

# FRANKLIN COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2016

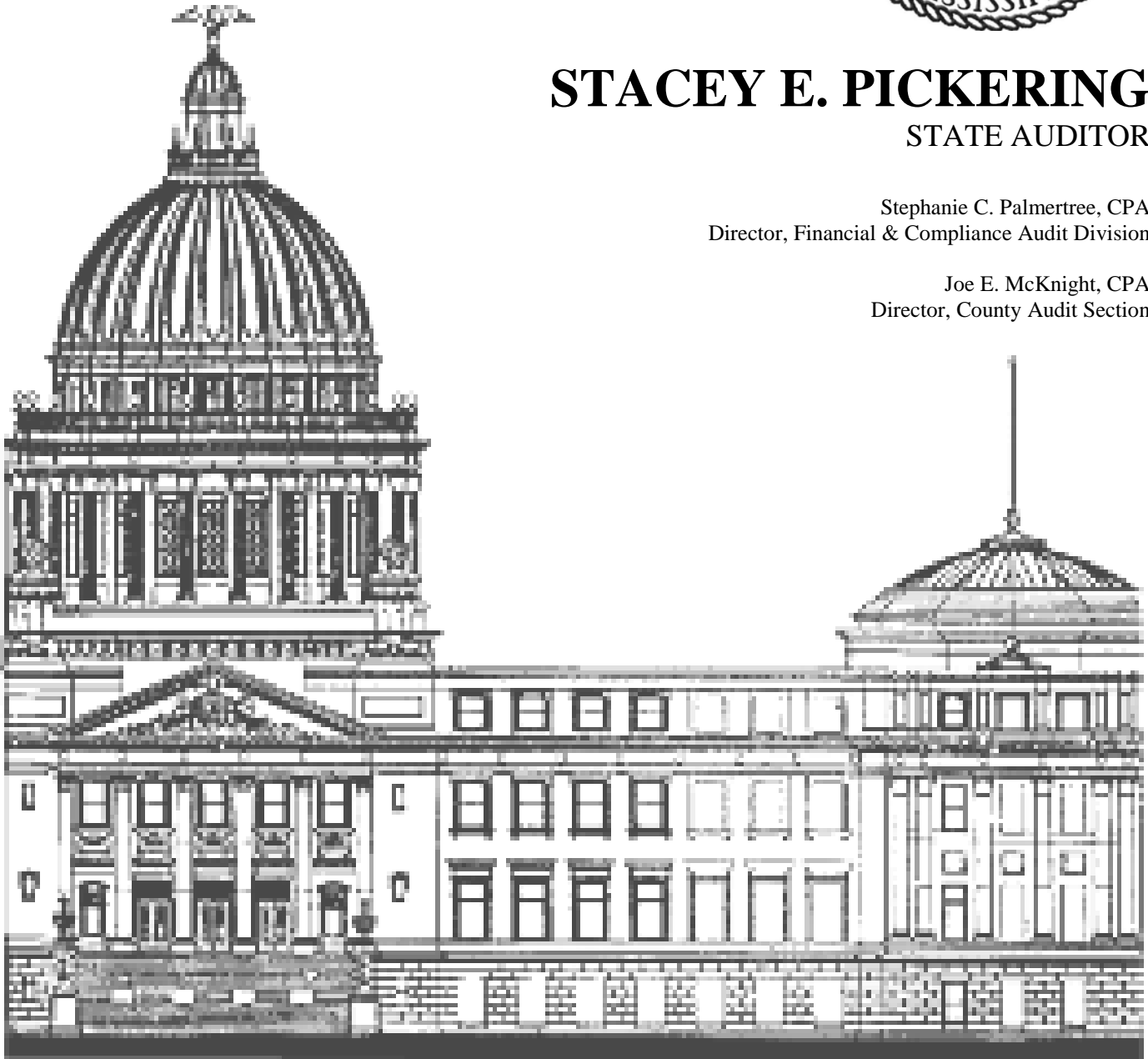


## STACEY E. PICKERING

STATE AUDITOR

Stephanie C. Palmertree, CPA  
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

June 26, 2018

Members of the Board of Supervisors  
Franklin County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Franklin County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering".

Stacey E. Pickering  
State Auditor



# FRANKLIN COUNTY

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FRANKLIN COUNTY

FINANCIAL SECTION

FRANKLIN COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Franklin County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi, (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units***

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Franklin County, Mississippi, as of September 30, 2016, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi, as of September 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements which describes that Franklin County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Report on Supplementary and Other Information***

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

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Budgetary Comparison Schedules, Schedule of Investments, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018 on our consideration of Franklin County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Mississippi's internal control over financial reporting and compliance.

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 26, 2018

FRANKLIN COUNTY

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FRANKLIN COUNTY

FINANCIAL STATEMENTS

FRANKLIN COUNTY

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FRANKLIN COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2016

Exhibit 1

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
		<u>Total</u>
ASSETS		
Cash	\$ 5,405,192	(38,122)
Total Assets	<u>5,405,192</u>	<u>5,367,070</u>
NET POSITION		
Restricted:		
Expendable:		
General government	118,148	118,148
Public safety	889,022	889,022
Public works	2,552,621	2,552,621
Health and welfare	783,760	783,760
Debt service	37,746	37,746
Unemployment compensation	22,466	22,466
Unrestricted	1,001,429	(38,122)
Total Net Position	<u>\$ 5,405,192</u>	<u>5,367,070</u>

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

FRANKLIN COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,846,082	260,719	28,129		(1,557,234)		(1,557,234)
Public safety	1,085,699	119,016	67,202		(899,481)		(899,481)
Public works	2,209,291		863,398	218,421	(1,127,472)		(1,127,472)
Health and welfare	96,763		3,994		(92,769)		(92,769)
Culture and recreation	3,053				(3,053)		(3,053)
Education	317,226		318,698		1,472		1,472
Conservation of natural resources	70,162				(70,162)		(70,162)
Economic development and assistance	8,251				(8,251)		(8,251)
Debt service:							
Principal	108,820				(108,820)		(108,820)
Interest	44,879				(44,879)		(44,879)
Total Governmental Activities	<u>5,790,226</u>	<u>379,735</u>	<u>1,281,421</u>	<u>218,421</u>	<u>(3,910,649)</u>	<u>0</u>	<u>(3,910,649)</u>
Business-type activities:							
Solid Waste	<u>775,286</u>	<u>419,731</u>				<u>(355,555)</u>	<u>(355,555)</u>
Total Business-type Activities	<u>775,286</u>	<u>419,731</u>	<u>0</u>	<u>0</u>		<u>(355,555)</u>	<u>(355,555)</u>
Total Primary Government	<u>\$ 6,565,512</u>	<u>799,466</u>	<u>1,281,421</u>	<u>218,421</u>	<u>(3,910,649)</u>	<u>(355,555)</u>	<u>(4,266,204)</u>
General receipts:							
Property taxes					\$ 2,304,111	228,474	2,532,585
Road & bridge privilege taxes					111,172		111,172
Grants and contributions not restricted to specific programs					484,343	535	484,878
Unrestricted interest income					6,158	68	6,226
Miscellaneous					48,134	17	48,151
Proceeds from debt issuance					44,750		44,750
Total General Receipts and Other Cash Sources					<u>2,998,668</u>	<u>229,094</u>	<u>3,227,762</u>
Changes in Net Position					(911,981)	(126,461)	(1,038,442)
Net Position - Beginning					<u>6,317,173</u>	<u>88,339</u>	<u>6,405,512</u>
Net Position - Ending					<u>\$ 5,405,192</u>	<u>(38,122)</u>	<u>5,367,070</u>

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

FRANKLIN COUNTY  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2016

Exhibit 3

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Countywide Bridge and Culvert Fund</u>	<u>Hospital Contingency Fund</u>		
ASSETS					
Cash	\$ 1,001,429	808,775	783,760	2,811,228	5,405,192
Total Assets	<u>\$ 1,001,429</u>	<u>808,775</u>	<u>783,760</u>	<u>2,811,228</u>	<u>5,405,192</u>
FUND BALANCES					
Restricted for:					
General government	\$			118,148	118,148
Public safety				889,022	889,022
Public works		808,775		1,743,846	2,552,621
Health and welfare			783,760		783,760
Debt service				37,746	37,746
Unemployment compensation				22,466	22,466
Unassigned	1,001,429				1,001,429
Total Fund Balances	<u>\$ 1,001,429</u>	<u>808,775</u>	<u>783,760</u>	<u>2,811,228</u>	<u>5,405,192</u>

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

## FRANKLIN COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
 Governmental Funds  
 For the Year Ended September 30, 2016

	Major Funds				
	General Fund	Countywide Bridge and Culvert Fund	Hospital Contingency Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property taxes	\$ 1,513,921	18,964	115,520	655,706	2,304,111
Road and bridge privilege taxes				111,172	111,172
Licenses, commissions and other receipts	73,459			1,036	74,495
Fines and forfeitures	195,246			9,188	204,434
Intergovernmental receipts	853,419	14,199	278	1,116,289	1,984,185
Charges for services	1,120			99,686	100,806
Interest income	2,745	584	568	2,261	6,158
Miscellaneous receipts	40,174			7,960	48,134
Total Receipts	<u>2,680,084</u>	<u>33,747</u>	<u>116,366</u>	<u>2,003,298</u>	<u>4,833,495</u>
<b>DISBURSEMENTS</b>					
General government	1,735,047			111,035	1,846,082
Public safety	903,060			182,639	1,085,699
Public works		135,466		2,073,825	2,209,291
Health and welfare	83,859		12,904		96,763
Culture and recreation				3,053	3,053
Education	317,226				317,226
Conservation of natural resources	70,162				70,162
Economic development and assistance	8,251				8,251
Debt service:					
Principal				108,820	108,820
Interest				44,879	44,879
Total Disbursements	<u>3,117,605</u>	<u>135,466</u>	<u>12,904</u>	<u>2,524,251</u>	<u>5,790,226</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(437,521)</u>	<u>(101,719)</u>	<u>103,462</u>	<u>(520,953)</u>	<u>(956,731)</u>
<b>OTHER CASH SOURCES (USES)</b>					
Proceeds from long-term debt issuance				44,750	44,750
Transfers in				28,000	28,000
Transfers out	(28,000)				(28,000)
Total Other Cash Sources and Uses	<u>(28,000)</u>	<u>0</u>	<u>0</u>	<u>72,750</u>	<u>44,750</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(465,521)</u>	<u>(101,719)</u>	<u>103,462</u>	<u>(448,203)</u>	<u>(911,981)</u>
Cash Basis Fund Balances - Beginning	<u>1,466,950</u>	<u>910,494</u>	<u>680,298</u>	<u>3,259,431</u>	<u>6,317,173</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,001,429</u>	<u>808,775</u>	<u>783,760</u>	<u>2,811,228</u>	<u>5,405,192</u>

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

FRANKLIN COUNTY  
Statement of Net Position - Cash Basis - Proprietary Fund  
September 30, 2016

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Sanatation and Waste Removal Fund</u>
ASSETS	
Cash	\$ (38,122)
Total Assets	<u>(38,122)</u>
NET POSITION	
Unrestricted	(38,122)
Total Net Position	<u>\$ (38,122)</u>

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

## FRANKLIN COUNTY

Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2016Exhibit 6

	Business-type Activities - Enterprise Fund <u>Sanatation and Waste Removal Fund</u>
Operating Receipts	
Charges for services	\$ 419,731
Miscellaneous	17
Total Operating Receipts	<u>419,748</u>
Operating Disbursements	
Personal services	170,134
Contractual services	593,447
Materials and supplies	11,705
Total Operating Disbursements	<u>775,286</u>
Operating Income (Loss)	<u>(355,538)</u>
Nonoperating Receipts (Disbursements)	
Property tax	228,474
Road and bridge privilege	535
Interest income	68
Net Nonoperating Receipts (Disbursements)	<u>229,077</u>
Net Income (Loss)	<u>(126,461)</u>
Changes in Net Position	(126,461)
Net Position - Beginning	<u>88,339</u>
Net Position - Ending	\$ <u><u>(38,122)</u></u>

FRANKLIN COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2016

Exhibit 7

	Agency Funds
ASSETS	
Cash	\$ 736,745
Total Assets	\$ 736,745
LIABILITIES	
Amounts held in custody for others	\$ 736,745
Total Liabilities	\$ 736,745

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

FRANKLIN COUNTY

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## FRANKLIN COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

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

##### A. Financial Reporting Entity.

Franklin County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Franklin County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Franklin County Memorial Hospital
- Okhissa Lake Sewer District

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

## FRANKLIN COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

receipts identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general receipts of the County.

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, Proprietary Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

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

Hospital Contingency Fund - This fund is used to account for funds received from the benefit of the hospital.

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

#### PROPRIETARY FUND TYPE

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

## FRANKLIN COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

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

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

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

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific

# FRANKLIN COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

### Fund Balance Flow Assumption:

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

### G. Property Tax Receipts.

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

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

### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$6,103,815, and the bank balance was \$6,425,839. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

### (3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2016:

#### Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>28,000</u>

## FRANKLIN COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

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

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

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

(6) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Copiah Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Franklin County Board of Supervisors appoints two of the 27 members of the college board of trustees. The County contributed \$187,461 for maintenance and support of the district in fiscal year 2016.

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Franklin County Board of Supervisors appoints four of the 40 members of the board of directors. The County contributed \$22,877 for the support of the district in fiscal year 2016.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Franklin County Board of Supervisors appoints one of the 10 members of the board of commissioners. The County contributed \$18,000 for its support in fiscal year 2016.

Southwest Mississippi Partnership operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members, appointed by each County's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The County contributed \$1,624 for its maintenance and support of the Southwest Mississippi Partnership in fiscal year 2016.

FRANKLIN COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

(7) Defined Benefit Pension Plan.

Plan Description. Franklin County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$284,067, \$292,216 and \$284,443, respectively, equal to the required contributions for each year.

FRANKLIN COUNTY

SUPPLEMENTAL INFORMATION

FRANKLIN COUNTY

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FRANKLIN COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2016

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Forest Service/ Schools and roads - grants to states (Direct Award)*	10.665	N/A	\$ <u>72,000</u>
Passed-through the Mississippi State Treasurers Office Schools and roads - grants to states*	10.665	N/A	<u>637,396</u>
Total U.S. Department of Agriculture			<u>709,396</u>
U.S. Department of Justice/Office of Justice Programs/ Passed-through the Mississippi Department of Public Safety Edward Byrne memorial justice assistance grant program	16.738	14LB1191	<u>3,409</u>
U.S. Department of Transportation - Federal Highway Administration Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	BR NBIS 083 B(19)	26,150
Highway planning and construction	20.205	EFLH 0019 9B	38,786
Highway planning and construction	20.205	EFLH 0019 10B	<u>22,532</u>
Total U.S. Department of Transportation			<u>87,468</u>
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	N/A	<u>13,911</u>
Total Expenditures of Federal Awards			\$ <u><u>814,184</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

\* Denotes major federal award program

FRANKLIN COUNTY

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FRANKLIN COUNTY

OTHER INFORMATION

FRANKLIN COUNTY

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FRANKLIN COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 1,533,350	1,513,921	1,513,921	
Licenses, commissions and other receipts	69,100	73,459	73,459	
Fines and forfeitures	160,600	195,246	195,246	
Intergovernmental receipts	939,100	853,419	853,419	
Charges for services	400	1,120	1,120	
Interest income		2,745	2,745	
Miscellaneous receipts	4,600	40,174	40,174	
Total Receipts	<u>2,707,150</u>	<u>2,680,084</u>	<u>2,680,084</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	1,732,419	1,735,047	1,735,047	
Public safety	1,092,670	903,060	903,060	
Health and welfare	95,105	83,859	83,859	
Education		317,226	317,226	
Conservation of natural resources	73,350	70,162	70,162	
Economic development and assistance	47,002	8,251	8,251	
Total Disbursements	<u>3,040,546</u>	<u>3,117,605</u>	<u>3,117,605</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(333,396)</u>	<u>(437,521)</u>	<u>(437,521)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers out		(28,000)	(28,000)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(28,000)</u>	<u>(28,000)</u>	<u>0</u>
Net Change in Fund Balance	(333,396)	(465,521)	(465,521)	0
Fund Balances - Beginning	<u>1,647,208</u>	<u>1,466,950</u>	<u>1,466,950</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,313,812</u>	<u>1,001,429</u>	<u>1,001,429</u>	<u>0</u>

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

FRANKLIN COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Bridge and Culvert Fund  
 For the Year Ended September 30, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 17,800	18,964	18,964	
Intergovernmental receipts	10,100	10,176	10,176	
Interest income	650	584	584	
Miscellaneous receipts	3,200	4,023	4,023	
Total Receipts	<u>31,750</u>	<u>33,747</u>	<u>33,747</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	535,300	135,466	135,466	
Total Disbursements	<u>535,300</u>	<u>135,466</u>	<u>135,466</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(503,550)</u>	<u>(101,719)</u>	<u>(101,719)</u>	<u>0</u>
Net Change in Fund Balance	(503,550)	(101,719)	(101,719)	
Fund Balances - Beginning	<u>910,435</u>	<u>910,494</u>	<u>910,494</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 406,885</u>	<u>808,775</u>	<u>808,775</u>	<u>0</u>

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

FRANKLIN COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Hospital Contingency Fund  
 For the Year Ended September 30, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 105,200	115,520	115,520	
Intergovernmental receipts	400	278	278	
Interest income	350	568	568	
Total Receipts	<u>105,950</u>	<u>116,366</u>	<u>116,366</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Health and welfare	115,500	12,904	12,904	
Total Disbursements	<u>115,500</u>	<u>12,904</u>	<u>12,904</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(9,550)</u>	<u>103,462</u>	<u>103,462</u>	<u>0</u>
Net Change in Fund Balance	(9,550)	103,462	103,462	0
Fund Balances - Beginning	<u>420,305</u>	<u>680,298</u>	<u>680,298</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 410,755</u>	<u>783,760</u>	<u>783,760</u>	<u>0</u>

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

FRANKLIN COUNTY  
Schedule of Investments  
For the Year Ended September 30, 2016  
UNAUDITED

Fund	Description	Maturity Date	October 1, 2015 Balance	Purchases	Redeemed Sales	September 30, 2015 Balance
OTHER GOVERNMENTAL FUNDS						
	Hancock Horizon Treasury Securities Money Market Mutual Fund	Less than one year	\$ 123,660			123,660
TOTAL GOVERNMENTAL FUNDS			\$ 123,660	0	0	123,660



FRANKLIN COUNTY  
Schedule of Interfund Loans  
Due From / To Other Funds  
For the Year Ended September 30, 2016

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2016</u>
Sanatation and Waste Removal Fund	General Fund	\$ <u>38,122</u>
Total		<u><u>38,122</u></u>

The amounts due were for operating expenses for the fiscal year ending 2016. All interfund balances are expected to be repaid within one year from the date of the financial statements.

FRANKLIN COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2016  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Balance Sept. 30, 2016
Land	\$ 259,432			259,432
Infrastructure	2,953,998			2,953,998
Buildings	1,947,363			1,947,363
Improvements other than buildings	332,052			332,052
Mobile equipment	3,996,099	224,581	8,466	4,212,214
Furniture and equipment	1,201,921	58,494	48,735	1,211,680
Total capital assets	<u>\$ 10,690,865</u>	<u>283,075</u>	<u>57,201</u>	<u>10,916,739</u>

**Business-type activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Balance Sept. 30, 2016
Land	\$ 1,516			1,516
Mobile equipment	360,119			360,119
Total capital assets	<u>\$ 361,635</u>	<u>0</u>	<u>0</u>	<u>361,635</u>

FRANKLIN COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2016  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2015	Issued	Principal Payments	Balance Sept. 30, 2016
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
Hospital Bond - Series 2003	10/01/2003	07/01/2023	2.00-5.50%	\$ 775,000		80,000	695,000
B. Capital Leases:							
Road equipment - Dura Star dump truck	09/25/2012	10/01/2015	2.29%	1,551		1,551	
Road equipment - Dura Star International	12/13/2012	01/01/2016	2.08%	3,658		3,658	
C. Other Loans:							
District 2 - Backhoe	06/23/2016	06/23/2019	2.33%		44,750	23,611	21,139
Total				\$ 780,209	44,750	108,820	716,139

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

FRANKLIN COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2016  
UNAUDITED

Name	Position	Company	Bond
Gary Cameron	Supervisor District 1	Western Surety	\$100,000
David Southerland	Supervisor District 2	Brierfield	\$100,000
Mike Hunt	Supervisor District 3	Brierfield	\$100,000
Jerry Howell	Supervisor District 4	Brierfield	\$100,000
Jimmie Bass	Supervisor District 5	Brierfield	\$100,000
Jill Gilbert	Chancery Clerk	Brierfield	\$100,000
Amanda Perry	Purchase Clerk	FCCI	\$75,000
Jill Gilbert	Assistant Purchase Clerk	Brierfield	\$50,000
Melanie Harrell	Receiving Clerk	FCCI	\$75,000
Laurance Foley	Assistant Receiving Clerk	FCCI	\$50,000
James Russell	Assistant Receiving Clerk	FCCI	\$50,000
Thomas Sullivan	Assistant Receiving Clerk	FCCI	\$50,000
Daniel Sullivan	Assistant Receiving Clerk	FCCI	\$50,000
Heath Woodcock	Assistant Receiving Clerk	FCCI	\$50,000
Vickie Young	Assistant Receiving Clerk	FCCI	\$50,000
Walter Campbell	Assistant Receiving Clerk	Western Surety	\$50,000
Tonya Blackwell	Inventory Control Clerk	FCCI	\$75,000
Charles Brown	Constable	FCCI	\$50,000
Tommy Myers	Constable	FCCI	\$50,000
Warren Walker	Circuit Clerk	FCCI	\$100,000
Hannah Duncan	Deputy Circuit Clerk	FCCI	\$50,000
James Newman	Sheriff	Brierfield	\$100,000
Otis Dyer	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	\$50,000
Gordon Dover	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	\$50,000
Roger Causey	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	\$50,000
Arturo Delagarza	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	\$50,000
Lee Turner	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	\$50,000
Brian Monroe	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	\$50,000
Ricky Oquin	Justice Court Judge	Western Surety	\$50,000
Jerry Crane	Justice Court Judge	Brierfield	\$50,000
Glady's Wilcher	Justice Court Clerk	FCCI	\$50,000
Jennifer Wallace	Deputy Justice Court Clerk	FCCI	\$50,000
Jeff Mullins	Tax Assessor-Collector	Brierfield	\$100,000
Rhonda Farris	Deputy Tax Assessor - Collector	FCCI	\$50,000
Vickie Young	Deputy Tax Collector	FCCI	\$50,000
Traci Carraway	Deputy Tax Collector	FCCI	\$50,000
Debra Wactor	Solid Waste	Brierfield	\$50,000
Percy Peeler	Coroner	Brierfield	\$2,000

FRANKLIN COUNTY

Notes to the Other Information  
For the Year Ended September 30, 2016  
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2016, the amount of outstanding debt was less than one percent of the latest property assessments.

C. Subsequent Events.

Subsequent to September 30, 2016, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
02/02/2017	2.52%	101,718	Lease Purchase	Advalorem taxes

FRANKLIN COUNTY

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## FRANKLIN COUNTY

### SPECIAL REPORTS

FRANKLIN COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

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

Members of the Board of Supervisors  
Franklin County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2016-001 and 2016-002 that we consider to be material weaknesses.

## **Compliance and Other Matters**

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

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

Franklin County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Franklin County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Joe E. McKnight".

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 26, 2018



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

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

Members of the Board of Supervisors  
Franklin County, Mississippi

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

We have audited Franklin County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Franklin County, Mississippi's major federal program for the year ended September 30, 2016. Franklin County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for ~~(each of)~~ Franklin County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Franklin County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Franklin County, Mississippi's compliance.

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

In our opinion, Franklin County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

## Report on Internal Control Over Compliance

Management of Franklin County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Franklin County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 26, 2018



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

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

Members of the Board of Supervisors  
Franklin County, Mississippi

We have examined Franklin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Franklin County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Franklin County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Franklin County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 26, 2018

FRANKLIN COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2016

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

FRANKLIN COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2016

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
05/16/2016	Air Conditioning Unit	\$ 34,000	Terrell Jones	Air conditioner in the courtroom quit working.



FRANKLIN COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2016

Our tests did not identify any purchases made noncompetitively from a sole source.

FRANKLIN COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Franklin County, Mississippi

In planning and performing our audit of the financial statements of Franklin County, Mississippi (the County) for the year ended September 30, 2016, we considered Franklin County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Franklin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 26, 2018, on the financial statements of Franklin County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

A handwritten signature in black ink, reading "Joe E. Mcknight".

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 26, 2018

FRANKLIN COUNTY

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FRANKLIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FRANKLIN COUNTY

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FRANKLIN COUNTY  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2016

**Section 1: Summary of Auditor's Results**

***Financial Statements:***

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: |               |
| Governmental activities   | Unmodified    |
| Business-type activities  | Unmodified    |
| Aggregate discretely presented component units                  | Adverse       |
| General Fund  | Unmodified    |
| Countywide Bridge and Culvert Fund                              | Unmodified    |
| Hospital Contingency Fund                                       | Unmodified    |
| Sanitation and Waste Removal Fund                               | Unmodified    |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weaknesses identified?                              | Yes           |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements noted?    | No            |

***Federal Awards:***

- |   |               |
|---|---------------|
| 4. Internal control over major federal programs:  |               |
| a. Material weakness identified?  | No            |
| b. Significant deficiency identified?   | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs:                            | Unmodified    |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7. Identification of major federal programs:  |               |
| CFDA #10.665, Schools and roads - grants to states  |               |
| 8. Dollar threshold used to distinguish between type A and type B programs:                             | \$750,000     |

**Section 2: Financial Statement Findings**

Board of Supervisors.

Material Weakness

2016-001. County signed warrants without sufficient money.

Repeat Finding      No

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

FRANKLIN COUNTY  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2016

Condition	Warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2016, the following funds had negative cash balances in the indicated amounts: a. Sanitation and Waste Removal Fund - \$38,122 b. Tiger Grant Fund - \$92,221
Cause	Unknown
Effect	Failure to have sufficient cash balances in County funds prior to issuing warrants on these funds resulted in other funds' cash being used for purposes other than their intended purpose. This situation could result in the Board of Supervisors being held personally liable for such amount.
Recommendation	The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.
Views of Responsible Official(s)	We will comply.
Sheriff.	
Material Weakness	
2016-002.	<u>The Sheriff's Office should make daily deposits.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls over cash requires that daily deposits be made.
Condition	As reported in the prior eight years' audit reports, the Sheriff failed to make daily deposits throughout the fiscal year.
Cause	Unknown
Effect	The failure to make daily deposits could result in the loss or misappropriation of public funds.
Recommendation	The Sheriff should implement internal controls to ensure that daily bank deposits are made.
Views of Responsible Official(s)	An effective control over cash should require daily deposits. I do agree and will do my best to ensure that daily deposits do occur each day in the future.

Section 3: Federal Award Findings and Questioned Costs

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