

SIMPSON COUNTY, MISSISSIPPI

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



SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

February 26, 2026

Members of the Board of Supervisors
Simpson County, Mississippi

Dear Board Members:

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White".

Shad White

SIMPSON COUNTY
TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS.....	7
Statement of Net Position	9
Statement of Activities.....	10
Balance Sheet - Governmental Funds.....	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position - Proprietary Fund	15
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	16
Statement of Cash Flows - Proprietary Fund.....	17
Statement of Fiduciary Net Position.....	18
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	45
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund.....	47
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – Countywide Road Maintenance Fund	48
Schedule of the County's Proportionate Share of the Net Pension Liability	49
Schedule of County Contributions.....	50
Notes to the Required Supplementary Information.....	51
OTHER INFORMATION	57
Schedule of Surety Bonds for County Officials.....	59
SPECIAL REPORTS	61
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 <i>Government Auditing Standards</i>	63
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required By <i>Section 31-7-115,</i> <i>Mississippi Code of 1972 Annotated</i>).....	65
Limited Internal Control and Compliance Review Management Report.....	71
SCHEDULE OF FINDINGS AND RESPONSES.....	75

SIMPSON COUNTY

FINANCIAL SECTION

SIMPSON COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Simpson County, Mississippi

Report on the Audit of the Financial Statements

Adverse, Qualified, and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Simpson County, Mississippi, (the County) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of Simpson County, Mississippi, as of September 30, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and garbage and solid waste fund of Simpson County, Mississippi, as of September 30, 2024, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on General Fund

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fund of Simpson County, Mississippi, as of September 30, 2024, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Countywide Road Maintenance Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Countywide Road Maintenance Fund and the aggregate remaining fund information of Simpson County, Mississippi, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

Basis for Adverse, Qualified, and Unmodified Opinions

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

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

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

Matter Giving Rise to Qualified Opinion on the Governmental Activities, Business-type Activities, and Garbage and Solid Waste Fund

As discussed in Note 10 to the financial statement, the County has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities and Garbage and Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services that are 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 right to the benefits which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, business-type activities and the Garbage and Solid Waste Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities and the Garbage and Solid Waste Fund has not been determined.

Matter Giving Rise to Qualified Opinion on the General Fund

The County was unable to provide reconciled bank statements for the Circuit Clerk's operational accounts for the fiscal year ended September 30, 2024. Requests were made to the Circuit Clerk for the criminal account, civil account and cash bond account for September 30, 2024. This issued affects the total cash presented in the General Fund on the financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Omission of Required Supplementary Information

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

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 February 26, 2026 on our consideration of Simpson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Simpson County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Simpson County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 26, 2026

SIMPSON COUNTY

FINANCIAL STATEMENTS

SIMPSON COUNTY

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SIMPSON COUNTY
Statement of Net Position
September 30, 2024

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 12,991,275	205,389	13,196,664
Property tax receivable	12,992,530		12,992,530
Accounts receivable (net of allowance for uncollectibles of \$2,179,148)		644,460	644,460
Fines receivable (net of allowance for uncollectibles of \$2,367,788)	810,722		810,722
Lease receivable	166,274		166,274
Intergovernmental receivables	280,047	11,791	291,838
Other receivables	281,762		281,762
Internal balances	(15,724)	15,724	0
Capital assets:			
Land and construction in progress	1,655,565		1,655,565
Other capital assets, net	62,445,859	756,961	63,202,820
Total Assets	91,608,310	1,634,325	93,242,635
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,860,089	168,347	3,028,436
Deferred amount on refunding	19,946		19,946
Total Deferred Outflows of Resources	2,880,035	168,347	3,048,382
LIABILITIES			
Claims payable	450,835	8,495	459,330
Intergovernmental payables	446,362		446,362
Accrued interest payable	54,186		54,186
Unearned revenue	24,077	63,278	87,355
Amounts held in custody for others	17,189		17,189
Other payables	760		760
Long-term liabilities			
Due within one year:			
Capital debt	2,304,699	64,658	2,369,357
Lease liabilities	19,914		19,914
Due in more than one year:			
Capital debt	13,211,649	361,857	13,573,506
Non-capital debt	403,172	34,773	437,945
Lease liabilities	32,374		32,374
Net pension liability	20,623,330	1,329,792	21,953,122
Total Liabilities	37,588,547	1,862,853	39,451,400
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	370,421	23,827	394,248
Deferred inflows related to leases	162,805		162,805
Deferred revenues - property taxes	12,992,530		12,992,530
Total Deferred Inflows of Resources	13,525,756	23,827	13,549,583
NET POSITION			
Net investment in capital assets	48,552,734	330,446	48,883,180
Restricted for:			
Expendable:			
General government	343,946		343,946
Public safety	1,343,020		1,343,020
Public works	2,979,044		2,979,044
Economic development and assistance	1,837,020		1,837,020
Debt service	96,549		96,549
Unrestricted	(11,778,271)	(414,454)	(12,192,725)
Total Net Position	\$ 43,374,042	(84,008)	43,290,034

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

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

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	\$ 4,275,760	1,042,640	37,685		(3,195,435)		(3,195,435)
Public safety	5,972,768	443,353	261,397	281,000	(4,987,018)		(4,987,018)
Public works	7,946,872		924,750	2,358,237	(4,663,885)		(4,663,885)
Health and welfare	149,020		36,895		(112,125)		(112,125)
Culture and recreation	367,960				(367,960)		(367,960)
Conservation of natural resources	122,611				(122,611)		(122,611)
Economic development and assistance	186,536				(186,536)		(186,536)
Interest on long-term debt	430,060				(430,060)		(430,060)
Pension expense	2,867,028				(2,867,028)		(2,867,028)
Total Governmental Activities	<u>22,318,615</u>	<u>1,485,993</u>	<u>1,260,727</u>	<u>2,639,237</u>	<u>(16,932,658)</u>		<u>(16,932,658)</u>
Business-type activities:							
Solid waste	1,541,928	1,413,537	34,016			(94,375)	(94,375)
Total Business-type Activities	<u>1,541,928</u>	<u>1,413,537</u>	<u>34,016</u>	<u>0</u>		<u>(94,375)</u>	<u>(94,375)</u>
Total Primary Government	\$ <u>23,860,543</u>	<u>2,899,530</u>	<u>1,294,743</u>	<u>2,639,237</u>	<u>(16,932,658)</u>	<u>(94,375)</u>	<u>(17,027,033)</u>
General revenues:							
Property taxes					\$ 13,493,327		13,493,327
Road & bridge privilege taxes					348,516		348,516
Grants and contributions not restricted to specific programs					577,408		577,408
In lieu taxes - Mississippi Hub, LLC					430,829		430,829
Unrestricted interest income					848,719	8,305	857,024
Miscellaneous					582,072	4,101	586,173
Transfers					(113,999)	113,999	0
Total General Revenues and Transfers					<u>16,166,872</u>	<u>126,405</u>	<u>16,293,277</u>
Changes in Net Position					<u>(765,786)</u>	<u>32,030</u>	<u>(733,756)</u>
Net Position - Beginning, as previously reported					43,632,116	(116,038)	43,516,078
Error corrections					507,712		507,712
Net Position - Beginning, as restated					<u>44,139,828</u>	<u>(116,038)</u>	<u>44,023,790</u>
Net Position - Ending					\$ <u>43,374,042</u>	<u>(84,008)</u>	<u>43,290,034</u>

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

SIMPSON COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2024

Exhibit 3

	Major Funds			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 6,305,107	69,227	6,616,941	12,991,275
Property tax receivable	8,069,134	3,092,026	1,831,370	12,992,530
Fines receivable (net of allowance for uncollectibles of \$2,367,788)	810,722			810,722
Lease receivable	166,274			166,274
Intergovernmental receivables	243,841		36,206	280,047
Other receivables	9,851	271,911		281,762
Due from other funds	38,585	60,361	30,545	129,491
Total Assets	\$ 15,643,514	3,493,525	8,515,062	27,652,101
LIABILITIES				
Liabilities:				
Claims payable	\$ 49,677	42,818	358,340	450,835
Intergovernmental payables	437,137			437,137
Due to other funds	148,249	5,653	538	154,440
Unearned revenue			24,077	24,077
Amounts held in custody for others	17,189			17,189
Other payables	760			760
Total Liabilities	653,012	48,471	382,955	1,084,438
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	8,069,134	3,092,026	1,831,370	12,992,530
Unavailable revenue - fines	810,722			810,722
Leases	162,805			162,805
Total Deferred Inflows of Resources	9,042,661	3,092,026	1,831,370	13,966,057
Fund balances:				
Restricted for:				
General government			343,946	343,946
Public safety			1,343,020	1,343,020
Public works		353,028	2,626,016	2,979,044
Economic development and assistance			1,837,020	1,837,020
Debt service			150,735	150,735
Unassigned	5,947,841			5,947,841
Total Fund Balances	5,947,841	353,028	6,300,737	12,601,606
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,643,514	3,493,525	8,515,062	27,652,101

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

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

Exhibit 3-1

	Amount
Total Fund Balance - Governmental Funds	\$ 12,601,606
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 \$103,006,296 and accumulated amortization of \$47,417.	64,101,424
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	810,722
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(15,971,808)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(20,623,330)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(54,186)
Deferred amount on refunding	19,946
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	2,860,089
Deferred inflows of resources related to pensions	(370,421)
Total Net Position - Governmental Activities	\$ 43,374,042

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

SIMPSON COUNTY

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

Exhibit 4

	Major Funds		Previous Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	2021 Road and Bridge Bond Proceeds Fund	Bridge and Culvert Fund		
REVENUES						
Property taxes	\$ 8,875,627	2,802,882			1,814,818	13,493,327
Road and bridge privilege taxes		348,516				348,516
Licenses, commissions and other revenue	365,569				8,534	374,103
Fines and forfeitures	415,089				8,587	423,676
In lieu taxes - Mississippi Hub, LLC	430,829					430,829
Intergovernmental revenues	622,165	628,961			3,226,246	4,477,372
Charges for services	91,492				284,410	375,902
Interest income	497,495	21,942			329,282	848,719
Miscellaneous revenues	305,653	7,834			26,079	339,566
Total Revenues	<u>11,603,919</u>	<u>3,810,135</u>	<u>0</u>	<u>0</u>	<u>5,697,956</u>	<u>21,112,010</u>
EXPENDITURES						
Current:						
General government	4,119,243				195,897	4,315,140
Public safety	5,662,714				1,614,855	7,277,569
Public works	146,369	6,384,820			2,048,707	8,579,896
Health and welfare	139,896					139,896
Culture and recreation	281,386				86,574	367,960
Conservation of natural resources	124,535					124,535
Economic development and assistance	13,780				145,479	159,259
Debt service:						
Principal	777,612	826,208			836,912	2,440,732
Interest	262,328	53,126			128,634	444,088
Total Expenditures	<u>11,527,863</u>	<u>7,264,154</u>	<u>0</u>	<u>0</u>	<u>5,057,058</u>	<u>23,849,075</u>
Excess of Revenues over (under) Expenditures	<u>76,056</u>	<u>(3,454,019)</u>	<u>0</u>	<u>0</u>	<u>640,898</u>	<u>(2,737,065)</u>
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued		1,012,400				1,012,400
Leases issued	30,049					30,049
Proceeds from sale of capital assets		781,355				781,355
Compensation for loss of capital assets	76,698					76,698
Transfers in	600,000	1,842,634			640,241	3,082,875
Transfers out	(772,350)	(500,000)			(1,924,524)	(3,196,874)
Total Other Financing Sources and Uses	<u>(65,603)</u>	<u>3,136,389</u>	<u>0</u>	<u>0</u>	<u>(1,284,283)</u>	<u>1,786,503</u>
Net Changes in Fund Balances	<u>10,453</u>	<u>(317,630)</u>	<u>0</u>	<u>0</u>	<u>(643,385)</u>	<u>(950,562)</u>
Fund Balances - Beginning, as previously reported	5,937,388	670,658	1,546,686	981,807	4,415,629	13,552,168
Change within financial reporting entity (from major to nonmajor fund)			(1,546,686)	(981,807)	2,528,493	0
Fund Balances - Beginning, as restated	<u>5,937,388</u>	<u>670,658</u>	<u>0</u>	<u>0</u>	<u>6,944,122</u>	<u>13,552,168</u>
Fund Balances - Ending	\$ <u>5,947,841</u>	<u>353,028</u>	<u>0</u>	<u>0</u>	<u>6,300,737</u>	<u>12,601,606</u>

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

SIMPSON COUNTY

Exhibit 4-1

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

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ (950,562)
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 \$2,827,829 exceeded depreciation of \$1,954,895 and amortization of \$20,637 in the current period.	852,297
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 \$242,506 and the proceeds from the sale of \$781,355 and the compensation for loss of \$76,698 in the current period.	(615,547)
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.	312,312
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 \$2,440,732 exceeded debt proceeds of \$1,042,449.	1,398,283
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.	(1,025)
The amount of decrease in accrued interest payable.	9,961
The amortization of deferred amount on refunding.	(6,375)
The amortization of bond premium.	10,442
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	(2,867,028)
Recording of contributions made during the year	1,091,456
	(765,786)
Change in Net Position of Governmental Activities	\$ (765,786)

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

SIMPSON COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2024

Exhibit 5

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Garbage and Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 205,389
Accounts receivable (net of allowance for uncollectibles of \$2,179,148)	644,460
Intergovernmental receivables	11,791
Due from other funds	15,724
Total Current Assets	<u>877,364</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	756,961
Total Noncurrent Assets	<u>756,961</u>
Total Assets	<u>1,634,325</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	168,347
Total Deferred Outflows of Resources	<u>168,347</u>
LIABILITIES	
Current liabilities:	
Claims payable	8,495
Unearned revenue	63,278
Capital debt:	
Financed purchases payable	64,658
Total Current Liabilities	<u>136,431</u>
Noncurrent liabilities:	
Capital debt:	
Financed purchases payable	361,857
Non-capital debt:	
Compensated absences payable	34,773
Net pension liability	1,329,792
Total Noncurrent Liabilities	<u>1,726,422</u>
Total Liabilities	<u>1,862,853</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	23,827
Total Deferred Inflows of Resources	<u>23,827</u>
NET POSITION	
Net investment in capital assets	330,446
Unrestricted	(414,454)
Total Net Position	<u>\$ (84,008)</u>

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

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

Exhibit 6

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Garbage and Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 1,413,537
Miscellaneous	729
Total Operating Revenues	<u>1,414,266</u>
Operating Expenses	
Personal services	513,781
Contractual services	368,535
Materials and supplies	261,906
Depreciation expense	203,433
Pension expense	174,774
Total Operating Expenses	<u>1,522,429</u>
Operating Income (Loss)	<u>(108,163)</u>
Nonoperating Revenues (Expenses)	
Interest income	8,305
Intergovernmental grants	34,016
Gain on sale of capital assets	3,372
Interest expense	(19,499)
Net Nonoperating Revenue (Expenses)	<u>26,194</u>
Net Income (Loss) Before Transfers	<u>(81,969)</u>
Transfers in	213,999
Transfers out	(100,000)
Changes in Net Position	<u>32,030</u>
Net Position - Beginning	<u>(116,038)</u>
Net Position - Ending	<u>\$ (84,008)</u>

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

SIMPSON COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2024

Exhibit 7

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Garbage and Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,372,598
Payments to suppliers	(635,085)
Payments to employees	(574,737)
Other operating miscellaneous receipts	729
Net Cash Provided (Used) by Operating Activities	<u>163,505</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	34,016
Cash received from other funds:	
Operating transfers in	113,999
Cash paid to other funds:	
Loans made to other funds	(10,084)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>137,931</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	477,906
Acquisition and construction of capital assets	(477,906)
Principal paid on long-term debt	(104,650)
Interest paid on debt	(19,499)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(124,149)</u>
Cash Flows From Investing Activities	
Interest on deposits	8,305
Net Cash Provided (Used) by Investing Activities	<u>8,305</u>
Net Increase (Decrease) in Cash and Cash Equivalents	185,592
Cash and Cash Equivalents at Beginning of Year	<u>19,797</u>
Cash and Cash Equivalents at End of Year	<u>\$ 205,389</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (108,163)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	203,433
Provision for uncollectible accounts	133,432
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(191,626)
(Increase) decrease in intergovernmental receivables	20,268
Increase (decrease) in claims payable	(4,644)
Increase (decrease) in compensated absences liability	5,580
Increase (decrease) in unearned revenue	(3,013)
Increase (decrease) in pension liability, deferred outflows/inflows, net	108,238
Total Adjustments	<u>271,668</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 163,505</u>

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

SIMPSON COUNTY
Statement of Fiduciary Net Position
September 30, 2024

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 87,043
Receivables:	
Due from other funds	<u>47,259</u>
Total Assets	<u><u>134,302</u></u>
LIABILITIES	
Intergovernmental payables	47,259
Due to other funds	<u>38,034</u>
Total Liabilities	<u><u>85,293</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>49,009</u>
Total Net Position	<u><u>\$ 49,009</u></u>

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

SIMPSON COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2024

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 1,521,914
Licenses and fees collected for State	<u>453,497</u>
Total Additions	<u>1,975,411</u>
DEDUCTIONS	
Payments of tax to other governments	1,556,152
Payments of licenses and fees to State	<u>480,148</u>
Total Deductions	<u>2,036,300</u>
Net increase (decrease) in fiduciary net position	(60,889)
Net Position - Beginning	<u>109,898</u>
Net Position - Ending	<u>\$ 49,009</u>

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

SIMPSON COUNTY

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SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Simpson County Park Commission

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

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

B. Individual Component Unit Disclosures.

Blended Component Unit

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

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2024

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

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

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.

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

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

E. Account Classifications.

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

F. Deposits and Investments.

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2024

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Simpson County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 1980, 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, 1980.

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

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:

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
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 lease 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.

J. Deferred Outflows/Inflows of Resources.

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

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

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

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

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

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

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

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

K. Leases.

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

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

L. Long-term Liabilities.

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

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

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

M. Pensions.

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

N. Compensated Absences.

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2024

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

P. 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.

Q. 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.

R. Changes in Accounting Standards.

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

(2) Adjustments and Restatements of Beginning Balances.

Correction of an Error in Previously Issued Financial Statements

An adjustment in the amount of \$203,000 was made to correctly report beginning capital asset balances, net of depreciation, in Governmental Activities.

An adjustment in the amount of \$304,712 was made to correctly report beginning balances of long-term liabilities in Governmental Activities.

Adjustments to and Restatements of Beginning Balances

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Funds			Government-Wide
	2021 Road and and Bridge Bond Proceeds Fund	Bridge and Culvert Fund	Other Governmental Funds	Governmental Activities
9/30/2023, as previously reported	\$ 1,546,686	981,807	4,415,629	43,632,116
Change from major to nonmajor fund	(1,546,686)	(981,807)	2,528,493	
Error corrections				507,712
9/30/2023, as adjusted or restated	\$ 0	0	6,944,122	44,139,828

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2024, was \$13,283,707, and the bank balance was \$14,042,802. 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, 2024:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Countywide Road Maintenance Fund	\$ 13
General Fund	Other Governmental Funds	538
General Fund	Custodial Funds	38,034
Countywide Road Maintenance Fund	General Fund	60,361
Other Governmental Funds	General Fund	30,545
Garbage and Solid Waste Fund	General Fund	10,084
Garbage and Solid Waste Fund	Countywide Road Maintenance Fund	5,640
Custodial Funds	General Fund	47,259
Total		\$ 192,474

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

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

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Countywide Road Maintenance Fund	\$ 500,000
General Fund	Garbage and Solid Waste Fund	100,000
Countywide Road Maintenance Fund	General Fund	500,000
Countywide Road Maintenance Fund	Other Governmental Funds	1,342,634
Other Governmental Funds	General Fund	172,350
Other Governmental Funds	Other Governmental Funds	467,891
Garbage and Solid Waste Fund	General Fund	100,000
Garbage and Solid Waste Fund	Other Governmental Funds	113,999
		\$ 3,296,874
Total		

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

(5) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 203,745
Emergency management performance grant reimbursement	26,088
Reimbursement for housing prisoners	4,541
E-911 service fees	36,206
Youth court reimbursements	8,750
Training reimbursements	717
	\$ 280,047
Total Governmental Activities	
Business-type Activities:	
Town of D'Lo	\$ 3,088
City of Mendenhall	3,638
City of Magee	5,065
	\$ 11,791
Total Business-type Activities	

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

(6) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2023	Additions	Deletions	Adjustments*	Balance Sept. 30, 2024
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,591,752				1,591,752
Construction in progress	1,262,177	692,730		(1,891,094)	63,813
Total non-depreciable capital assets	2,853,929	692,730	0	(1,891,094)	1,655,565
<u>Depreciable capital assets:</u>					
Infrastructure	136,591,806		449,213	1,295,982	137,438,575
Buildings	14,908,665			678,000	15,586,665
Improvements other than buildings	681,890				681,890
Mobile equipment	9,988,764	2,078,578	1,884,326	129,600	10,312,616
Furniture and equipment	1,364,764	26,472			1,391,236
Total depreciable capital assets	163,535,889	2,105,050	2,333,539	2,103,582	165,410,982
<u>Less accumulated depreciation for:</u>					
Infrastructure	89,195,561	463,111	449,213		89,209,459
Buildings	6,147,501	245,427		(13,840)	6,379,088
Improvements other than buildings	381,878	27,277			409,155
Mobile equipment	6,158,074	1,104,828	1,268,779	23,328	6,017,451
Furniture and equipment	876,891	114,252			991,143
Total accumulated depreciation	102,759,905	1,954,895	1,717,992	9,488	103,006,296
Total depreciable capital assets, net	60,775,984	150,155	615,547	2,094,094	62,404,686
Governmental activities capital assets, net	\$ 63,629,913	842,885	615,547	203,000	64,060,251
Lease assets, net (Note 7)					41,173
Total capital assets, net, as reported in the statement of net position					\$ 64,101,424

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

Business-type activities:

	Balance Oct. 1, 2023	Additions	Deletions	Balance Sept. 30, 2024
<u>Depreciable capital assets:</u>				
Buildings	\$ 164,260			164,260
Mobile equipment	1,476,390	477,906	22,675	1,931,621
Furniture and equipment	8,159			8,159
Total depreciable capital assets	1,648,809	477,906	22,675	2,104,040
<u>Less accumulated depreciation for:</u>				
Buildings	82,150	3,286		85,436
Mobile equipment	1,080,433	198,677	20,407	1,258,703
Furniture and equipment	1,470	1,470		2,940
Total accumulated depreciation	1,164,053	203,433	20,407	1,347,079
Total depreciable capital assets, net	484,756	274,473	2,268	756,961
Business-type activities capital assets, net	\$ 484,756	274,473	2,268	756,961

*The adjustments above reflect routine reclassification of completed construction in progress to infrastructure and corrections to prior year errors in capital asset records.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 313,278
Public safety	345,804
Public works	1,259,412
Health and welfare	9,124
Economic development and assistance	27,277
Total governmental activities depreciation expense	\$ 1,954,895
	Amount
Business-type activities:	
Solid waste	\$ 203,433

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Peacock Road bridge replacement	\$ 371,465	January, 2025

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

(7) Intangible Right-to-Use Lease Assets.

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

Governmental Activities:

	Balance Oct. 1, 2023	Additions	Deductions	Balance Sept. 30, 2024
<u>Lease assets:</u>				
Furniture and equipment	\$ 84,084	30,049	25,543	88,590
Total lease assets	<u>84,084</u>	<u>30,049</u>	<u>25,543</u>	<u>88,590</u>
<u>Less accumulated amortization for:</u>				
<u>Lease assets:</u>				
Furniture and equipment	52,323	20,637	25,543	47,417
Total accumulated amortization	<u>52,323</u>	<u>20,637</u>	<u>25,543</u>	<u>47,417</u>
Total lease assets, net	<u>\$ 31,761</u>	<u>9,412</u>	<u>0</u>	<u>41,173</u>

Amortization expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 15,326
Public safety	2,272
Conservation of natural resources	<u>3,039</u>
Total governmental activities amortization expense	<u>\$ 20,637</u>

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

	Balance 10/1/2023	Additions	Deductions	Balance 9/30/2024	Amounts due within one year
Lease liabilities	\$ <u>42,515</u>	<u>30,049</u>	<u>20,276</u>	<u>52,288</u>	<u>19,914</u>

Leases

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

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

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

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or 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.

As Lessee:

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

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

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Postage machine	3.25%	60 mos	06/01/21	05/30/26	\$ 179	\$ 3,483
Postage machine	5.33%	60 mos	06/01/23	05/30/28	185	7,387
Copier lease	3.78%	48 mos	11/01/22	10/01/26	159	3,817
Copier lease	3.25%	60 mos	01/01/22	12/30/26	189	4,915
Copier lease	3.25%	48 mos	08/01/21	07/30/25	202	1,986
Copier lease	3.50%	48 mos	04/01/22	03/30/26	271	4,745
Copier lease	8.50%	48 mos	10/01/23	09/30/27	147	4,657
Copier lease	8.00%	48 mos	04/23/24	04/22/28	319	11,650
Copier lease	8.00%	48 mos	04/23/24	04/22/28	264	9,648
					\$ 1,915	\$ 52,288

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2025	\$ 19,914	2,664
2026	16,570	1,645
2027	10,933	3,477
2028	4,871	108
Total	\$ 52,288	7,894

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

As Lessor:

On July 12, 2019, Simpson County entered into a non-cancellable lease agreement with Howard Industries, Inc. for the lease of commercial property owned by the County with a basic term of ten (10) years for the purpose of operating a manufacturing plant. The lease stipulated that the lessee would pay \$52,965 per year for the years 2019 and 2020. For the remainder of the term, the lessee would pay \$45,000 per annum on or before July 12, 2021, and a like payment on the same day of each year of the remaining term. The County is to receive \$45,000 in rent annually with an implicit interest rate of 3.25%. The income received was \$45,000 for the year ended September 30, 2024.

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

Year Ending September 30	Principal	Interest
2025	\$ 39,596	5,404
2026	40,883	4,117
2027	42,212	2,788
2028	43,583	1,417
Total	\$ 166,274	13,726

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

(9) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General obligation refunding bonds, series 2017	\$ 3,436,000	2.45-4.00%	11/2030
2021 General obligation road and bridge bonds	<u>5,538,000</u>	1.69%	08/2031
Total General Obligation Bonds	<u>\$ 8,974,000</u>		
B. Financed Purchases:			
2020 Caterpillar 320 excavator	\$ 114,007	1.53%	04/2025
2022 Kenworth knuckle boom T370	84,638	1.17%	06/2025
E911 equipment	314,521	4.51%	12/2027
(2) Caterpillar 430 backhoe loaders	218,725	4.30%	03/2026
(2) Caterpillar 140 GC motor graders	440,061	4.37%	01/2025
(1) 2024 Kenworth T880 dump truck	169,261	5.18%	12/2024
(1) 2025 Kenworth T480 dump truck	170,621	5.01%	06/2027
(4) Caterpillar 430 backhoe loaders	<u>590,951</u>	5.75%	08/2027
Total Financed Purchases	<u>\$ 2,102,785</u>		
C. Other Loans:			
Energy efficiency loan	\$ 3,775,855	2.92%	11/2042
General obligation note, courthouse	<u>632,000</u>	4.23%	02/2028
Total Other Loans	<u>\$ 4,407,855</u>		
Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Financed Purchases:			
(2) Western Star/New Way garbage trucks	<u>\$ 426,515</u>	5.17%	11/2026

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,239,000	178,898	777,510	80,945
2026	1,264,000	152,771	722,375	48,176
2027	1,290,000	127,317	518,993	26,601
2028	1,320,000	100,897	83,907	3,784
2029	1,344,000	73,362		
2030 - 2034	<u>2,517,000</u>	<u>63,268</u>		
Total	<u>\$ 8,974,000</u>	<u>696,513</u>	<u>2,102,785</u>	<u>159,506</u>

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 288,189	133,647
2026	294,269	123,161
2027	300,583	112,499
2028	307,139	101,653
2029	155,946	93,956
2030 - 2034	891,273	397,230
2035 - 2039	1,104,598	255,105
2040 - 2044	<u>1,065,858</u>	<u>79,413</u>
Total	<u>\$ 4,407,855</u>	<u>1,296,664</u>

Business-type Activities:

<u>Year Ending September 30</u>	<u>Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 64,658	20,273
2026	68,082	16,850
2027	<u>293,775</u>	<u>3,303</u>
Total	<u>\$ 426,515</u>	<u>40,426</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, 2024, the amount of outstanding debt was equal to 3.00 percent (3.00%) of the latest property assessments.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

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

	Balance Oct. 1, 2023	Additions	Reductions	Adjustments*	Balance Sept. 30, 2024	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 402,147	1,025			403,172	
General obligation bonds	10,187,000		1,213,000		8,974,000	1,239,000
Add:						
Premiums	42,150		10,442		31,708	
Financed purchases	2,320,217	1,012,400	925,120	(304,712)	2,102,785	777,510
Obligations under leases	42,515	30,049	20,276		52,288	19,914
Other loans	4,690,191		282,336		4,407,855	288,189
Total	\$ 17,684,220	1,043,474	2,451,174	(304,712)	15,971,808	2,324,613

	Balance Oct. 1, 2023	Additions	Reductions	Balance Sept. 30, 2024	Amount due within one year
Business-type Activities:					
Compensated absences	\$ 29,193	5,580		34,773	
Financed purchases	53,259	477,906	104,650	426,515	64,658
Total	\$ 82,452	483,486	104,650	461,288	64,658

*The adjustment above reflects corrections to prior year errors in long-term liability balances.

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

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

(10) Other Postemployment Benefits.

Plan Description

The Simpson County Board of Supervisors administers the County's health insurance plan, which is authorized by *Sections 25-15-101 et seq., Mississippi Code of 1972 Annotated*. The County's health insurance plan may be amended by the Simpson County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan. However, the County has not recorded a liability for other postemployment

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

benefits nor has the County reported the note disclosures, which are required by accounting principles generally accepted in the United States of America.

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2024, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2024 was 17.90% of annual covered payroll. This rate increased as of July 1, 2024 from 17.40%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2024, 2023 and 2022 were \$1,157,992, \$1,086,012 and \$1,039,539, respectively, equal to the required contributions for each year.

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

At September 30, 2024, the County reported a liability of \$21,953,122 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

determined. The County's proportionate share used to calculate the September 30, 2024 net pension liability was 0.084541 percent, which was based on a measurement date of June 30, 2024. This was an increase of 0.001163 percent from its proportionate share used to calculate the September 30, 2023 net pension liability, which was based on a measurement date of June 30, 2023.

For the year ended September 30, 2024, the County recognized pension expense of \$3,041,802. At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,178,783	
Net difference between projected and actual earnings on pension plan investments	76,971	
Changes of assumptions	1,341,067	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	135,622	394,248
County contributions subsequent to the measurement date	295,993	
Total	<u>\$ 3,028,436</u>	<u>394,248</u>

\$295,993 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2025	\$ 824,813
2026	1,645,255
2027	46,462
2028	(178,335)
Total	<u>\$ 2,338,195</u>

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

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

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

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

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

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

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

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

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
County's proportionate share of the net pension liability	\$ 28,454,440	21,953,122	16,632,284

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

(12) Contingencies.

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

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

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(11,778,271) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$278,986 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. The \$2,581,103 balance of the deferred outflows of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next three years. The \$370,421 balance of the deferred inflows of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position amount of \$(11,778,271) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$162,805 balance of deferred inflows of resources related to leases at September 30, 2024, will be recognized as revenue and will increase the unrestricted net position over the next four years.

The governmental activities' net investment in capital assets net position of \$48,552,734 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$19,946 balance of deferred outflows of resources at September 30, 2024, will be recognized as an expense and will decrease the net investment in capital assets net position over the next seven years.

The business-type activities' unrestricted net position amount of \$(414,454) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$17,007 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. The \$151,340 balance of the deferred outflows of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next three years. The \$23,827 balance of the deferred inflows of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next four years.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

(14) Joint Ventures.

The County participates in the following joint ventures:

Simpson County is a participant with Rankin, Scott, and Smith Counties in a joint venture authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the Central Mississippi Regional Library System. The joint venture was created to provide free library service to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$195,235 in fiscal year 2024. Complete financial statements for the Central Mississippi Regional Library System can be obtained from the following address: 100 Tamberline St., Brandon, MS 39042.

Simpson County is a participant with the Cities of Magee and Mendenhall in a joint venture authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the South Central Regional Solid Waste Authority. The joint venture was created to provide rubbish waste disposal for the residents of Simpson County and is governed by a seven-member board appointed by the Board of Supervisors and Board of Aldermen; three by Simpson County, and two each by the Cities of Magee and Mendenhall. The County's appropriation to the joint venture was \$146,375 in fiscal year 2024. Complete financial statements for the South Central Mississippi Regional Solid Waste Authority can be obtained from the following address: P.O. Box 487, Mendenhall, MS 39114.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Simpson County Board of Supervisors appoints two of the 27 members of the college board of trustees. The County appropriated \$1,556,151 for the maintenance and support of the college in the fiscal year 2024.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Lincoln, Madison, Rankin and Simpson. The Simpson County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$45,000 for support of the commission in fiscal year 2024.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Simpson County Board of Supervisors appoints three of the 33 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County appropriated \$13,780 for the support of the district for fiscal year 2024.

(16) Tax Abatements.

As of September 30, 2024, Simpson County provides tax exempt status to one public utility, two manufacturing companies, and two data processing companies subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under *Sections 27-31-101, 27-1-104 and 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2024 totaled \$753,947.

SIMPSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2024

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Simpson County evaluated the activity of the County through February 26, 2026, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2024, the County 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>
11/13/2024	4.31%	\$ 183,580	Financed purchase	Ad valorem taxes
12/31/2024	4.35%	550,000	Financed purchase	Ad valorem taxes
12/31/2024	4.47%	370,000	Financed purchase	Ad valorem taxes
04/16/2025	4.27%	331,790	Financed purchase	Ad valorem taxes
04/16/2025	4.27%	385,584	Financed purchase	Ad valorem taxes
05/16/2025	4.31%	105,000	Financed purchase	Ad valorem taxes
06/13/2025	4.34%	421,000	Financed purchase	Ad valorem taxes
06/13/2025	4.31%	339,700	Financed purchase	Ad valorem taxes
06/13/2025	4.23%	227,700	Financed purchase	Ad valorem taxes
07/24/2025	4.29%	407,596	Financed purchase	Ad valorem taxes

Simpson County entered into various leases for copiers subsequent to September 30, 2024, as follows:

12/01/2024	7.75%	\$ 159/month	Copier lease	Ad valorem taxes
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SIMPSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SIMPSON COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 8,923,872	9,240,251	9,240,251	
Licenses, commissions and other revenue	478,400	396,625	396,625	
Fines and forfeitures	435,100	418,388	418,388	
Intergovernmental revenues	792,150	592,469	585,375	(7,094)
Charges for services	168,000	111,167	111,167	
Interest income	315,000	490,700	490,700	
Miscellaneous revenues	202,500	344,177	344,177	
Total Revenues	<u>11,315,022</u>	<u>11,593,777</u>	<u>11,586,683</u>	<u>(7,094)</u>
EXPENDITURES				
Current:				
General government	5,199,856	4,187,374	4,188,138	(764)
Public safety	5,380,081	5,663,597	5,663,597	
Public works	146,239	146,370	146,370	
Health and welfare	146,600	139,954	139,954	
Culture and recreation	280,235	281,100	281,100	
Conservation of natural resources	130,978	127,737	127,737	
Economic development and assistance	13,780	13,780	13,780	
Debt service:				
Principal	1,021,351	758,087	758,087	
Interest		259,075	259,075	
Total Expenditures	<u>12,319,120</u>	<u>11,577,074</u>	<u>11,577,838</u>	<u>(764)</u>
Excess of Revenues over (under) Expenditures	<u>(1,004,098)</u>	<u>16,703</u>	<u>8,845</u>	<u>(7,858)</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		98,783	98,783	
Transfers out		(172,350)	(172,350)	
Other financing sources	100,000			
Other financing uses	(123,020)			
Total Other Financing Sources and Uses	<u>(23,020)</u>	<u>(73,567)</u>	<u>(73,567)</u>	<u>0</u>
Net Change in Fund Balance	(1,027,118)	(56,864)	(64,722)	(7,858)
Fund Balances - Beginning	<u>5,650,000</u>	<u>5,879,330</u>	<u>5,879,330</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 4,622,882</u>	<u>5,822,466</u>	<u>5,814,608</u>	<u>(7,858)</u>

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

SIMPSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2024
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,081,539	2,804,985	2,804,985	
Road and bridge privilege taxes		349,635	349,635	
Intergovernmental revenues	715,500	628,961	628,961	
Interest income	25,000	21,942	21,942	
Miscellaneous revenues	10,500	4,263	4,263	
Total Revenues	<u>3,832,539</u>	<u>3,809,786</u>	<u>3,809,786</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	5,038,299	4,528,679	4,528,679	
Debt service:				
Principal	338,904	826,168	826,168	
Interest		53,166	53,166	
Total Expenditures	<u>5,377,203</u>	<u>5,408,013</u>	<u>5,408,013</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,544,664)</u>	<u>(1,598,227)</u>	<u>(1,598,227)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		402,800	402,800	
Compensation for loss of capital assets		518,656	518,656	
Other financing sources	1,450,000			
Total Other Financing Sources and Uses	<u>1,450,000</u>	<u>921,456</u>	<u>921,456</u>	<u>0</u>
Net Change in Fund Balance	(94,664)	(676,771)	(676,771)	0
Fund Balances - Beginning	348,000	745,998	745,998	0
Fund Balances - Ending	<u>\$ 253,336</u>	<u>69,227</u>	<u>69,227</u>	<u>0</u>

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

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

	<u>2024</u>	<u>2023</u>	<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)	0.084541%	0.083378%	0.087026%	0.088388%	0.086179%	0.081406%	0.076905%	0.073517%	0.074263%	0.074260%
County's proportionate share of the net pension liability (asset)	\$ 21,953,122	20,970,668	17,913,118	13,064,133	16,683,253	14,320,920	12,791,585	12,221,019	13,265,228	11,479,132
Covered payroll	\$ 6,478,582	6,180,612	5,991,148	5,876,870	5,643,859	5,395,898	4,995,967	4,739,682	4,750,761	4,639,321
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	338.86%	339.30%	298.99%	222.30%	295.60%	265.40%	256.04%	257.84%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,157,992	1,086,012	1,039,539	1,029,279	994,891	872,807	788,441	748,211	750,441	732,893
Contributions in relation to the contractually required contribution	<u>1,157,992</u>	<u>1,086,012</u>	<u>1,039,539</u>	<u>1,029,279</u>	<u>994,891</u>	<u>872,807</u>	<u>788,441</u>	<u>748,211</u>	<u>750,441</u>	<u>732,893</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 6,605,773	6,241,448	5,974,362	5,915,394	5,717,764	5,398,310	5,005,975	4,750,547	4,764,705	4,653,289
Contributions as a percentage of covered payroll	17.53% **	17.40%	17.40%	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%

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

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

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

SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2024
UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his 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 the major Special Revenue Fund:

SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2024
UNAUDITED

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>
Budget (Cash Basis)	\$ (64,722)	(676,771)
Increase (Decrease)		
Net adjustments for revenue accruals	625,200	2,715,282
Net adjustments for expenditure accruals	<u>(550,025)</u>	<u>(2,356,141)</u>
GAAP Basis	\$ <u>10,453</u>	<u>(317,630)</u>

D. Excess of Actual Expenditures Over Budget in Individual Funds.

The following fund had an excess of actual expenditures over budget for the year ended September 30, 2024:

<u>Fund</u>	<u>Excess</u>
General Fund	\$ 764

The General Fund is in violation of *Section 19-11-17, Mississippi Code of 1972 Annotated*. However, the County has no liability associated with these violations.

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%.

SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2024
UNAUDITED

2017

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

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

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

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

2019

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

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

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

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

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

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

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

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

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

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

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

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

2021

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

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

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

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

SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2024
UNAUDITED

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

For males, 134% of male rates at all ages.
For females, 121% of female rates at all ages.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 97% of male rates at all ages.
For females, 110% of female rates at all ages.
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
The price inflation assumption was reduced from 2.75% to 2.40%.
The wage inflation assumption was reduced from 3.00% to 2.65%.
The investment rate of return assumption was changed from 7.75% to 7.55%.
The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

2023

The investment rate of return assumption was changed from 7.55% to 7.00%.
The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

B. Changes in benefit provisions.

2016

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

SIMPSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2024
UNAUDITED

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2022 valuation for the June 30, 2024 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25.6 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

SIMPSON COUNTY

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SIMPSON COUNTY

OTHER INFORMATION

SIMPSON COUNTY

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

Name	Position	Company	Bond
Mitchell Chatman	Supervisor District 1	Western Surety Company	\$100,000
Danny Craft	Supervisor District 2	Western Surety Company	\$100,000
Wayne Womack	Supervisor District 3	Western Surety Company	\$100,000
Donny Welch	Supervisor District 4	Western Surety Company	\$100,000
Charlie Westmoreland	Supervisor District 5	Western Surety Company	\$100,000
Eric Bowen	County Administrator	Western Surety Company	\$100,000
Tim Gray	Chancery Clerk	Western Surety Company	\$100,000
Regina Evans	Purchase Clerk	Western Surety Company	\$100,000
Trudy Lockhart	Receiving Clerk	Western Surety Company	\$75,000
Pamela Savell	Assistant Receiving Clerk	Western Surety Company	\$50,000
Jeremy Bolton	Assistant Receiving Clerk	Western Surety Company	\$50,000
Deanna Moore	Assistant Receiving Clerk	Western Surety Company	\$50,000
Ted Warren	Assistant Receiving Clerk	Western Surety Company	\$50,000
Charles Welch	Inventory Control Clerk	Western Surety Company	\$75,000
Ben Warren	Road Manager	Western Surety Company	\$50,000
Chris Jones	Constable	Western Surety Company	\$50,000
Randall Coleman	Constable	Western Surety Company	\$50,000
Witt Fortenberry	Circuit Clerk	Western Surety Company	\$100,000
Theija Abernathy	Deputy Circuit Clerk	Western Surety Company	\$50,000
Jeri Knupp	Deputy Circuit Clerk	Western Surety Company	\$50,000
Paul Mullins	Sheriff	Western Surety Company	\$100,000
Brian Kennedy	Justice Court Judge	Western Surety Company	\$50,000
Charles Savell	Justice Court Judge	Western Surety Company	\$50,000
Joyce Hicks	Justice Court Clerk	Western Surety Company	\$50,000
Mary Alice Walker	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Ursula Sims	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Haleigh Holyfield	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Jamie Brewer	Tax Assessor-Collector	Western Surety Company	\$100,000
Dawn McMullan	Deputy Tax Collector	Western Surety Company	\$50,000
Shay McNeil	Deputy Tax Collector	Western Surety Company	\$50,000
Diana Ashtin Rawls	Deputy Tax Collector	Western Surety Company	\$50,000
Carolyn Williams	Deputy Tax Collector	Western Surety Company	\$50,000
Jazmine Peacock	Deputy Tax Collector	Western Surety Company	\$50,000
Kathy Kennedy	Deputy Tax Collector	Western Surety Company	\$50,000
Kendra Lee	Deputy Tax Collector	Western Surety Company	\$50,000
Haley Snellgrove	Deputy Tax Collector	Western Surety Company	\$50,000

SIMPSON COUNTY

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SIMPSON COUNTY

SPECIAL REPORTS

SIMPSON COUNTY

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

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

Members of the Board of Supervisors
Simpson County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Simpson County, Mississippi (the County), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 26, 2026. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The report is qualified on the governmental activities, business-type activities, and Garbage and Solid Waste Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. Our report also includes a qualified opinion on the General Fund due to the lack of reconciled bank accounts for the Circuit Clerk's operational accounts.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Simpson County, Mississippi's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Simpson County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 Responses, 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 Responses as items 2024-001 and 2024-003 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 deficiency described in the accompanying Schedule of Findings and Responses as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Simpson County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 2024-003.

We also noted certain matters, which we have reported to the management of Simpson County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated February 26, 2026, included within this document.

Simpson County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 26, 2026



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

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

Members of the Board of Supervisors
Simpson County, Mississippi

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Simpson County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Board of Supervisors.

1. Assistant Receiving Clerks should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires each assistant receiving clerk to execute a bond for an amount not less than \$50,000, to be payable, conditioned and approved as provided by law.

Condition During review of the County's surety bonds, it was noted that one assistant receiving clerk was not bonded for the entire 2024 fiscal year.

Cause	The County did not comply with state law.
Effect	Failure to comply with the statute would limit the amount available for recovery if a loss occurred.
Recommendation	The County should implement procedures to ensure each assistant receiving clerk is bonded in accordance with state law.
Views of Responsible Official(s)	We are taking the necessary steps to ensure full compliance moving forward. A new procedure is now in place to monitor all bonding requirements and ensure that no lapse in coverage occurs in the future. We are committed to maintaining proper controls and upholding all audit standards.

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

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

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

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



JOE E. MCKNIGHT, CPA
 Director, County Audit Section

February 26, 2026

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

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
11/15/2023	Coats Road bridge repair	\$ 9,800	Grant Blakeney	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and traveling citizens.
11/20/2023	Detention Center fire alarm protection system repair	7,557	Johnson Controls/Simplex Grinnell	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority, employees, inmates, and citizens.
12/04/2023	Detention Center fire alarm protection system repair	9,779	Johnson Controls/Simplex Grinnell	State Fire Marshall inspection found fire alarm not fully functional. Hourly Fire Watch System implemented. Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority, employees, inmates, and citizens.
12/06/2023	Detention Center heat exchangers repair	14,836	Upchurch Services	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority, employees, inmates, and citizens.
03/15/2024	Star Braxton Road bridge guard rail repair	7,675	Atwood Fence	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and citizens.
03/15/2024	Calvary Church Road bridge repair	19,060	Grant Blakeney	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and traveling citizens.

SIMPSON COUNTY
 Schedule of Emergency Purchases - cont'd
 For the Year Ended September 30, 2024

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
04/02/2024	David Sherman Road bridge repair	\$ 61,978	The Railroad Yard	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and traveling citizens.
06/20/2024	Circuit Courthouse roof leak repair	32,100	Malone Roofing	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and citizens.
08/05/2024	Circuit Courthouse roof leak repair	12,800	Malone Roofing	Delaying incident to give opportunity for competitive bidding would be detrimental to the interest of the governing authority and citizens.

SIMPSON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2024

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
10/24/2023	Sheriff's Office body camera system	\$	12,552	Motorola



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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Simpson County, Mississippi

In planning and performing our audit of the financial statements of Simpson County, Mississippi for the year ended September 30, 2024, we considered Simpson County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Simpson County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated February 26, 2026, on the financial statements of Simpson County, Mississippi.

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

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

Board of Supervisors.

1. Interfund transfers should be spread upon the minutes of the Board of Supervisors.

Repeat Finding No

Criteria *Section 19-3-27, Mississippi Code of 1972 Annotated*, requires the complete and correct record be maintained for all proceedings of the Board of Supervisors.

Condition During our testing of interfund transfers, we noted some interfund transfers were made without board orders being spread upon the minutes and without properly disclosing the purpose of the interfund transfers.

Cause The Board of Supervisors did not comply with state law.

Effect The failure to obtain board approval for interfund transfers could result in erroneous amounts reported and increases the possibility of the loss or misuse of public funds.

Recommendation The Board of Supervisors should spread complete orders on the minutes relative to interfund transfers.

Views of Responsible Official(s) We recognize the importance of adhering to state law and maintaining transparency and accountability in all financial transactions. We will ensure that all interfund transfers are presented to the Board of Supervisors for formal approval, and that complete and accurate orders are properly documented and spread on the board minutes.

2. Controls over collateralization of public funds should be strengthened.

Repeat Finding No

Criteria *Section 27-105-5(6)(b), Mississippi Code of 1972 Annotated*, requires that not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end.

Condition During our testing of collateralization of public funds, it was noted that Simpson County did not submit the public depositor's annual report to the State Treasurer's Office within thirty (30) days of fiscal year end.

Cause Controls were not in place to ensure compliance with state laws.

Effect Failure to submit the public depositor's annual report in a timely manner could result in the State Treasurer's Office having inaccurate records and increases the risk that the County's total deposits may not be properly collateralized.

Recommendation We recommend that the County develop control procedures to ensure that the public depositor's annual report is submitted to the State Treasurer's Office within thirty (30) days of fiscal year end, as required by state law.

Views of Responsible Official(s) We acknowledge and accept responsibility for the delay in submitting the Public Depositor's Annual Report to the Office of the State Treasurer within the required thirty days following fiscal year end. We will comply fully with the recommendation and remain diligent in our efforts to prevent recurrence of similar findings.

3. Actual expenditures exceeded final budgeted amounts.

Repeat Finding No

Criteria *Section 19-11-17, Mississippi Code of 1972 Annotated*, prohibits the incurring of expenditures in excess of the final budget as approved by the Board of Supervisors.

Condition Actual expenditures exceeded budgeted amounts in the General Fund by \$764.

Cause The County did not have the necessary controls in place to ensure actual expenditures did not exceed budgeted amounts.

Effect Failure to limit actual expenditures to budgeted amounts could result in the County having insufficient funds to pay expenditures.

Recommendation The Board of Supervisors should not make expenditures in excess of budgeted amounts.

Views of Responsible Official(s) We acknowledge the finding and confirm that we will comply. The Board will implement appropriate controls to ensure actual expenditures do not exceed approved budgeted amounts in the future.

Board of Supervisors / Deputy Tax Collectors.

4. Deputy Tax Collectors should be bonded as required by state statute.

Repeat Finding Yes

Criteria *Section 27-1-9(a), Mississippi Code of 1972 Annotated*, requires each deputy tax collector to execute a bond for an amount not less than \$50,000, to be payable, conditioned and approved as provided by law.

Condition As reported in the prior year's audit report, during review of the County's surety bonds, it was noted that one deputy tax collector was not bonded for the entire 2024 fiscal year.

Cause The County did not comply with state law.

Effect Failure to comply with the statute would limit the amount available for recovery if a loss occurred.

Recommendation The County should implement procedures to ensure each deputy tax collector is bonded in accordance with state law.

Views of Responsible Official(s) We are taking the necessary steps to ensure full compliance moving forward. A new procedure is now in place to monitor all bonding requirements and ensure that no lapse in coverage occurs in the future. We are committed to maintaining proper controls and upholding all audit standards.

Circuit Clerk.

5. Circuit Clerk should establish and maintain a fee journal and perform bank reconciliations.

Repeat Finding No

Criteria An effective system of internal control should include establishing and maintaining a fee journal and reconciling the bank statement to the fee journal.

Condition The Circuit Clerk failed to maintain a fee journal for which an accurate annual financial report could be derived for calendar year 2024. In addition, the bank statement was not reconciled to the fee journal monthly.

Cause The Circuit Clerk lacked the controls necessary for maintaining a fee journal and reconciling the bank statements to the fee journal.

Effect Failure to establish and maintain a fee journal and perform bank reconciliations could result in the loss or misappropriation of public funds, understatement of income and inaccurate settlements of over the cap fee income to the County's General Fund.

Recommendation The Circuit Clerk should implement controls to establish and maintain a fee journal and perform bank reconciliations monthly, as required by law.

**Views of Responsible
Official(s)**

I have obtained a third-party CPA firm to assist me.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 26, 2026

SIMPSON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

SIMPSON COUNTY

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SIMPSON COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|-----------------------------------------------------------------|------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Qualified |
| Business-type activities | Qualified |
| Aggregate discretely presented component unit | Adverse |
| General Fund | Qualified |
| Countywide Road Maintenance Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| Garbage and Solid Waste Fund | Qualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2024-001. Liability for other postemployment benefits should be recorded.

Repeat Finding Yes

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

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

Cause This was caused by a lack of county resources.

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

SIMPSON COUNTY

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

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

Views of Responsible Official(s) Simpson County acknowledges the finding but, due to financial constraints, cannot currently afford the actuarial valuation required by GASB 75. The County understands that not recording the OPEB liability and related disclosures causes a financial reporting liability and will continue to assess options as resources become available.

Significant Deficiency

2024-002. The Board of Supervisors should have adequate controls over beginning cash balances.

Repeat Finding No

Criteria An effective system of internal control over cash should include ensuring the prior year's ending cash balances are used to record the beginning balances for the new fiscal year.

Condition During our audit it was noted that the beginning balance for cash did not agree to the prior year's ending balance in various governmental funds.

Cause The County lacked the necessary internal controls over cash to ensure the accurate recording of beginning cash balances.

Effect Failure to accurately record beginning balances could result in a misappropriation of public funds.

Recommendation The Board of Supervisors should improve the internal controls over beginning cash balances.

Views of Responsible Official(s) The County acknowledges the discrepancy in beginning cash balances and agrees that accurate balances are essential to maintain financial reporting integrity and protect public funds. Steps will be taken to strengthen controls and ensure beginning balances align with prior year ending balances going forward.

Circuit Clerk.

**Material Weakness
Material Noncompliance**

2024-003. Reconciled cash amounts were not provided for inclusion in the financial statements by the Circuit Clerk.

Repeat Finding Yes

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

SIMPSON COUNTY

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

Condition	<p>Reconciled bank statements were not provided as of September 30, 2024. A bank confirmation determined that the following bank statement balances are known:</p> <ul style="list-style-type: none">a. Criminal - \$15,412b. Civil - \$30,480c. Cash Bond - \$117,089 <p>In total, \$162,981 in unreconciled cash is known for the Circuit Clerk's office.</p>
Cause	<p>Reconciled bank statements were not provided for the relevant bank accounts for September 30, 2024.</p>
Effect	<p>Unrecorded cash translates into actual cash being undetermined. Without adequate records and supporting documentation provided, the cash position of the Circuit Clerk's office cannot be determined with reliability for inclusion in the financial statements. Cash withheld from financial statement inclusion can cause material misstatement to the financial statements. This material exclusion resulted in a qualified opinion on the General Fund opinion unit.</p>
Recommendation	<p>The Circuit Clerk should provide reconciled cash information for relevant bank accounts as of September 30, 2024, for inclusion in the financial statements.</p>
Views of Responsible Official(s)	<p>I have obtained a third-party CPA firm to assist me in properly and timely reconciling all bank statements associated with the Simpson County Circuit Clerk's office.</p>