed of the Counties of Hancock, Harrison, Pearl River and Stone. The governing body is a four-member board of commissioners, one commissioner appointed by the Board of Supervisors of each of the member counties. The county appropriated \$96,004 for support of the agency in fiscal year 2022.

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

Mississippi Gulf Coast Community College operates in a district composed of the Counties of George, Harrison, Jackson and Stone. The college's board of trustees is composed of 23 members, three each appointed by George and Stone Counties, eight each appointed by Harrison and Jackson Counties, and one appointed at large. The County appropriated \$907,072 for maintenance and support of the college in fiscal year 2022.

Stone County Economic Development Partnership is governed by a 15-member board consisting of the President of the Board of Supervisors; five members appointed by the Board of Supervisors; three members appointed by the City of Wiggins; one member appointed by Mississippi Gulf Coast Community College; and five members appointed at large by the Partnership. The organization is supported primarily by a sales tax collected in the county and remitted to the Partnership. The amount remitted in the 2022 fiscal year was \$634,903.

## STONE COUNTY

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

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Stone County Board of Supervisors appoints one of the nine members of the board of directors. The county did not contribute to the District in fiscal year 2022.

(19) Tax Abatements.

As of September 30, 2022, Stone County provides tax exempt status to one paper manufacturing company and three lumber 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 the levies involving the school, community college, mandatory mill, garbage and rubbish, roads, bridges and culverts, fire protection, Pat Harrison Waterway District and twenty-five percent of the General Fund tax levy. These exemptions are authorized under *Sections 27-31-101 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 \$17,970 for the paper manufacturing company and \$47,759 for the lumber manufacturing companies.

(20) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Stone County evaluated the activity of the County through April 2, 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 Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/04/2022	4.64%	\$ 93,100	Financed purchase	Ad Valorem Taxes
12/20/2022	4.85%	549,390	Financed purchase	Ad Valorem Taxes
09/19/2023	5.40%	431,091	Other Loan	Ad Valorem Taxes

## STONE COUNTY

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## STONE COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

## STONE COUNTY

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STONE 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)
<b>REVENUES</b>				
Property taxes	\$ 4,900,382	4,585,609	4,587,132	1,523
Licenses, commissions and other revenue	409,300	506,011	506,769	758
Fines and forfeitures	426,000	492,707	486,393	(6,314)
Intergovernmental revenues	450,000	623,874	623,875	1
Interest income	16,000	22,248	24,456	2,208
Miscellaneous revenues	8,000	117,790	117,790	
Total Revenues	<u>6,209,682</u>	<u>6,348,239</u>	<u>6,346,415</u>	<u>(1,824)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,266,049	3,468,844	3,353,957	114,887
Public safety	2,327,323	2,497,403	2,466,598	30,805
Public works	10,000	2,000	2,000	
Health and welfare	234,763	225,336	225,336	
Culture and recreation	200,671	189,136	188,051	1,085
Conservation of natural resources	63,214	51,599	51,599	
Economic development and assistance	3,500	4,190	4,190	
Debt service:				
Principal	8,509	8,742	8,510	232
Interest	400	0	232	(232)
Total Expenditures	<u>6,114,429</u>	<u>6,447,250</u>	<u>6,300,473</u>	<u>146,777</u>
Excess of Revenues over (under) Expenditures	<u>95,253</u>	<u>(99,011)</u>	<u>45,942</u>	<u>144,953</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	111,626	408,601	408,601	
Transfers out	(115,000)		(146,214)	(146,214)
Other financing sources	45,000	150	150	
Extraordinary items		9,298	9,298	
Total Other Financing Sources and Uses	<u>41,626</u>	<u>418,049</u>	<u>271,835</u>	<u>(146,214)</u>
Net Change in Fund Balance	136,879	319,038	317,777	(1,261)
Fund Balances - Beginning	<u>(259,000)</u>	<u>(78,288)</u>	<u>298,517</u>	<u>376,805</u>
Fund Balances - Ending	<u>\$ (122,121)</u>	<u>240,750</u>	<u>616,294</u>	<u>375,544</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 176,263	307,146	307,146	
Road and bridge privilege taxes	230,000	239,155	239,155	
Licenses, commissions and other revenue	10,000	14,280	14,280	
Intergovernmental revenues	578,000	590,345	590,345	
Interest income	2,500		31	31
Miscellaneous revenues		20,176	20,176	
Total Revenues	<u>996,763</u>	<u>1,171,102</u>	<u>1,171,133</u>	<u>31</u>
<b>EXPENDITURES</b>				
Current:				
Public works	541,862	1,017,494	967,172	50,322
Debt service:				
Principal	441,467	508,120	480,796	27,324
Interest	<u>18,156</u>	<u></u>	<u>27,324</u>	<u>(27,324)</u>
Total Expenditures	<u>1,001,485</u>	<u>1,525,614</u>	<u>1,475,292</u>	<u>50,322</u>
Excess of Revenues over (under) Expenditures	<u>(4,722)</u>	<u>(354,512)</u>	<u>(304,159)</u>	<u>50,353</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	5,000	77,355	77,355	
Transfers in	<u></u>	<u>7,842</u>	<u>7,842</u>	<u></u>
Total Other Financing Sources and Uses	<u>5,000</u>	<u>85,197</u>	<u>85,197</u>	<u>0</u>
Net Change in Fund Balance	278	(269,315)	(218,962)	50,353
Fund Balances - Beginning	<u>837,000</u>	<u>152,934</u>	<u>226,548</u>	<u>73,614</u>
Fund Balances - Ending	<u>\$ 837,278</u>	<u>(116,381)</u>	<u>7,586</u>	<u>123,967</u>

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

STONE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Bridge and Culvert 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	\$ 893,992	1,102,234	1,102,234	
Licenses, commissions and other revenue	6,000	7,935	7,935	
Intergovernmental revenues		82,624	82,624	
Interest income	4,000		5,810	5,810
Total Revenues	<u>903,992</u>	<u>1,192,793</u>	<u>1,198,603</u>	<u>5,810</u>
EXPENDITURES				
Current:				
Public works	1,103,468	1,031,103	1,031,103	
Total Expenditures	<u>1,103,468</u>	<u>1,031,103</u>	<u>1,031,103</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(199,476)</u>	<u>161,690</u>	<u>167,500</u>	<u>5,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	49,565	49,565	
Total Other Financing Sources and Uses	<u>200,000</u>	<u>49,565</u>	<u>49,565</u>	<u>0</u>
Net Change in Fund Balance	524	211,255	217,065	5,810
Fund Balances - Beginning	<u>780,000</u>	<u>1,148,677</u>	<u>1,206,199</u>	<u>57,522</u>
Fund Balances - Ending	<u>\$ 780,524</u>	<u>1,359,932</u>	<u>1,423,264</u>	<u>63,332</u>

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

STONE 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	\$	1,780,777	1,780,777	
Interest income		11,043	11,043	
Total Revenues	0	1,791,820	1,791,820	0
EXPENDITURES				
Total Expenditures	0	0	0	0
Excess of Revenues over (under) Expenditures	0	1,791,820	1,791,820	0
OTHER FINANCING SOURCES (USES)				
Transfers out	(200,000)			
Total Other Financing Sources and Uses	(200,000)	0	0	0
Net Change in Fund Balance	(200,000)	1,791,820	1,791,820	0
Fund Balances - Beginning	0	1,783,340	1,782,553	(787)
Fund Balances - Ending	\$ (200,000)	3,575,160	3,574,373	(787)

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

STONE 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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.080888%	0.079256%	0.074291%	0.072139%	0.074066%	0.070730%	0.071942%	0.073598%
County's proportionate share of the net pension liability (asset)	\$ 16,649,694	11,714,381	14,381,874	12,690,671	12,319,376	11,757,727	12,850,638	11,376,799
Covered payroll	\$ 5,568,567	5,269,729	4,951,056	4,698,400	4,729,811	4,605,868	4,710,260	4,647,435
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.99%	222.30%	290.48%	270.11%	260.46%	255.28%	272.82%	244.80%
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.

STONE 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	\$ 984,574	931,265	865,747	770,900	743,053	725,426	741,866	731,971
Contributions in relation to the contractually required contribution	<u>984,574</u>	<u>931,265</u>	<u>865,747</u>	<u>770,900</u>	<u>743,053</u>	<u>725,426</u>	<u>741,866</u>	<u>731,971</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	\$ 5,658,473	5,352,089	4,975,556	4,758,640	4,717,796	4,605,868	4,710,260	4,647,435
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.20%	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.

# STONE 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	Road and Bridge Fund	Countywide Bridge and Culvert Fund	American Rescue Plan Act Fund
Budget (Cash Basis)	\$ 317,777	(218,962)	217,065	1,791,820
Increase (Decrease)				
Net adjustments for revenue accruals	(182,413)	(61,514)	1,346,115	(1,580,777)
Net adjustments for expenditure accruals	<u>(346,795)</u>	<u>(25,032)</u>	<u>(1,191,566)</u>	<u>(200,000)</u>
GAAP Basis	<u>\$ (211,431)</u>	<u>(305,508)</u>	<u>371,614</u>	<u>11,043</u>

## STONE 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 assumption was reduced from 3.75% to 3.25%.

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

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



## STONE COUNTY

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

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

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

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

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

#### 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 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.

STONE 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

## STONE COUNTY

## SUPPLEMENTARY INFORMATION

## STONE COUNTY

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STONE 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 Agriculture - Forest Service Passed-through the Mississippi State Treasurer's Office Forest service schools and road cluster: School and roads - grants to states	10.665	N/A	\$ 210,999
Total Forest service schools and roads cluster			<u>210,999</u>
Total U.S. Department of Agriculture			<u>210,999</u>
U.S. Department of Justice - Bureau of Justice Assistance Passed-through the Mississippi Department of Public Safety Coronavirus emergency supplemental funding	16.034	20LX1661	<u>2,173</u>
Edward Byrne memorial justice assistance grant program	16.738	20LB1661	<u>4,999</u>
Total U.S. Department of Justice			<u>7,172</u>
U.S. Department of Transportation Passed-through the Mississippi Department of Public Safety Highways safety cluster: National priority safety programs	20.616	M5X-2022-MD-16-61	<u>53,810</u>
Total Highway safety cluster			<u>53,810</u>
Total U.S. Department of Transportation			<u>53,810</u>
U.S. Department of the Treasury Coronavirus state and local fiscal recovery funds (Direct Award)*	21.027	N/A	<u>200,000</u>
Total U.S. Department of the Treasury			<u>200,000</u>
Executive Office of the President Passed-through the Mississippi Department of Public Safety High intensity drug trafficking areas program	95.001	G20-GC0003A	<u>3,749</u>
Total Executive Office of the President			<u>3,749</u>
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency COVID-19 Disaster Grants - public assistance (Presidentially declared disasters)*	97.036	4576-DR-MS	244,731
COVID-19 Disaster Grants - public assistance (Presidentially declared disasters)*	97.036	4626-DR-MS	<u>12,120</u>
Subtotal			<u>256,851</u>
Emergency management performance grants	97.042	Unknown	<u>21,366</u>

STONE 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
Passed-through the Mississippi Department of Public Safety Homeland security grant program	97.067	21LE066	25,000
Total U.S. Department of Homeland Security			303,217
Total Expenditures of Federal Awards			\$ 778,947

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 Stone 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 Stone County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Stone 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

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

Note D - Schools and roads - grants to states

Of the federal expenditures presented in the Schedule, Stone County provided federal awards totaling \$119,680 to subrecipients during the year ended September 30, 2022.

Note E - Disaster grants - public assistance (Presidentially declared disasters) - ALN 97.036

After a Presidential declared disaster, FEMA provides Disaster grants - public assistance (Presidentially declared disasters) (ALN 97.036) to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. In fiscal year 2022, FEMA approved \$256,851 in eligible expenditures that were incurred in the prior fiscal year. These approved eligible expenditures are included on the SEFA for the year ended September 30, 2022.

\* Denotes major federal award program

STONE COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2022

Operating Expenditures, Cash Basis:

Salaries	\$	197,205
Contractual services		2,910
Expendable Commodities:		
Gasoline and petroleum products		86,531
Repair parts		29,618
Clothing		3,063
Maintenance		219
Professional fees, legal advertising, and other fees		331,274
Insurance on equipment		36,351
Interest on financed purchases		<u>4,745</u>

Solid Waste Cash Basis Operating Expenditures		691,916
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Full Cost Expenses:

Indirect administrative costs		908
Depreciation on equipment		75,212
Net effect of other accrued expenses		<u>17,568</u>

Solid Waste Full Cost Operating Expenses	\$	<u><u>785,604</u></u>
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## STONE COUNTY

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## STONE COUNTY

## OTHER INFORMATION

## STONE COUNTY

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STONE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2022  
UNAUDITED

Name	Position	Company	Bond
Clark Byrd	Supervisor District 1	Western Surety	\$100,000
Daniel Harris	Supervisor District 2	Western Surety	\$100,000
Lance Pearson	Supervisor District 3	Western Surety	\$100,000
Clark Bond	Supervisor District 4	Western Surety	\$100,000
Nathan Joel Bond	Supervisor District 5	Western Surety	\$100,000
Kenneth Shelton	County Administrator	Western Surety	\$100,000
Samuel Tom Smith	Chancery Clerk	Western Surety	\$100,000
Evonne E. Alexander	Comptroller	Western Surety	\$100,000
Evonne E. Alexander	Purchase Clerk	Western Surety	\$100,000
Cindy Rogers	Receiving Clerk	Western Surety	\$75,000
Christopher W. Walters	Assistant Receiving Clerk	Western Surety	\$50,000
Twyla Garner	Assistant Receiving Clerk	Western Surety	\$50,000
Erican Lachelle Carter	Assistant Receiving Clerk	Western Surety	\$50,000
Florian L. Hickman	Road Manager	Western Surety	\$50,000
Everette S. Compston	Constable	Western Surety	\$50,000
Michael L. Allen	Constable	Western Surety	\$50,000
Treba Davis	Circuit Clerk	Western Surety	\$100,000
Kimberly Stringer	Deputy Circuit Clerk	Western Surety	\$50,000
April Davis	Deputy Circuit Clerk	Western Surety	\$50,000
Gary M. Farmer	Sheriff	Western Surety	\$100,000
Ricky Farmer	Justice Court Judge	Western Surety	\$50,000
Justin Miles	Justice Court Judge	Western Surety	\$50,000
Katherine F. Rogers	Justice Court Clerk	Western Surety	\$50,000
Glinda J. Barnes	Deputy Justice Court Clerk	Western Surety	\$50,000
Gerry Lee Faulkner	Deputy Justice Court Clerk	Western Surety	\$50,000
Charlene Cobb	Deputy Justice Court Clerk	Western Surety	\$50,000
Charles William, Jr.	Tax Assessor-Collector	Western Surety	\$100,000
Charlotte Kendrick	Deputy Tax Collector	Western Surety	\$50,000
Alysha Craft	Deputy Tax Collector	Western Surety	\$50,000
Tracy Smith	Deputy Tax Collector	Western Surety	\$50,000
Kelli Annette McGee	Deputy Tax Collector	Western Surety	\$50,000
Zachery Lizana	Deputy Tax Collector	Western Surety	\$50,000

## STONE COUNTY

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## STONE COUNTY

## SPECIAL REPORTS

## STONE 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  
Stone 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 Stone 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 April 2, 2024. Our report includes a qualified opinion on the governmental activities, business-type activities and Correctional Facility 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 State of America. Our report also includes a qualified opinion on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Circuit Court fines receivable, net, and the aging of these receivables at September 30, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002, 2022-003, 2022-006 and 2022-007 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-004 and 2022-005 to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stone 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002.

We also noted certain matters, which we have reported to the management of Stone County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 2, 2024, included within this document.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Stone County, Mississippi's responses to the findings identified in our audit and described in the accompanying Auditee's Corrective Action Plan. Stone 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

April 2, 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  
Stone County, Mississippi

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

***Opinion on Each Major Federal Program***

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

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

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

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

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

A handwritten signature in black ink, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

JOE E. MCKNIGHT CPA  
Director, County Audit Section

April 2, 2024

## STONE 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  
Stone County, Mississippi

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

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

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

**Inventory Clerk.**

1. The Inventory Control Clerk should maintain an accurate inventory control system.

**Repeat Finding** Yes

**Criteria** *Section 31-7-107, Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish

County assets from one another, thereby safeguarding County assets from loss or misappropriation. The information is also very important in the financial reporting process.

<b>Condition</b>	<p>As reported in the prior six years' audit reports, deficiencies were noted in the capital asset records:</p> <ul style="list-style-type: none"><li>a. Assets were deleted in a prior year then added back in the current year to be deleted, but were not disposed of until the subsequent year.</li><li>b. Some assets were not being depreciated.</li><li>c. Some assets were booked multiple times.</li><li>d. Assets were booked at the wrong value.</li><li>e. Assets were still on the asset listing that should have been deleted.</li><li>f. Prior year adjustments provided to the County had not been recorded in the County's asset records.</li></ul>
<b>Cause</b>	<p>The Inventory Control Clerk lacked the necessary internal control procedures required to ensure that all items are recorded, properly valued, and properly classified in the County's capital asset records.</p>
<b>Effect</b>	<p>The failure to properly maintain the inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.</p>
<b>Recommendation</b>	<p>The Inventory Clerk should implement appropriate control procedures to ensure that all assets are recorded, properly valued and properly classified in the County's capital asset records. The information in the County's capital asset records should be reconciled by all department heads through an annual inventory to ensure records are accurate and complete.</p>

**Views of Responsible**

**Official(s)** It will be corrected.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Stone 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 From Other Than 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.

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

This report is intended for use in evaluating Stone 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

April 2, 2024

STONE COUNTY

Schedule 1

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

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

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

Schedule 2

Our tests did not identify any emergency purchases.



## STONE 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>
9/19/2022	Transmission Controller & Sensor	\$	8,003	Stribling Equipment (John Deere Dealer)

## STONE 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  
Stone County, Mississippi

In planning and performing our audit of the financial statements of Stone County, Mississippi for the year ended September 30, 2022, we considered Stone 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 Stone 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 April 2, 2024, on the financial statements of Stone 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

**Board of Supervisors.**

1. The County should apportion railcar ad valorem taxes to the appropriate taxing districts.

**Repeat Finding** Yes

**Criteria** *Section 27-35-519, Mississippi Code of 1972 Annotated*, requires the Clerk of the Board of Supervisors to apportion the county payment of railcar ad valorem taxes to the municipalities and other taxing districts in proportion to the number of miles of railroad in the municipality or other taxing districts to the number of miles of railroad in the entire county.

**Condition** As reported in the prior four years' audit reports, it was noted that the County did not apportion railcar ad valorem taxes received to the City of Wiggins or the Stone County School District as required.

<b>Cause</b>	The County lacked the necessary controls to ensure that railcar ad valorem taxes were apportioned in accordance with state law.
<b>Effect</b>	Failure to apportion and settle railcar taxes as required by law could result in the misappropriation of public funds.
<b>Recommendation</b>	The County should implement policies and procedures to ensure that railcar ad valorem taxes are apportioned to other taxing districts.
<b>Views of Responsible Official(s)</b>	We will comply.
<b>2.</b>	<u>Required forms for reemployment of retirees should be properly completed.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Under the re-employment provisions of <i>Section 25-11-127, Mississippi Code of 1972 Annotated</i> , the Mississippi Public Employees Retirement System (PERS) requires counties hiring PERS service retirees to file PERS Form 4B, "Certification/Acknowledgement of Re-employment of Retiree" with the PERS Office for each fiscal year of reemployment. Additionally, counties in which retirees are elected to public office are required to file PERS Form 9C, "County/Municipal Elected Official Reemployment Acknowledgement/Election" for each fiscal year of reemployment.
<b>Condition</b>	As reported in the prior three years' audit reports, we noted that PERS Form 4B had not been completed for three retirees and PERS Form 9C had not been completed for a retired elected official for fiscal year 2022.
<b>Cause</b>	The County lacked internal controls to ensure information is reported to PERS as required by state legal requirements.
<b>Effect</b>	By not filing PERS Form 4B or Form 9C, as applicable for each retiree, the County is not in compliance with state legal requirements.
<b>Recommendation</b>	The County should ensure that PERS Form 4B or Form 9C, as applicable, is completed annually for all retirees.
<b>Views of Responsible Official(s)</b>	We will comply.
<b>3.</b>	<u>Additional privilege tax proceeds should be distributed as if they were ad valorem taxes.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 27-19-11, Mississippi Code of 1972 Annotated</i> , states that counties shall distribute additional privilege tax proceeds as they would if these collections were ad valorem tax proceeds.
<b>Condition</b>	The County did not distribute additional privilege tax proceeds in the same proportion as the County's fiscal year 2022 ad valorem tax levy. Additionally, the County settled additional privilege tax proceeds to the City of Wiggins for which the County is not the levying authority.
<b>Cause</b>	The County lacked the necessary controls to ensure that additional privilege taxes were distributed in accordance with state law.
<b>Effect</b>	Failure to distribute additional privilege taxes as required by law could result in the misappropriation of public funds.

**Recommendation**      The County should implement policies and procedures to ensure that additional privilege taxes are distributed consistent proportionately to the County's tax levy.

**Views of Responsible  
Official(s)**      We will comply.

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

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

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 2, 2024

## STONE COUNTY

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STONE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## STONE COUNTY

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# STONE 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
General Fund	Qualified
Road and Bridge Fund	Unmodified
Countywide Bridge and Culvert Fund	Unmodified
American Rescue Plan Act Fund	Unmodified
Aggregate remaining fund information	Unmodified
Correctional Facility Fund	Qualified

2. Internal control over financial reporting:

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

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 major federal programs: 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 programs:

a. ALN 21.027 - Coronavirus state and local fiscal recovery funds
b. ALN 97.036 - Disaster Grants - public assistance (Presidentially declared disasters)

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 findings 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

STONE COUNTY

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

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**Material Noncompliance**

**2022-001.** County signed warrants without sufficient funds.

**Repeat Finding** Yes

**Criteria** *Section 19-13-43, Mississippi Code of 1972 Annotated*, prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

**Condition** As reported in the prior fifteen years' audit reports, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2022, the following funds had negative cash balances:

- a. Sheriff DUI Grant Fund - \$24,172
- b. COVID Emergency Support Fund - \$1,025
- c. ENVIVA Project Fund - \$4,514
- d. Sheriff's Department Equipment Grants Fund - \$25,861
- e. Waste Tire Disposal Grant Fund - \$20,237
- f. Hurricane Zeta Fund - \$98,670
- g. Multi-Purpose Arena Fund - \$13,161
- h. Law Library Fund - \$16,575
- i. Garbage and Solid Waste Fund - \$98,401
- j. Special Election (School Bond) Fund - \$38,976
- k. Rip Rap Project Fund - \$877,673
- l. Perkinson Boulevard Fund - \$325

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

**Effect** Failure to have sufficient cash balances in County funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balances of other funds for purposes other than the intended purpose. These types of transactions could result in the Board of Supervisors being held personally liable for such amounts.

**Recommendation** The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

**Views of Responsible**

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

**Material Weakness**

**Material Noncompliance**

**2022-002.** Controls over the repayment of interfund advances should be strengthened.

**Repeat Finding** Yes

**Criteria** The Mississippi Code is silent regarding the authority to make interfund loans.

## STONE COUNTY

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

<b>Condition</b>	As reported in the prior four years' audit reports, the County has interfund loans that have been outstanding for over one year. These loans were made to cover errors in posting revenues, debt proceeds and debt service expenditures in prior years. However, these loans were not repaid as of September 30, 2022.
<b>Cause</b>	The County failed to repay outstanding interfund loans.
<b>Effect</b>	Failure of the Board of Supervisors to ensure payment of these loans is an illegal diversion of legally restricted funds.
<b>Recommendation</b>	For any interfund loans made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of funds for repayment. The Board of Supervisors should ensure these old loans are repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.

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

#### Material Weakness

**2022-003.** The County should comply with GASB Statement 75 and report on postemployment healthcare benefits.

**Repeat Finding** Yes

**Criteria** Stone County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the county's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. GASB Statement 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

**Condition** As reported in the prior eight years' audit reports, the County does not issue a publicly available financial report for its health insurance plan. 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.

**Cause** The County chooses to not receive an actuarial valuation.

**Effect** The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities, business-type activities and Correctional Facility Fund.

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

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

STONE COUNTY

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

**Significant Deficiency**

<b>2022-004.</b>	<u>Stone County has inadequate controls over billing and receipt of revenues for housing prisoners.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over the recording of transactions for housing prisoners should include timely billing of invoices, the proper classification of revenues and expenses, and adequate segregation of duties.
<b>Condition</b>	As reported in the prior four years' audit reports, some invoices for housing prisoners were not billed in a timely manner.
<b>Cause</b>	The County lacked the necessary controls over billing and receipts of revenues for housing prisoners.
<b>Effect</b>	Failure to bill invoices in a timely manner and reconcile recorded transactions could result in the incorrect classification of revenues and expenses in the County's accounting records, as well as the misappropriation or loss of public funds. The lack of adequate segregation of duties for the billing and cash receipt functions could also result in the loss of public funds.
<b>Recommendation</b>	The Board of Supervisors should implement a system of internal control that will ensure that all transactions are recorded and correctly classified in the County's accounting records; that all invoices for housing prisoners are billed in a timely manner; and that there is an adequate segregation of duties at the correctional facility.
<b>Views of Responsible Official(s)</b>	See Auditee's Corrective Action Plan.

**Significant Deficiency**

<b>2022-005.</b>	<u>Internal controls over the maintenance of the County's general ledger should be strengthened.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal control over accounting records should include accurate recording of receipts, disbursements and interfund transfers in the County's financial accounting system.
<b>Condition</b>	During the audit, it was noted that the County used incorrect object codes to record receipts and disbursements which resulted in the need for reclassification. The County also reversed out prior year entries in the current year instead of making a transfer between funds to clear out interfund receivables and payables.
<b>Cause</b>	The County did not possess the necessary internal controls to ensure the accurate recording of transfers, expenditures, and revenues.
<b>Effect</b>	Failure to record transfers, revenues, and expenditures correctly could result in inaccurate amounts being reported in the financial statements.
<b>Recommendation</b>	The Board of Supervisors should ensure that control procedures are in place for the proper recording of receipts, disbursements and interfund transfers.

STONE COUNTY

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

**Views of Responsible  
Official(s)**

See Auditee's Corrective Action Plan.

**Circuit Clerk.**

**Material Weakness**

**2022-006.** The Circuit Court Clerk should ensure effective controls over fines receivable.

**Repeat Finding** No

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

**Condition** Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable for Circuit Court fines and aging of fines receivable as of September 30, 2022.

**Cause** The Circuit Clerk lacked the necessary internal controls over fines receivable.

**Effect** The Independent Auditor's Report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable.

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

**Views of Responsible  
Official(s)**

See Auditee's Corrective Action Plan.

**Inventory Clerk.**

**Material Weakness**

**2022-007.** The Inventory Control Clerk should maintain an accurate inventory control system.

**Repeat Finding** Yes

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

**Condition** As reported in the prior six years' audit report, deficiencies were noted in the capital asset records:

- a. Assets were deleted in a prior year then added back in the current year to be deleted, but were not disposed of until the subsequent year.
- b. Some assets were not being depreciated.
- c. Some assets were booked multiple times.

STONE COUNTY

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

- d. Assets were booked for the wrong value.
- e. Assets were still on the asset listing that should have been deleted.
- f. Prior year adjustments provided to the County had not been recorded in the County's capital asset records.

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

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

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

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

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.

STONE COUNTY

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

# STONE COUNTY

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## BOARD OF SUPERVISORS

P. O. DRAWER 7 • WIGGINS, MISSISSIPPI 39577  
PHONE: (601) 928-5266 • FAX: (601) 928-6464



### CORRECTIVE ACTION PLAN

March 12, 2024

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

Gentlemen:

The Stone County Board of Supervisors 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 2: FINANCIAL STATEMENT FINDINGS

- 2022-001.      Corrective action planned: We will comply.  
Anticipated Completion Date: 9/30/2024  
Name of Contact Person Responsible for Corrective Action: Kenneth Shelton, County Administrator.
- 2022-002.      Corrective action planned: We will comply.  
Anticipated Completion Date: 9/30/2024  
Name of Contact Person Responsible for Corrective Action: Kenneth Shelton, County Administrator.
- 2022-003.      Corrective action planned: We will comply.  
Anticipated Completion Date: 9/30/2024  
Name of Contact Person Responsible for Corrective Action: Kenneth Shelton, County Administrator.
- 2022-004.      Corrective action planned: We will comply.  
Anticipated Completion Date: 9/30/2024  
Name of Contact Person Responsible for Corrective Action: Kenneth Shelton, County Administrator

Joseph Davenport  
District 1

Daniel Harris  
District 2

Lance D. Pearson  
District 3  
Vice-President

Scott Strickland  
District 4  
President

Dale T. Bond  
District 5

Gerald W. Bond  
Chancery Clerk

D. Scott Gibson  
Attorney



- 2022-005. Corrective action planned: We will comply.  
Anticipated Completion Date: 9/30/2024  
Name of Contact Person Responsible for Corrective Action: Kenneth Shelton, County Administrator
- 2022-006. Corrective action planned: This will be corrected going forward.  
Anticipated Completion Date: 9/30/2024  
Name of Contact Person Responsible for Corrective Action: Treba Davis, Circuit Clerk
- 2022-007. Corrective action planned: Will be corrected.  
Anticipated Completion Date: 9/30/2024  
Name of Contact Person Responsible for Corrective Action: Micholyn Jamison.

Sincerely yours,

  
\_\_\_\_\_  
President, Board of Supervisors

# STONE COUNTY

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## BOARD OF SUPERVISORS

P. O. DRAWER 7 • WIGGINS, MISSISSIPPI 39577  
PHONE: (601) 928-5266 • FAX: (601) 928-6464



### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

March 12, 2024

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

Gentlemen,

Stone 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**

2008-003. County signed warrants without sufficient funds.

NOT CORRECTED. Repeated as 2009-003, 2010-004, 2011-004, 2012-001, 2013-001, 2014-003, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001, and 2022-001.

2018-002. Controls over the repayment of interfund advances should be strengthened.

NOT CORRECTED. Repeated as 2019-002, 2020-002, 2021-002, and 2022-002.

2015-005. The County should comply with GASB Statement 75 and report on postemployment healthcare benefits.

NOT CORRECTED. Repeated as 2016-003, 2017-003, 2018-004, 2019-004, 2020-004, 2021-003, and 2022-003.

2021-004. The Board of Supervisors should have adequate controls over beginning cash balances.

CORRECTED.

Joseph Davenport  
District 1

Daniel Harris  
District 2

Lance D. Pearson  
District 3  
Vice-President

Scott Strickland  
District 4  
President

Dale T. Bond  
District 5

Gerald W. Bond  
Chancery Clerk

D. Scott Gibson  
Attorney

2018-006. Stone County has inadequate controls over billing and receipt of revenues for housing prisoners.

NOT CORRECTED. Repeated as 2019-006, 2020-006, 2021-005, and 2022-004.

2016-005. The Inventory Control Clerk should maintain an accurate inventory control system.

NOT CORRECTED. Repeated as 2017-005, 2018-009, 2019-009, 2020-008, 2021-006, and 2022-007.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "L. J. Pan", written over a horizontal line.

President, Board of Supervisors