

**VILLAGE OF SIMPSON
SIMPSON, NORTH CAROLINA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2023

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements

Village of Simpson
Simpson, North Carolina

June 30, 2023

Mayor

Richard C. Zeck

Board of Commissioners

Dianne Thomas, Mayor Pro Tem
Brenda Hawkins
Mary Moye

Village Clerk/Finance Officer

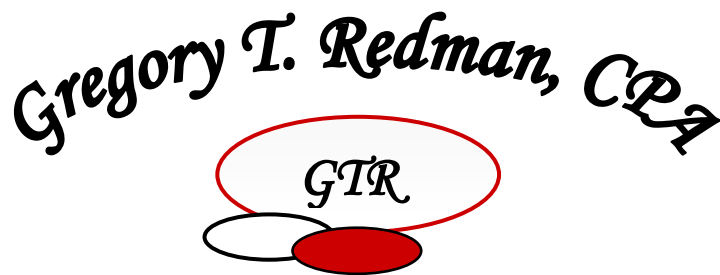
Susan Ellsworth

**Village of Simpson
Simpson, North Carolina
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June 30, 2023**

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Financial Section



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North Carolina Association of
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American Institute of
Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and
Members of the Village of Simpson Council
Simpson, North Carolina

Report on the Audit of Financial Statements

Opinion

I have audited the accompanying financial statements of the governmental activities, and each major fund of Village of Simpson, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Village of Simpson, North Carolina's basic financial statements as listed in the table of contents.

In my opinion, based on my audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of Village of Simpson, North Carolina as of June 30, 2023, and the respective changes in financial position, and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Village of Simpson, North Carolina and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Village of Simpson, North Carolina's ability to continue as a going concern for the 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

My 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 my opinion. 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*, I:

- Exercised professional judgment and maintained 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 Village of Simpson, North Carolina'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Simpson, North Carolina's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

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

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Simpson, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules are presented purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion based on my audit the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated November 16, 2023 on my consideration of the Village of Simpson, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 the Village of Simpson, North Carolina's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Simpson, North Carolina's internal control over financial reporting and compliance.



Gregory T. Redman, CPA
Tarboro, North Carolina
November 16, 2023

Management's Discussion and Analysis

**Village of Simpson, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

As management of the Village of Simpson, North Carolina, we offer readers of the Village of Simpson's financial statements this narrative overview and analysis of the financial activities of the Village of Simpson for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Village of Simpson's financial statements, which follow this narrative.

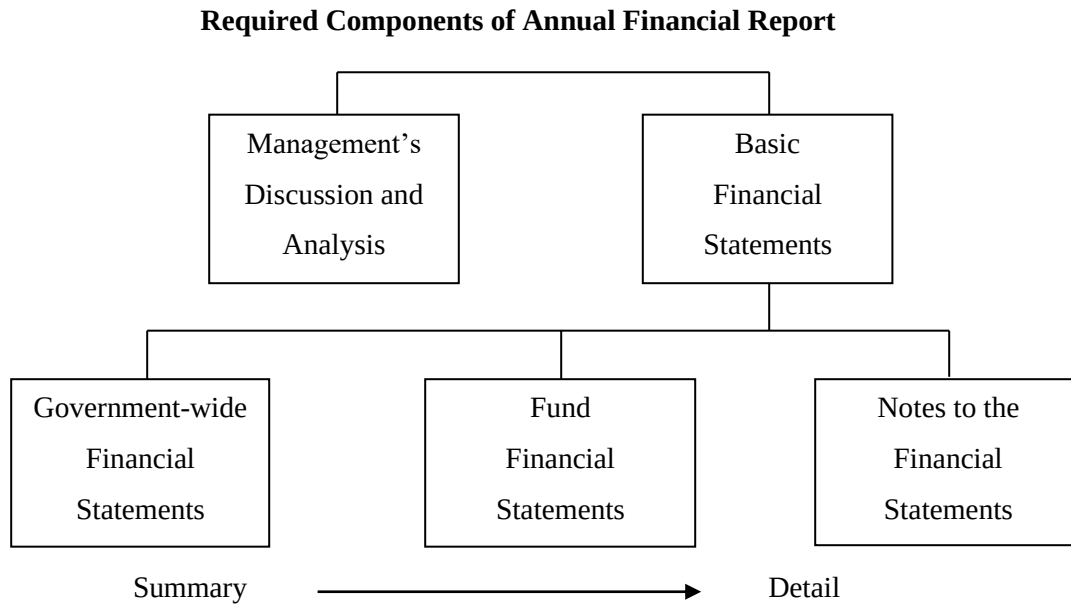
Financial Highlights

- The assets and deferred outflows of resources of the Village of Simpson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$714,550 (net position).
- The government's total net position increased by \$231,105 primarily due to an increase in capital grants in the Special Revenue Funds.
- At the close of the current fiscal year, the Village of Simpson's governmental funds reported an ending fund balance of \$598,821, with a net change of \$238,956 in fund balance. Approximately 90% of this total amount, or \$536,673 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$536,048 or 259% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, the Village of Simpson had restricted net position of \$62,148.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Simpson's basic financial statements. The Village of Simpson's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Village of Simpson through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Village of Simpson.

**Village of Simpson, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2023**



Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Village of Simpson's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the Village of Simpson's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the Notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the Notes, Supplemental Information is provided to show details about the Village of Simpson's individual funds.

Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village of Simpson's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Village of Simpson's financial status as a whole.

The two government-wide statements report the Village of Simpson's net position and how it has changed. Net position is the difference between the Village of Simpson's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Village of Simpson's financial condition.

**Village of Simpson, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The government-wide statements consist of the governmental activities. The governmental activities include most of the Village of Simpson's basic service such as public safety, cultural and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Village of Simpson's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Simpson, like all other government entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Village of Simpson's budget ordinance. All of the funds of Village of Simpson can be divided into one category: governmental funds.

Governmental Fund. *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Village of Simpson's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Village of Simpson's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in described in a reconciliation that is a part of the fund financial statements.

The Village of Simpson adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Village of Simpson, the management of the Village of Simpson, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village of Simpson to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Village of Simpson compiled with the budget ordinance and whether or not the Village of Simpson succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Village Council; 2) the final budget as amended by the Village Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village of Simpson's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information.

**Village of Simpson, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Interdependence with Other Entities. The Village of Simpson depends on financial resources flowing from, or associated with, both the State of North Carolina and the surrounding counties. Because of this dependency, the Village of Simpson is subject to changes in specific flows of intergovernmental revenues based on modifications to State and local laws and State and local appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-wide Financial Analysis

The Village of Simpson's Net Position

	Governmental Activities	
	2023	2022
Current and other assets	\$ 751,462	\$ 590,620
Capital assets	110,669	118,624
Deferred outflows of resources	12,600	9,479
Total Assets and Deferred Outflows of Resources	874,731	718,723
Long-term liabilities outstanding	12,975	3,221
Other liabilities	6,495	66,638
Deferred inflows of resources	140,711	165,419
Total Liabilities and Deferred Inflows of Resources	160,181	235,278
Net Position:		
Net investment in capital assets	110,669	118,624
Restricted	62,348	50,442
Unrestricted	541,533	314,379
Total Net Position	<u>\$ 714,550</u>	<u>\$ 483,445</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Village of Simpson exceeded liabilities by \$714,550 as of June 30, 2023. The Village of Simpson's net position increased by \$231,105 for the fiscal year ended June 30, 2023. However, \$110,669 or 15%, reflects the Village of Simpson's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Village of Simpson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Village of Simpson's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village of Simpson's net position, \$62,348, represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Village of Simpson's net position, \$541,533, is unrestricted.

**Village of Simpson, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Village of Simpson Changes in Net Position

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 31,645	\$ 34,626
Operating grants and contributions	154,793	35,914
Capital grants and contributions	-	335,747
General revenues:		
Property taxes	120,853	114,999
Unrestricted intergovernmental	147,832	131,463
Investment earnings	5,377	49
Other	18,550	80,226
Total Revenues	<u>\$ 479,050</u>	<u>\$ 733,024</u>
Expenses:		
General government	\$ 104,914	\$ 127,236
Public Safety	12,500	12,500
Transportation	59,790	410,465
Environmental protection	43,381	43,298
Culture and recreation	27,360	8,879
Interest on long-term debt	-	-
Total Expenses	<u>\$ 247,945</u>	<u>\$ 602,378</u>
Increase(decrease) in net position before transfers	231,105	130,646
Transfers	-	-
Increase(decrease) in net position	<u>231,105</u>	<u>130,646</u>
Net position, July 1	<u>483,445</u>	<u>352,799</u>
Net position, June 30	<u><u>\$ 714,550</u></u>	<u><u>\$ 483,445</u></u>

Governmental Activities. Governmental activities increased the Village of Simpson's net position by \$231,105.

Financial Analysis of the Village of Simpson's Funds

As noted earlier, the Village of Simpson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Village of Simpson, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Governmental Funds. The focus of the Village of Simpson's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village of Simpson's financing requirements.

The general fund is the chief operating fund of the Village of Simpson. At the end of the current fiscal year, Village of Simpson's fund balance available in the General Fund was \$536,048, while total fund balance was \$598,196. The Village of Simpson currently has an available fund balance of 259% of general fund expenditures, and total fund balance represents 289% of the same amount.

At June 30, 2023, the governmental fund of Village of Simpson reported a fund balance of \$598,821 with a net increase in fund balance of \$238,956.

The North Carolina Local Government Commission strongly recommends that local governments maintain an unassigned fund balance of at least 8% of general fund expenditures. Unassigned fund balance is a subclassification of unassigned fund balance after consideration for management's policy designations.

General Fund Budgetary Highlights: During the fiscal year, the Village of Simpson revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that became necessary to maintain/increase services.

Capital Asset and Debt Administration

Capital Assets: The Village of Simpson's investments in capital assets for its governmental and business-type activities as of June 30, 2023 total \$110,669 (net of accumulated depreciation).

These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Village of Simpson's Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2023	2022
Land	\$ 14,299	\$ 14,299
Buildings	-	-
Machinery and equipment	4,151	8,609
Vehicles	-	-
Improvements	92,219	95,716
Total	<u>\$ 110,669</u>	<u>\$ 118,624</u>

Additional information on the Village of Simpson's capital assets can be found in Note III(A)(4) of the Basic Financial Statements.

**Village of Simpson, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Long-term Debt: As of June 30, 2023 the Village of Simpson had no installment purchases debt outstanding.

	Governmental Activities	
	2023	2022
Installment loans	\$ -	\$ -
Net pension liability	12,975	3,221
Total	<u>\$ 12,975</u>	<u>\$ 3,221</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Village of Simpson at June 30, 2023 was \$2,128,818.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the general condition of the Village. The economic crisis of prior years continues to contribute to the factors below.

- High unemployment, an aged population, no industrial development, and very little retail business help to create a situation where the Village's customer base is eroded. The resulting ratio of expense versus revenue creates a difficult situation in keeping rates and fees low while maintaining an adequate level of service. In addition, most residents are on fixed income.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time.

Requests for Information

This report is designed to provide an overview of the Village of Simpson's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Village Clerk
Village of Simpson
Post Office Box 10
Simpson, NC 27879

Financial Section

Basic Financial Statements

Village of Simpson, North Carolina
Statement of Net Position
June 30, 2023

	Primary Government Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 542,543
Taxes receivables (net)	5,848
Accounts receivable (net)	34,773
Lease receivable	138,532
Accrued interest on taxes receivable	1,766
Restricted cash and cash equivalents	28,000
Total Current Assets	<u>\$ 751,462</u>
Non-current Assets:	
Capital assets:	
Land and other non-depreciable assets	\$ 14,299
Other capital assets, net of depreciation	96,370
Total capital assets	<u>\$ 110,669</u>
Total Assets	<u>\$ 862,131</u>
Deferred Outflows of Resources	
Pension deferrals	<u>\$ 12,600</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	6,495
Accounts payable from restricted assets	-
Total Current Liabilities	<u>\$ 6,495</u>
Long-term liabilities:	
Net pension liability	12,975
Total Long-term liabilities	<u>\$ 12,975</u>
Total Liabilities	<u>\$ 19,470</u>
Deferred Inflows of Resources	
Pension deferrals	\$ 2,179
Accounts receivable (net)	-
Lease receivable	138,532
Total Deferred Inflows of Resources	<u>\$ 140,711</u>
Net Position	
Net investment in capital assets	\$ 110,669
Restricted for:	
Streets	27,575
Stabilization by State Statute	34,773
Unrestricted	<u>541,533</u>
Total Net Position	<u><u>\$ 714,550</u></u>

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

Village of Simpson, North Carolina
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
Governmental Activities					Government Activities
Primary Government					
General government	\$ 104,914	\$ 31,645	\$ 117,865	\$ -	\$ 44,596
Public safety	12,500	-	-	-	(12,500)
Transportation	59,790	-	14,092	-	(45,698)
Environmental protection	43,381	-	336	-	(43,045)
Cultural and recreation	27,360	-	22,500	-	(4,860)
Interest on long-term debt	-	-	-	-	-
Total Governmental Activities	<u>\$ 247,945</u>	<u>\$ 31,645</u>	<u>\$ 154,793</u>	<u>\$ -</u>	<u>\$ (61,507)</u>
General Revenues					
Ad valorem taxes					\$ 120,853
Unrestricted intergovernmental					147,832
Miscellaneous income					18,550
Investment earnings					5,377
Total General Revenues, not including transfers					<u>292,612</u>
Change in Net Position					<u>\$ 231,105</u>
Net Position, previously reported					<u>483,445</u>
Net Position, end of year					<u><u>\$ 714,550</u></u>

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

Fund Financial Statements

Village of Simpson, North Carolina
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds			
	General	State Capital Infrastructure Fund	American Rescue Plan Act Fund	Total
Assets				
Cash and cash equivalents	\$ 542,543	\$ -	\$ -	\$ 542,543
Restricted cash	27,375	625	-	28,000
Receivables, net:				-
Taxes	5,848	-	-	5,848
Accounts	34,773	-	-	34,773
Leases	138,532	-	-	138,532
Total Assets	<u>\$ 749,071</u>	<u>\$ 625</u>	<u>\$ -</u>	<u>\$ 749,696</u>
Liabilities				
Liabilities:				
Accounts payable and accrued liabilities	\$ 6,495	\$ -	\$ -	\$ 6,495
Accounts payable from restricted assets	-	-	-	-
Total Liabilities	<u>\$ 6,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,495</u>
Deferred Inflows of Resources				
Property taxes receivable	\$ 5,848	\$ -	\$ -	\$ 5,848
Prepaid taxes	-	-	-	-
Lease receivable	138,532	-	-	138,532
Total Deferred Inflows of Resources	<u>\$ 144,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,380</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>\$ 150,875</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 150,875</u>
Fund Balances				
Restricted:				
Stabilization by State Statute	\$ 34,773	\$ -	\$ -	\$ 34,773
Streets	27,375	-	-	27,375
Assigned				-
Subsequent year's expenditures	-	-	-	-
Unassigned	536,048	625	-	536,673
Total fund balance	<u>\$ 598,196</u>	<u>\$ 625</u>	<u>\$ -</u>	<u>\$ 598,821</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 749,071</u>	<u>\$ 625</u>	<u>\$ -</u>	<u>\$ 749,696</u>

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

Village of Simpson, North Carolina
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Ending Fund Balance - Governmental Funds	\$ 598,821
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	110,669
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are not reported in the funds.	1,766
Net pension liabilities resulting from contributions greater than or less than the amount of annual required contributions are not financial resources and therefore are not reported in the funds.	(12,975)
Deferred outflows of resources related to pension are not report in the funds	12,600
Deferred inflows of resources related to pension are not report in the funds	(2,179)
Earned revenues considered deferred infows of resources in fund statements	5,848
Net Position of Governmental Activities	\$ 714,550

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

Village of Simpson, North Carolina
Statement of Revenues, Expenditures And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds			
	General	State Capital Infrastructure Fund	American Rescue Plan Act Fund	Total
Revenues				
Ad valorem taxes	\$ 120,853	\$ -	\$ -	\$ 120,853
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	147,832	-	-	147,832
Restricted intergovernmental	36,928	-	117,865	154,793
Sales and services	31,645	-	-	31,645
Investment earnings	5,377	-	-	5,377
Miscellaneous income	18,550	-	-	18,550
Total Revenues	<u>\$ 361,185</u>	<u>\$ -</u>	<u>\$ 117,865</u>	<u>\$ 479,050</u>
Expenditures				
Current:				
General government	104,252	-	-	\$ 104,252
Public safety	12,500	-	-	12,500
Transportation	26,327	33,463	-	59,790
Environmental protection	43,381	-	-	43,381
Cultural and recreation	20,171	-	-	20,171
Total Expenditures	<u>\$ 206,631</u>	<u>\$ 33,463</u>	<u>\$ -</u>	<u>\$ 240,094</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 154,554</u>	<u>\$ (33,463)</u>	<u>\$ 117,865</u>	<u>\$ 238,956</u>
Other Financing Sources (Uses)				
Transfers-in (out)	<u>117,865</u>	<u>-</u>	<u>(117,865)</u>	<u>-</u>
Net Change in Fund Balance	\$ 272,419	\$ (33,463)	\$ -	\$ 238,956
Fund Balances				
Beginning of year	325,777	34,088	-	359,865
End of year	<u>\$ 598,196</u>	<u>\$ 625</u>	<u>\$ -</u>	<u>\$ 598,821</u>

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

Village of Simpson, North Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Net Change in Fund Balance - Total Governmental Funds	\$ 238,956
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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. This is the amount by which capital outlay exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	\$ -	
Depreciation expense for governmental assets	<u>(7,955)</u>	(7,955)

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	3,430
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Change in unavailable revenue for tax revenues	66

Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Pension expense	<u>(3,392)</u>

Total Changes in Net Position of Governmental Activities	<u><u>\$ 231,105</u></u>
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The notes to the financial statements are an integral part of this statement.

Village of Simpson, North Carolina
Statement of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	General Fund			Variance with
	Original	Final	Actual	Final Budget
			Amounts	Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 125,000	\$ 125,000	\$ 120,853	\$ (4,147)
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	119,100	119,100	147,832	28,732
Restricted intergovernmental	33,330	33,330	36,928	3,598
Sales and services	39,680	39,680	31,645	(8,035)
Investment earnings	48	48	5,377	5,329
Miscellaneous Income	19,400	19,400	18,550	(850)
Total Revenues	<u>\$ 336,558</u>	<u>\$ 336,558</u>	<u>\$ 361,185</u>	<u>\$ 24,627</u>
Expenditures				
Current:				
General government	\$ 128,714	\$ 128,714	\$ 104,252	\$ 24,462
Public safety	13,000	13,000	12,500	500
Transportation	108,285	108,285	26,327	81,958
Environmental protection	62,209	62,209	43,381	18,828
Cultural and recreation	24,350	24,350	20,171	4,179
Total Expenditures	<u>\$ 336,558</u>	<u>\$ 336,558</u>	<u>\$ 206,631</u>	<u>\$ 129,927</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,554</u>	<u>\$ 154,554</u>
Other Financing Sources (Uses)				
Fund Balance Appropriation	\$ -	\$ -	\$ -	\$ -
Transfer-in from other funds	-	-	117,865	117,865
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,865</u>	<u>\$ 117,865</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>272,419</u>	<u>272,419</u>
Fund Balances				
Beginning of year			325,777	
End of year			<u>\$ 598,196</u>	

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

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies

The accounting policies of Village of Simpson conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Village of Simpson is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Village of Simpson, North Carolina.

B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the different type activities of the Village of Simpson and for each function of the Village of Simpson's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Village of Simpson's funds. Governmental fund financial statements are presented. The Village of Simpson has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Village of Simpson reports the following major governmental funds:

General Fund. This Fund is the general operating fund of the Village of Simpson. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance, and construction.

Special Revenue Fund. American Rescue Plan Act - This Act was signed into law on March 11, 2021 to provide additional financial relief in the wake of the COVID-19 pandemic. ARPA includes a significant amount of "Coronavirus State and Local Fiscal Recovery Funds" (SLFRF) for state and local governments to use over a period of several years. The local portion of these federal funds is referred to as the Coronavirus Local Fiscal Recovery

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

Fund (LFRF). The U.S. Treasury Department is distributing LFRF funds in two equal installments, or “tranches,” with the first distribution occurring in July 2021 and the second occurring in July 2023. LFRF funds may be used to cover qualifying costs obligated between March 3, 2021 and December 31, 2024 and expended by December 31, 2026.

Special Revenue Fund. State Capital Infrastructure Fund – This Fund is a direct grant fund administered by the Office of State Budget and Management.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Village of Simpson are maintained during the year using the modified accrual basis of accounting.

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Village of Simpson gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Village of Simpson considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the Village of Simpson are recognized as revenue. Sales taxes are considered a shared revenue for the Village of Simpson because the tax is levied by Greene County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Village of Simpson funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Village of Simpson's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Village of Simpson's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Village Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Village of Simpson are made in board-designated official depositories and are secured as required by State law [G.S. 15-31]. The Village of Simpson may designate, as an official depository, and bank or savings association whose principal office is located in North Carolina. Also, the Village of Simpson may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Village of Simpson to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Village of Simpson's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Cash and Cash Equivalents

The Village of Simpson pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and equivalents.

3. Restricted Assets

Customer deposits held by the Village of Simpson before any services are supplied, are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, reporting, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Village of Simpson Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 27,375
State Capital Infrastructure Fund	
Unspent grant proceeds	625
Total	<u>28,000</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village of Simpson levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. As allowed by State law, the Village of Simpson has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Village of Simpson's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Lease Receivable

The Village of Simpson's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Village of Simpson may receive variable lease payments that are dependent upon the lessee's revenue.

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

The variable payments are recorded as an inflow of resources in the period the payment is received.

7. Inventory and Prepaid Items

The inventories of the Village of Simpson are valued at cost (first-in, first-out), which approximates market. The inventories of the Village of Simpson's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$500; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; furniture, computer software, and equipment, \$500; and vehicles, \$2,500. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	30 years
Buildings	20-40 years
Improvements	10-20 years
Furniture and equipment	5-40 years
Computers	4-5 years

7. 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 and so will not be recognized as an expense or expenditure until then. The Village of Simpson has one item that meet this criterion, pension deferrals in the 2023 fiscal year. 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 and so will not be recognized as revenue until then. The Village of Simpson has several items that meet the criterion for this category – property taxes receivables, and pension deferrals.

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policy of the Village of Simpson provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Village of Simpson's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned. The Village of Simpson has assumed a first in, first out method of using accumulated time. The portion of that time is estimated to be used in the next fiscal year (if applicable) has been designated as a current liability in the government-wide financial statements.

10. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Village of Simpson does not have any nonspendable fund balances for the governmental fund types.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds.

The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by the law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Village of Simpson's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or otherwise revise the limitation.

Assigned Fund Balance – portion of fund balance that Village of Simpson intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Village of Simpson has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Village of Simpson funds, Village of Simpson funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Village of Simpson.

11. 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 Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Village of Simpson employer contributions are recognized when due and the Village of Simpson has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

There were no violations of the N.C. General Statutes reported for the year ended June 30, 2023.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Village of Simpson are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Village of Simpson's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Village of Simpson, these deposits are considered to be held by the Village of Simpson's agents in their names. The amount of the pledged collateral is based on an approved

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village of Simpson or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village of Simpson under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Village of Simpson has no formal policy regarding custodial credit risk for deposits but relies on the

State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Village of Simpson complies with the provisions of G.S. 159-31 when designing official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Village of Simpson's deposits had a carrying amount of \$570,543 and a bank balance of \$586,989. Of the bank balance, \$513,907 of it was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

2. Investments

At June 30, 2023, the Village of Simpson held no investments.

3. Lease Receivable

For the year ended 6/30/22, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 01/01/2021, Village of Simpson, North Carolina entered into a 60 month lease as Lessor for the use of Communication Facility – U.S. Cellular. As of 06/30/2023, the value of the lease receivable is \$138,532.00. The lessee is required to make monthly fixed payments of \$1,958.00. The lease has an interest rate of 0.4740%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$138,532.00, and Village of Simpson recognized lease revenue of \$23,495.00 during the fiscal year. The lessee has renewable extension option(s), each for 60 months.

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,299	\$ -	\$ -	\$ 14,299
Total capital assets not being depreciated	\$ 14,299	\$ -	\$ -	\$ 14,299
Capital assets being depreciated:				
Buildings	\$ 173,898	\$ -	\$ -	\$ 173,898
Equipment	156,944	-	-	156,944
Vehicles	31,317	-	-	31,317
Other improvements	105,065	-	-	105,065
Total capital assets being depreciated	\$ 467,224	\$ -	\$ -	\$ 467,224
Less accumulated depreciation for:				
Buildings	\$ 173,898	\$ -	\$ -	\$ 173,898
Equipment	148,335	4,458	-	152,793
Vehicles	31,317	-	-	31,317
Other improvements	9,349	3,497	-	12,846
Total accumulated depreciation	\$ 362,899	\$ 7,955	\$ -	\$ 370,854
Total capital assets being depreciated, net	\$ 104,325			\$ 96,370
Governmental activity capital assets, net	\$ 118,624			\$ 110,669

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 766
Cultural and recreation	7,189
Transportation	-
Public Safety	-
Total Depreciation Expense	\$ 7,955

B. Liabilities

1. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Village of Simpson is a participating employer in the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LERS Board of Trustees, which consist of 13 members – nine appointed by the Governor, one appointed by the State Senate, one

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Village of Simpson employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village of Simpson contractually required contribution rate for the year ended June 30, 2023, was 12.10% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village of Simpson were \$3,430 for the year ended June 30, 2023.

Refunds of Contributions – Village of Simpson employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2023, the Village of Simpson reported a liability of \$12,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

the actuarial assumptions. The Village of Simpson's proportion of the net pension liability was based on a projection of the Village of Simpson's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Village of Simpson's proportion was 0.00023%, which was an increase of 0.00002% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village of Simpson recognized pension expense of \$3,393. At June 30, 2023, the Village of Simpson 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	\$ 559	\$ 55
Changes of assumptions	1,295	-
Net difference between projected and actual earnings on pension plan investments	4,288	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	3,028	2,124
Town contributions subsequent to the measurement date	3,430	-
Total	<u>\$ 12,600</u>	<u>\$ 2,179</u>

\$3,430 reported as deferred outflows of resources related to pensions resulting from Village of Simpson contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2024	\$ 1,504
2025	2,552
2026	892
2027	2,043
2028	-
Thereafter	-
	<u>\$ 6,991</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

Inflation	2.50 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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 target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the 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 of the Village of Simpson's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village of Simpson's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Village of Simpson's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.00%)	1% Increase (6.50%)
Town's proportionate share of the net pension liability (asset)	\$ 23,419	\$ 12,975	\$ 4,369

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following elements:

Contributions to pension plan in current fiscal year	\$ 3,430
Differences between expected and actual experience	559
Changes of assumptions	1,295
Net difference between projected and actual earnings	4,288
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,028
Total	<u>\$ 12,600</u>

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

Deferred inflows of resources at year-end are comprised of the following elements:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivables, less penalties (General Fund)	\$ -	\$ 5,848
Prepaid taxes	-	-
Differences between expected and actual earnings	55	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,124	-
Lease receivable	138,532	-
	<u>\$ 140,711</u>	<u>\$ 5,848</u>

3. Risk Management

The Village of Simpson is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village of Simpson participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village of Simpson obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits and employee health coverage.

The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village of Simpson upon request.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Village of Simpson carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Village of Simpson does not carry flood insurance as there has been no prior history of flooding on municipal property and the risk of flood related damage is minimal.

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

In accordance with G.S. 159-29, the Village of Simpson's employees that have access to \$100 or more at any given time of the Village of Simpson's funds are performance bonded through a commercial surety bond. The Village of Simpson has crime coverage for employee dishonesty and forgery alteration, as well as coverage for theft of money or securities inside or outside of the premises. The finance officer is bonded for \$300,000.

4. Long-term Debt

Changes in Long-Term Liabilities

The following table summarizes the annual requirements to amortize all long-term debt outstanding:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Net pension liability	3,221	9,754	-	12,975	-
	<u>\$ 3,221</u>	<u>\$ 9,754</u>	<u>\$ -</u>	<u>\$ 12,975</u>	<u>\$ -</u>

At June 30, 2023, the Village of Simpson had a legal debt margin of \$2,128,818.

5. Claims, Judgements, and Contingent Liabilities

No claims or judgements existed at June 30, 2023.

6. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for *appropriation*:

Total fund balance - General Fund	\$ 598,196
Less:	
Stabilization by State Statute	34,773
Streets-Powell Bill	27,375
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	536,048

IV. Summary Disclosure of Significant Contingencies

A. Federal and State Assisted Programs

The Village of Simpson has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys

Village of Simpson of Simpson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2023

to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VI. Subsequent Events

As of November 16, 2023, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contribution to Local Government Employees' Retirement System

Village of Simpson, North Carolina
Village of Simpson's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Village of Simpson's proportion of the net pension liability (asset) (%)	0.00023%	0.00021%	0.00017%	0.00009%	0.00126%	0.00099%	0.00163%	0.00113%	0.00109%	0.00050%
Village of Simpson's proportion of the net pension liability (asset) (\$)	\$ 12,975	\$ 3,221	\$ 6,075	\$ 2,458	\$ 29,892	\$ 15,124	\$ 34,594	\$ 5,071	\$ (6,428)	\$ 6,027
Village of Simpson's covered-employee payroll	\$ 28,192	\$ 25,840	\$ 31,999	\$ 29,498	\$ 58,468	\$ 81,175	\$ 77,546	\$ 63,430	\$ 45,554	\$ 46,181
Village of Simpson's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.02%	12.47%	18.98%	8.33%	51.13%	18.63%	44.61%	7.99%	-14.11%	13.05%
Plan fiduciary net position as a percentage of the total pension liability	85.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

Village of Simpson, North Carolina
Village of Simpson's Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,430	\$ 3,200	\$ 2,623	\$ 2,864	\$ 2,286	\$ 4,437	\$ 6,603	\$ 5,878	\$ 4,808	\$ 3,453
Contributions in relation to the contractually required contributions	3,430	3,200	2,623	2,864	2,286	4,437	6,603	5,878	4,808	3,453
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village of Simpson's covered-employee payroll	\$ 28,350	\$ 28,192	\$ 25,840	\$ 31,999	\$ 29,498	\$ 58,468	\$ 81,175	\$ 77,546	\$ 63,430	\$ 45,554
Contributions as a percentage of covered-employee payroll	12.10%	11.35%	10.15%	8.95%	7.75%	7.59%	8.13%	7.58%	7.58%	7.58%

Individual Fund Statements and Schedules

Village of Simpson, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes		\$ 119,603	
Interest		1,250	
Total	<u>\$ 125,000</u>	<u>\$ 120,853</u>	<u>\$ (4,147)</u>
Other taxes and licenses:			
Sales tax refund			
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unrestricted intergovernmental:			
Local option sales tax		\$ 138,076	
Franchise tax		7,753	
Beer and wine tax		2,003	
Total	<u>\$ 119,100</u>	<u>\$ 147,832</u>	<u>\$ 28,732</u>
Restricted intergovernmental:			
Powell Bill allocation		\$ 14,092	
PARTF grant		22,500	
Solid waste disposal tax		336	
Total	<u>\$ 33,330</u>	<u>\$ 36,928</u>	<u>\$ 3,598</u>
Sales and services:			
Cell tower rent		\$ 23,495	
Fees		8,150	
Total	<u>\$ 39,680</u>	<u>\$ 31,645</u>	<u>\$ (8,035)</u>
Investment earnings:			
Interest		\$ 5,377	
Total	<u>\$ 48</u>	<u>\$ 5,377</u>	<u>\$ 5,329</u>
Miscellaneous:			
Miscellaneous revenue		\$ 18,550	
Insurance proceeds		-	
Donations		-	
Total	<u>\$ 19,400</u>	<u>\$ 18,550</u>	<u>\$ (850)</u>
Total Revenues	<u>\$ 336,558</u>	<u>\$ 361,185</u>	<u>\$ 24,627</u>

Village of Simpson, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government:			
Salaries and employee benefits		\$ 43,062	
Tax collection fee		1,663	
Professional services		22,800	
Other operating expenses		36,727	
Total General Government	\$ 128,714	\$ 104,252	\$ 24,462
Public Safety:			
Fire protection		\$ 12,500	
Total Public Safety	\$ 13,000	\$ 12,500	\$ 500
Transportation:			
Street maintenance		\$ 8,866	
Street lights		17,452	
Capital outlay		-	
Other operating expenses		9	
Total Transportation	\$ 108,285	\$ 26,327	\$ 81,958
Environmental Protection:			
Salaries and employee benefits			
Contract services		11,251	
Solid waste disposal		25,620	
Utilities		334	
Other operating expenses		6,176	
Total Environmental Protection	\$ 62,209	\$ 43,381	\$ 18,828
Culture and Recreation:			
Capital outlay		\$ -	
Other operating expenditures		20,171	
Total Culture and Recreation	\$ 24,350	\$ 20,171	\$ 4,179
Total Expenditures	\$ 336,558	\$ 206,631	\$ 129,927
Revenues Over (Under) Expenditures	\$ -	\$ 152,054	\$ 152,054
Other Financing Sources (uses)			
Fund balance appropriation	\$ -	\$ -	\$ -
Transfer from other fund	-	117,865	(117,865)
Total	\$ -	\$ 117,865	\$ (117,865)
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 269,919	\$ 269,919
Fund Balances			
Beginning of year		325,777	
End of year		\$ 595,696	

Village of Simpson, North Carolina
Special Revenue Funds - American Rescue Plan Act
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
ARPA Funds	\$ 153,612	\$ 35,747	\$ 117,865	\$ 153,612	\$ -
Total Revenues	\$ 153,612	\$ 35,747	\$ 117,865	\$ 153,612	\$ -
Expenditures:					
Capital outlay	153,612	35,747	-	35,747	117,865
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 117,865	\$ 117,865	\$ 117,865
Other Financing Sources: Transfer to General Fund	-	-	(117,865)	(117,865)	(117,865)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

Village of Simpson, North Carolina
Special Revenue Funds - State Capital Infrastructure Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2023

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Favorable
		Years	Year	Date	(Unfavorable)
Revenues:					
State grant	\$ 300,000	\$ 300,000	\$ -	\$ 300,000	\$ -
Total Revenues	\$ 300,000	\$ 300,000	\$ -	\$ 300,000	\$ -
Expenditures:					
Capital outlay	300,000	265,912	33,463	299,375	625
Revenues Over (Under) Expenditures	\$ -	\$ 34,088	\$ (33,463)	\$ 625	\$ 625
Other Financing Sources:					
Transfer in	-	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 34,088	\$ (33,463)	\$ 625	\$ 625
Fund Balance:					
Beginning of year, July 1			34,088		
End of year, June 30			\$ 625		

Other Schedules

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Village of Simpson, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2023

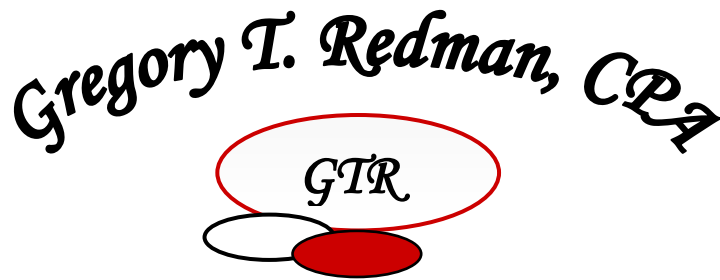
Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 119,746	\$ 118,630	\$ 1,116
2021-2022	1,007	-	378	629
2020-2021	1,060	-	25	1,035
2019-2020	835	-	24	811
2018-2019	949	-	23	926
2017-2018	496	-	23	473
2016-2017	638	-	134	504
2015-2016	412	-	273	139
2014-2015	183	-	88	95
2013-2014	125	-	5	120
2012-2013	120	-	120	-
Total	\$ 5,825	\$ 119,746	\$ 119,723	\$ 5,848

Reconciliation With Revenues:

Ad valorem taxes - General Fund	\$ 120,853
Interest collected	(1,250)
Taxes written off	120
Releases and adjustments	-
Total Collections and Credits	<u>\$ 119,723</u>

Village of Simpson, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2023

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 26,610,222	0.45	\$ 119,746	\$ 98,554	\$ 21,192
Net Levy			\$ 119,746	\$ 98,554	\$ 21,192
Uncollected taxes at June 30, 2023			1,116	1,116	-
Current Year's Taxes Collected			<u>\$ 118,630</u>	<u>\$ 97,438</u>	<u>\$ 21,192</u>
Current Levy Collection Percentage			<u>99.07%</u>	<u>98.87%</u>	<u>100.00%</u>



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Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards

Independent Auditor's Report

To the Honorable Mayor and
Members of the Village of Simpson Council
Simpson, North Carolina

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Village of Simpson, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued my report thereon dated November 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Village of Simpson, North Carolina's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operating 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during my audit, I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. I did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as Findings 2023-001 and 2023-002 that I consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Simpson, North Carolina's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Simpson's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Simpson's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The Village of Simpson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Tarboro, North Carolina
November 16, 2023

Village of Simpson, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are not considered
to be material weaknesses _____Xyes _____none
reported

Non-compliance material to financial statements noted _____yes X no

**Village of Simpson, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings

Finding 2023-001

Segregation of Duties

Criteria:	Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.
Statement of Condition:	There is lack of segregation of duties among Village personnel.
Questioned Cost:	N/A
Cause:	There are a limited number of personnel for certain functions.
Effect:	Transactions could be mishandled.
Identification of a repeat finding:	None
Recommendation:	The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.
Views of responsible officials and planned corrective actions:	The Village agrees with this finding. The Board will become more involved in providing some of these controls.

Village of Simpson, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II – Financial Statement Findings

Finding 2023-002

Preparation of financial statements

Criteria: The Village has a responsibility to prepare the financial statements at the end of the year.

Statement of Condition: The finance department staff is competent, capable, and performs daily and monthly functions very well. Their expertise is limited, however, in the area of financial statement preparation in accordance with generally accepted accounting principles, specifically with full accrual basis statements now required by GASB 34.

Questioned Cost: N/A

Cause: The staff's expertise is limited in the area of financial statement preparation in accordance with generally accepted accounting principles, specifically with full accrual basis statements now required by GASB 34.

Effect: The Village has contracted with the auditor to prepare the financial statements.

Identification of a repeat finding: None

Recommendation: The Village should provide additional training or hire additional staff knowledgeable in the area of financial statement preparation.

Views of responsible officials and planned corrective actions: The Village of Simpson's governing board feels that there are limited resources at this time for training the finance department staff in GAAP and that it is not cost beneficial to obtain additional assistance in this area. The Village's governing board will review the draft financial statements for material errors and reasonableness of amounts. We agree to assume all management responsibilities related to the financial statements and related notes. We have provided a person with suitable knowledge and experience to oversee the preparation of financial statements; evaluate the adequacy and results of the nonaudit services; and accept responsibility for them.



Village of Simpson Office of Finance

Email: finance@villageofsimpsonnc.com
www.villageofsimpsonnc.com

Village of Simpson, North Carolina Corrective Action Plan For the Year Ended June 30, 2022

Mayor

Richard C. Zeck

Mayor Pro Tem

Dianne Thomas

Councilmember's

Mary Moya

Brenda G. Hawkins

Village Clerk

Finance Officer

Susan Ellsworth

*** *****

Address

Post Office Box 10
2768 Thompson St
Simpson, NC 27879

Phone:

252-757-1430

Fax:

252-757-0434

Office Hours

Mon thru Thursday
9:00 am - 4:00pm

Section II – Financial Statement Findings

Finding 2022-001

Segregation of Duties

Name of Contact Person:

Susan Ellsworth
Village Clerk

Corrective Action:

The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date:

The Board will implement the above procedure immediately.

Finding 2022-002

Financial Statement Preparation

Name of Contact Person:

Susan Ellsworth
Village Clerk

Corrective Action:

The Village of Simpson's governing board feels that there are limited resources at this time for training the finance department staff in GAAP and that it is not cost beneficial to obtain additional assistance in this area. The Village will appoint a person with suitable knowledge and experience to review the draft financial statements for material errors and reasonableness of amounts.

Proposed Completion Date:

The Board will implement the above procedure immediately.

**Village of Simpson, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023**

Finding 2022-001 Segregation of Duties

Status: This is reported as Finding 2023-001 in the current year.

Finding 2022-002 Preparation of Financial Statements

Status: This is reported as Finding 2023-002 in the current year.