

# MARION COUNTY, MISSISSIPPI

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

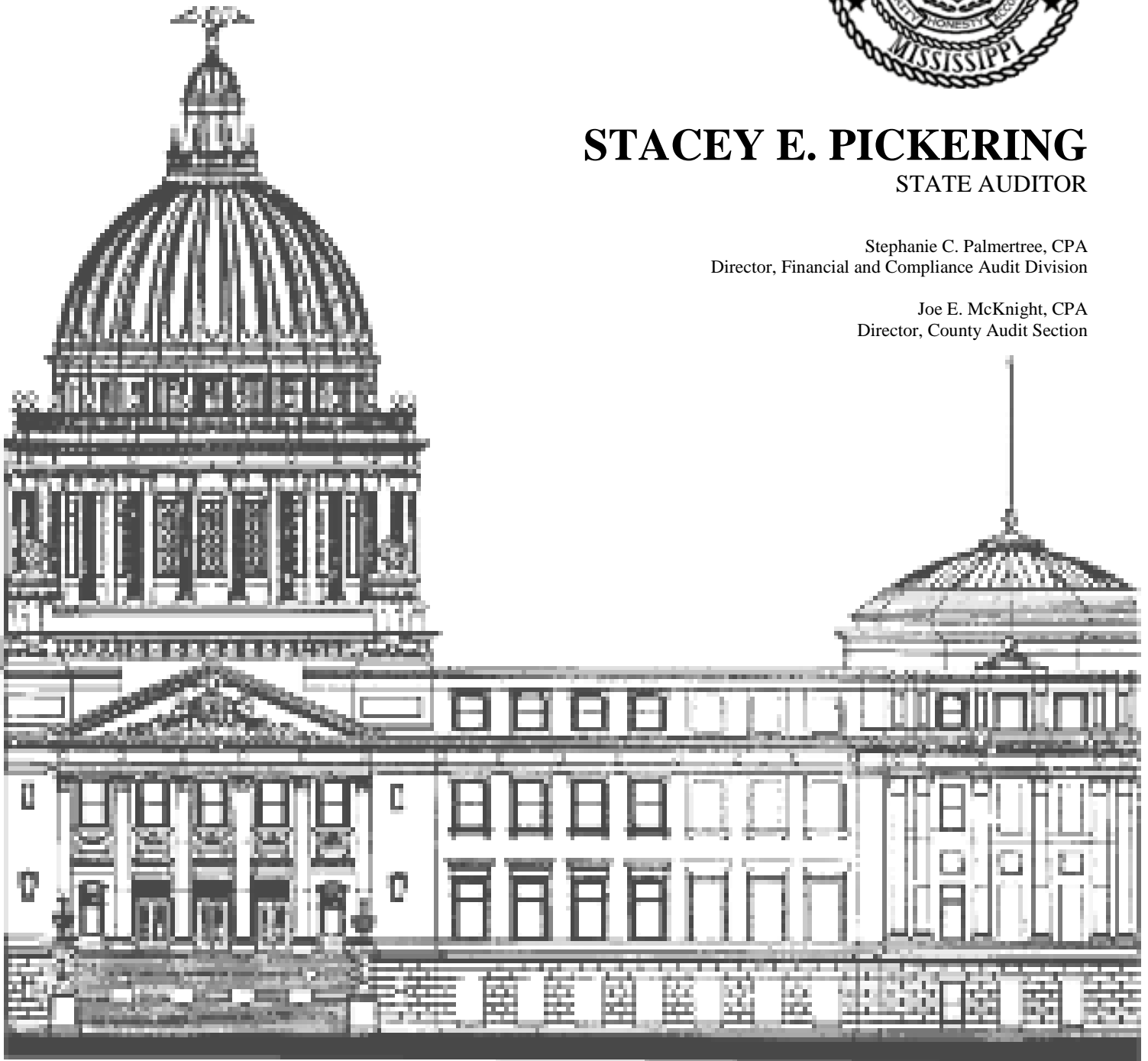


## STACEY E. PICKERING

STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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









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

June 22, 2018

Members of the Board of Supervisors  
Marion County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Marion 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 Marion County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Marion 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", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



MARION COUNTY  
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MARION COUNTY

FINANCIAL SECTION

MARION 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  
Marion County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion 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 accounting principles generally accepted in the United States of America; this includes 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 Unit***

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component unit has not been determined.

### ***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 Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Marion County, Mississippi, as of September 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Omission of Required Supplementary Information***

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

#### ***Other Information***

The Schedule of Surety Bonds for County Officials has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 on our consideration of Marion 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 Marion County, Mississippi's internal control over financial reporting and compliance.

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JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 22, 2018

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MARION COUNTY

FINANCIAL STATEMENTS

MARION COUNTY

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MARION COUNTY  
Statement of Net Position  
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 4,401,340	303,568	4,704,908
Restricted assets - investments		1,192,893	1,192,893
Property tax receivable	8,807,118	101,065	8,908,183
Accounts receivable (net of allowance for uncollectibles of \$215,513)		457,966	457,966
Fines receivable (net of allowance for uncollectibles of \$2,631,506)	589,576		589,576
Intergovernmental receivables	483,234	62,117	545,351
Other receivables	4,956	8	4,964
Internal balances	718,667	(718,667)	
Capital assets:			
Land	663,344	60,000	723,344
Other capital assets, net	28,938,891	6,721,481	35,660,372
Total Assets	44,607,126	8,180,431	52,787,557
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,888,735	1,019,218	2,907,953
Deferred amount on refunding		69,668	69,668
Total Deferred Outflows of Resources	1,888,735	1,088,886	2,977,621
<b>LIABILITIES</b>			
Claims payable	462,553	271,928	734,481
Intergovernmental payables	454,088		454,088
Accrued interest payable	66,446	7,994	74,440
Unearned revenue		40,260	40,260
Other payables	87,965		87,965
Long-term liabilities			
Net pension liability	9,534,344	5,187,748	14,722,092
Due within one year:			
Capital debt	559,933	803,876	1,363,809
Non-capital debt	352,192		352,192
Due in more than one year:			
Capital debt	2,169,863	3,904,841	6,074,704
Non-capital debt	2,255,258		2,255,258
Total Liabilities	15,942,642	10,216,647	26,159,289
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	26,360	12,761	39,121
Deferred revenues - property taxes	8,807,118	101,065	8,908,183
Total Deferred Inflows of Resources	8,833,478	113,826	8,947,304
<b>NET POSITION</b>			
Net investment in capital assets	26,872,439	2,142,432	29,014,871
Restricted for:			
Expendable:			
General government	243,077		243,077
Public safety	866,453	42,151	908,604
Public works	1,108,709	134,547	1,243,256
Culture and recreation	7,774		7,774
Economic development and assistance	17,456		17,456
Debt service	671,828	315,656	987,484
Unemployment compensation	32,865		32,865
Unrestricted	(8,100,860)	(3,695,942)	(11,796,802)
Total Net Position	\$ 21,719,741	(1,061,156)	20,658,585

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

MARION COUNTY  
Statement of Activities  
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,128,025	397,932	18,683		(3,711,410)		(3,711,410)
Public safety	3,813,736	589,068	645,545		(2,579,123)		(2,579,123)
Public works	3,588,304		1,108,244	201,246	(2,278,814)		(2,278,814)
Health and welfare	387,155		37,329		(349,826)		(349,826)
Culture and recreation	111,132				(111,132)		(111,132)
Conservation of natural resources	54,775				(54,775)		(54,775)
Economic development and assistance	200,615			5,000	(195,615)		(195,615)
Interest on long-term debt	193,430				(193,430)		(193,430)
Pension expense	1,414,198				(1,414,198)		(1,414,198)
Total Governmental Activities	13,891,370	987,000	1,809,801	206,246	(10,888,323)	0	(10,888,323)
Business-type activities:							
Marion/Walthall Correctional Facility	4,856,153	3,934,162				(921,991)	(921,991)
Marion County Women's Facility	557,953	248,224				(309,729)	(309,729)
Garbage and Solid Waste	1,229,021	855,288				(373,733)	(373,733)
Total Business-type Activities	6,643,127	5,037,674	0	0		(1,605,453)	(1,605,453)
Total Primary Government	\$ 20,534,497	6,024,674	1,809,801	206,246	(10,888,323)	(1,605,453)	(12,493,776)
General revenues:							
Property taxes					\$ 8,814,833	397,572	9,212,405
Road & bridge privilege taxes					297,415		297,415
Grants and contributions not restricted to specific programs					513,147	161,256	674,403
Unrestricted interest income					20,634	1,069	21,703
Miscellaneous					725,686	28,596	754,282
Transfers					(157,650)	157,650	
Total General Revenues and Transfers					10,214,065	746,143	10,960,208
Changes in Net Position					(674,258)	(859,310)	(1,533,568)
Net Position - Beginning, as previously reported					22,408,157	(201,846)	22,206,311
Prior period adjustment					(14,158)		(14,158)
Net Position - Beginning, as restated					22,393,999	(201,846)	22,192,153
Net Position - Ending					\$ 21,719,741	(1,061,156)	20,658,585

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

MARION COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2016

Exhibit 3

	Major Fund		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash	\$ 1,512,376	2,888,964	4,401,340
Property tax receivable	6,683,900	2,123,218	8,807,118
Fines receivable (net of allowance for uncollectibles of \$2,631,506)	589,576		589,576
Intergovernmental receivables	194,098	289,136	483,234
Other receivables	1,698	3,258	4,956
Due from other funds	744,767	139,709	884,476
Total Assets	\$ 9,726,415	5,444,285	15,170,700
LIABILITIES			
Liabilities:			
Claims payable	\$ 160,394	302,159	462,553
Intergovernmental payables	420,187		420,187
Due to other funds	195,410	4,300	199,710
Other payables	87,965		87,965
Total Liabilities	863,956	306,459	1,170,415
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	6,683,900	2,123,218	8,807,118
Unavailable revenue - fines	589,576		589,576
Total deferred inflows of resources	7,273,476	2,123,218	9,396,694
Fund balances:			
Restricted for:			
General government		243,077	243,077
Public safety		866,453	866,453
Public works		1,108,709	1,108,709
Culture and recreation		7,774	7,774
Economic development and assistance		17,456	17,456
Debt service		738,274	738,274
Unemployment compensation		32,865	32,865
Assigned to:			
General government	24,377		24,377
Unassigned	1,564,606		1,564,606
Total Fund Balances	1,588,983	3,014,608	4,603,591
Total Liabilities and Fund Balances	\$ 9,726,415	5,444,285	15,170,700

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

## MARON COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2016

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,603,591
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$53,858,564.	29,602,235
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	589,576
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,337,246)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(9,534,344)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(66,446)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,888,735
Deferred inflows of resources related to pensions	<u>(26,360)</u>
Total Net Position - Governmental Activities	\$ <u><u>21,719,741</u></u>

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

## MARION COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2016

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 6,725,591	2,089,242	8,814,833
Road and bridge privilege taxes		297,415	297,415
Licenses, commissions and other revenue	357,938	7,793	365,731
Fines and forfeitures	258,689		258,689
Special assessments			
In lieu taxes - (specify)			
Contributions to permanent funds			
Intergovernmental revenues	678,319	1,850,875	2,529,194
Charges for services		279,782	279,782
Interest income	10,604	10,030	20,634
Miscellaneous revenues	394,587	331,099	725,686
Total Revenues	8,425,728	4,866,236	13,291,964
EXPENDITURES			
Current:			
General government	3,950,529	321,459	4,271,988
Public safety	3,024,554	948,928	3,973,482
Public works	53,366	3,884,998	3,938,364
Health and welfare	308,927		308,927
Culture and recreation	116,382	303	116,685
Conservation of natural resources	54,983		54,983
Economic development and assistance	152,946	5,000	157,946
Debt service:			
Principal	218,642	690,269	908,911
Interest	77,567	123,961	201,528
Total Expenditures	7,957,896	5,974,918	13,932,814
Excess of Revenues over (under) Expenditures	467,832	(1,108,682)	(640,850)
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	80,242	501,096	581,338
Long-term non-capital debt issued		51,000	51,000
Proceeds from sale of capital assets	1,488	38,383	39,871
Compensation for loss of capital assets	12,664		12,664
Transfers in	38,845	100,776	139,621
Transfers out	(258,104)	(39,167)	(297,271)
Total Other Financing Sources and Uses	(124,865)	652,088	527,223
Net Changes in Fund Balances	342,967	(456,594)	(113,627)
Fund Balances - Beginning	1,246,016	3,471,202	4,717,218
Fund Balances - Ending	\$ 1,588,983	3,014,608	4,603,591

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

## MARION COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2016

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (113,627)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$688,224 exceeded capital outlays of \$678,766 in the current period.	(9,458)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$21,172 and the proceeds from the sale of \$39,871 and the compensation for loss of \$12,664 in the current period.	(73,707)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	82,798
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$908,911 exceeded debt proceeds of \$632,338.	276,573
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the decrease in accrued interest payable.	8,098
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,414,198)
Recording of contributions made during the year	569,262
Rounding	<u>1</u>
Change in Net Position of Governmental Activities	\$ <u><u>(674,258)</u></u>

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

MARION COUNTY  
Statement of Net Position - Proprietary Funds  
September 30, 2016

Exhibit 5

Business-type Activities - Enterprise Funds				
Major Funds				
	Marion/Walthall Correctional Facility	Marion County Women's Facility	Garbage & Solid Waste	Total
<b>ASSETS</b>				
Current assets:				
Cash	\$ 303,568			303,568
Restricted assets - investments	1,192,893			1,192,893
Property tax receivable			101,065	101,065
Accounts receivable (net of allowance for uncollectibles of \$215,513)			457,966	457,966
Intergovernmental receivables	62,117			62,117
Other receivables			8	8
Due from other funds	20,688		5,412	26,100
Total Current Assets	1,579,266	0	564,451	2,143,717
Noncurrent assets:				
Capital assets:				
Land	60,000			60,000
Other capital assets, net	5,246,191	1,150,130	325,160	6,721,481
Total Noncurrent Assets	5,306,191	1,150,130	325,160	6,781,481
Total Assets	6,885,457	1,150,130	889,611	8,925,198
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	960,333	23,323	35,562	1,019,218
Deferred amount on refunding	38,027	31,641		69,668
Total Deferred Outflows of Resources	998,360	54,964	35,562	1,088,886
<b>LIABILITIES</b>				
Current liabilities:				
Claims payable	136,707	13,453	121,768	271,928
Due to other funds	380,099	345,713	18,955	744,767
Accrued interest payable	6,067	1,927		7,994
Unearned revenue			40,260	40,260
Capital debt:				
Other long-term liabilities	618,751	150,292	34,833	803,876
Total Current Liabilities	1,141,624	511,385	215,816	1,868,825
Noncurrent liabilities:				
Net pension liability	4,884,339	119,978	183,431	5,187,748
Capital debt:				
Other long-term liabilities	2,907,398	961,456	35,987	3,904,841
Total Noncurrent Liabilities	7,791,737	1,081,434	219,418	9,092,589
Total Liabilities	8,933,361	1,592,819	435,234	10,961,414
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	12,155	246	360	12,761
Deferred revenues - property taxes			101,065	101,065
Total Deferred Inflows of Resources	12,155	246	101,425	113,826
<b>NET POSITION</b>				
Net investment in capital assets	1,818,069	70,023	254,340	2,142,432
Restricted for:				
Debt service	315,656			315,656
Public safety	42,151			42,151
Public works			134,547	134,547
Unrestricted	(3,237,575)	(457,994)	(373)	(3,695,942)
Total Net Position	\$ (1,061,699)	(387,971)	388,514	(1,061,156)

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

## MARION COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Marion/Walthall Correctional Facility	Marion County Women's Facility	Garbage & Solid Waste	Total
Operating Revenues				
Charges for services	\$ 3,934,162	248,224	855,288	5,037,674
Miscellaneous	28,596			28,596
Total Operating Revenues	<u>3,962,758</u>	<u>248,224</u>	<u>855,288</u>	<u>5,066,270</u>
Operating Expenses				
Personal services	2,453,545	323,145	67,436	2,844,126
Contractual services	404,636	94,751	1,120,585	1,619,972
Materials and supplies	749,833	56,792	1,481	808,106
Depreciation expense	154,326	34,872	9,127	198,325
Indirect administrative cost	32,582	6,157	8,442	47,181
Pension expense	652,108	13,223	19,308	684,639
Total Operating Expenses	<u>4,447,030</u>	<u>528,940</u>	<u>1,226,379</u>	<u>6,202,349</u>
Operating Income (Loss)	<u>(484,272)</u>	<u>(280,716)</u>	<u>(371,091)</u>	<u>(1,136,079)</u>
Nonoperating Revenues (Expenses)				
Property tax	298,618		98,954	397,572
Interest income	1,048		21	1,069
Grants and contributions not restricted to specific programs	59,520		101,736	161,256
Gain (loss) on sale of capital assets			(1,496)	(1,496)
Interest expense	(140,430)	(29,013)	(1,146)	(170,589)
Other income (expenses)	(268,693)			(268,693)
Net Nonoperating Revenue (Expenses)	<u>(49,937)</u>	<u>(29,013)</u>	<u>198,069</u>	<u>119,119</u>
Net Income (Loss) Before Transfers	<u>(534,209)</u>	<u>(309,729)</u>	<u>(173,022)</u>	<u>(1,016,960)</u>
Transfers in		157,650		157,650
Changes in Net Position	<u>(534,209)</u>	<u>(152,079)</u>	<u>(173,022)</u>	<u>(859,310)</u>
Net Position - Beginning	<u>(527,490)</u>	<u>(235,892)</u>	<u>561,536</u>	<u>(201,846)</u>
Net Position - Ending	<u>\$ (1,061,699)</u>	<u>(387,971)</u>	<u>388,514</u>	<u>(1,061,156)</u>

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



MARION COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2016

Exhibit 7

Business-type Activities - Enterprise Funds				
Major Funds				
	Marion/Walthall Correctional Facility	Marion County Women's Facility	Garbage & Solid Waste	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 3,931,265	350,398	871,284	5,152,947
Payments to suppliers	(1,150,236)	(157,945)	(1,021,223)	(2,329,404)
Payments to employees	(2,693,244)	(328,489)	(75,243)	(3,096,976)
Other operating cash receipts	28,596			28,596
Net Cash Provided (Used) by Operating Activities	116,381	(136,036)	(225,182)	(244,837)
Cash Flows From Noncapital Financing Activities				
Intergovernmental grants received	51,600		101,642	153,242
Cash received from property taxes	297,925		98,493	396,418
Cash received from other funds:				
Operating transfers in		157,650	3,546	161,196
Loans from other funds	316,635	320,373		637,008
Cash paid to other funds:				
Interfund loan repayments	(286,267)	(175,151)		(461,418)
Other receipts	3,430			3,430
Net Cash Provided (Used) by Noncapital Financing Activities	383,323	302,872	203,681	889,876
Cash Flows From Capital and Related Financing Activities				
Proceeds of refunding bond	2,150,000			2,150,000
Proceeds from sale of capital assets			230	230
Acquisition and construction of capital assets	(10,400)	(12,187)	(6,390)	(28,977)
Principal paid on long-term debt	(2,455,000)	(145,000)	(33,728)	(2,633,728)
Interest paid on debt	(124,173)	(12,650)	(3,435)	(140,258)
Legal fees	(2,351)			(2,351)
Bond issuance costs	(255,000)			(255,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(696,924)	(169,837)	(43,323)	(910,084)
Cash Flows From Investing Activities				
Proceeds from sale and maturities of investments				0
Interest on deposits	1,118	0	115	1,233
Interest and dividends on investments				0
Purchase of investment securities				0
Net Cash Provided (Used) by Investing Activities	1,118	0	115	1,233
Net Increase (Decrease) in Cash and Cash Equivalents	(196,102)	(3,001)	(64,709)	(263,812)
Cash and Cash Equivalents at Beginning of Year	1,692,563	3,001	64,709	1,760,273
Adjustments to Beginning of Year Cash Due to Fund Reclassification				0
Cash and Cash Equivalents at End of Year	\$ 1,496,461	0	0	1,496,461

MARION COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2016

Exhibit 7 - Cont'd

Business-type Activities - Enterprise Funds				
Major Funds				
	Marion/Walthall Correctional Facility	Marion County Women's Facility	Garbage & Solid Waste	Total
Reconciliation of Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (484,272)	(280,716)	(371,091)	(1,136,079)
Adjustments to reconcile operating income to net cash				
provided (used) by operating activities:				
Depreciation expense	154,326	34,872	9,127	198,325
Provision for uncollectible accounts			8,879	8,879
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable			(27,747)	(27,747)
(Increase) decrease in intergovernmental receivables	(26,497)	102,174		75,677
(Increase) decrease in other receivables	23,600		33,867	57,467
Increase (decrease) in claims payable	27,055	(6,403)	100,843	121,495
Increase (decrease) in pension liability				
and deferred resources, net	389,587	7,880	11,501	408,968
Increase (decrease) in unearned revenue			997	997
Increase (decrease) in interfund payables	32,582	6,157	8,442	47,181
Total Adjustments	600,653	144,680	145,909	891,242
Net Cash Provided (Used) by Operating Activities	\$ 116,381	(136,036)	(225,182)	(244,837)

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

MARION COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2016

Exhibit 8

		Agency Funds
ASSETS		
Cash	\$	388,322
Due from other funds		33,901
Total Assets	\$	<u>422,223</u>
LIABILITIES		
Amounts held in custody for others	\$	334,657
Intergovernmental payables		87,566
Total Liabilities	\$	<u>422,223</u>

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

MARION COUNTY

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## MARION COUNTY

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

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

##### A. Financial Reporting Entity.

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

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

- Marion County Economic Development 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 and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

##### Government-wide Financial Statements:

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

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

## MARION COUNTY

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

#### Fund Financial Statements:

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

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

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

The County reports the following major Governmental Fund:

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

The County reports the following major Enterprise Funds:

Marion/Walthall Correctional Facility Fund - This fund is used to account for the County's activities of the men's correctional facility.

Marion County Women's Facility Fund - This fund is used to account for the County's activities of the women's correctional facility.

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

Additionally, the County reports the following fund types:

## MARION COUNTY

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

#### GOVERNMENTAL FUND TYPES

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

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

#### PROPRIETARY FUND TYPE

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

#### FIDUCIARY FUND TYPE

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 classifications used in the financial statements conform to the board 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). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

F. Receivables.

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

G. Interfund Transactions and Balances.

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

## MARION COUNTY

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

#### H. Restricted Assets.

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the County's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue" fund is used to account for all revenue of the correctional facility and to provide payments for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of the trust agreement. The "depreciation and operating reserve" fund is used to pay the costs of major repairs and replacements to the correctional facility. The costs of which are such that they should be spread over a number of years rather than charged as a current expense in a single year. The "excess revenue" fund is used to pay the costs of major repairs and replacements to the correctional facility as well as to pay operating and maintenance expense when other funds are insufficient to pay these expenses within established limitations. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the County's operation that could adversely affect debt service payments. The "general" account is used to accumulate funds to pay the principal and interest payments due on the county's enterprise fund revenue bonds. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

#### I. Capital Assets.

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

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



# MARION COUNTY

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

### J. Deferred Outflows/Inflows of Resources:

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 and 15 for additional details.

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

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

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

### K. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net

## MARION COUNTY

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

position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### L. Long-term Liabilities.

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

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

#### M. Equity Classifications.

##### Government-wide Financial Statements:

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

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

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

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

##### Net Position Flow Assumption:

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

##### Fund Financial Statements:

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

Government 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.

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor

## MARION COUNTY

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

committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972).

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

#### Fund Balance Flow Assumption:

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

#### N. Property Tax Revenues:

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

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

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

#### O. Intergovernmental Revenues in Governmental Funds.

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

# MARION COUNTY

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

### (2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To properly record capital asset balances.	\$ <u>(14,158)</u>

### (3) Deposits and Investments.

#### Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$5,093,230, and the bank balance was \$5,352,586. 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.

#### Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Marion/Walthall Correctional Facility.

Investments balances at September 30, 2016, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities	Less than one	\$ <u>1,192,893</u>	AAAm
Money Market Mutual Fund	year		

**Interest Rate Risk.** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

**Credit Risk.** State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

**Custodial Credit Risk - Investments.** Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of

# MARION COUNTY

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

an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investment, \$1,192,893 of underlying securities were uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

**Concentration of Credit Risk.** The County places no limit on the amount the County may invest in any one issuer. All of the County's investments are in Hancock Horizon Treasury Securities Money Market Mutual Fund and are reported in the Marion/Walthall Correctional Facility Fund.

### (4) Interfund Transactions and Balances.

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Garbage and Solid Waste Fund	\$ 18,955
General Fund	Marion/Walthall Correctional Facility Fund	380,099
General Fund	Marion County Women's Facility Fund	345,713
Other Governmental Funds	General Fund	139,709
Marion/Walthall Correctional Facility Fund	General Fund	16,388
Marion/Walthall Correctional Facility Fund	Other Governmental Funds	4,300
Garbage and Solid Waste Fund	General Fund	5,412
Agency Funds	General Fund	33,901
Total		<u>\$ 944,477</u>

The General Fund receivable from the Garbage and Solid Waste Fund, Marion/Walthall Correctional Facility Fund and the Marion County Women's Facility Fund represents the indirect costs incurred during the year. Also, it represents loans to cover September 30 negative cash balances in the Garbage and Solid Waste Fund, the Marion/Walthall Correctional Facility Fund and the Marion County Women's Facility Fund, as well as, the correction of a debt service error. Funds receivable from the General Fund represent the tax revenue collected in September, 2016, but not settled until October, 2016. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 38,845
Other Governmental Funds	General Fund	100,454
Other Governmental Funds	Other Governmental Funds	322
Marion County Women's Facility Fund	General Fund	157,650
Total		<u>\$ 297,271</u>

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

MARION COUNTY

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2016, consisted of the following:

Description	Amount
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 134,803
Disaster grants - state share	6,705
Disaster grants - FEMA	162,320
DUI grant	18,947
Emergency management performance grants	27,982
Community preservation grant	132,477
Total Governmental Activities	\$ 483,234
<b>Business-type Activities:</b>	
MDOC prisoner housing reimbursement	\$ 19,873
Local counties housing and medical reimbursements	42,244
Total Business-type Activities	\$ 62,117

(6) Restricted Assets.

The balances of the restricted asset accounts in the enterprise funds are as follows:

Reserve fund	\$ 258
General fund	302,744
Debt service reserve fund	356,351
Excess revenue fund	153,521
Depreciation and operating reserve fund	380,019
Total restricted assets	\$ 1,192,893

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2016:

MARION COUNTY

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

**Governmental activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments *	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 663,344				663,344
Total non-depreciable capital assets	663,344	0	0	0	663,344
<u>Depreciable capital assets:</u>					
Infrastructure	64,872,084				64,872,084
Buildings	9,027,785				9,027,785
Improvements other than buildings	811,516				811,516
Mobile equipment	4,275,380	287,744	422,758	264,880	4,405,246
Furniture and equipment	2,829,400	6,585	13,793	5,095	2,827,287
Leased property under capital leases	677,799	384,437		(208,699)	853,537
Total depreciable capital assets	82,493,964	678,766	436,551	61,276	82,797,455
<u>Less accumulated depreciation for:</u>					
Infrastructure	43,295,623	173,023			43,468,646
Buildings	3,731,212	154,242			3,885,454
Improvements other than buildings	307,878	30,217			338,095
Mobile equipment	3,345,318	195,506	349,189	155,545	3,347,180
Furniture and equipment	2,562,674	38,047	13,655	917	2,587,983
Leased property under capital leases	215,045	97,189		(81,028)	231,206
Total accumulated depreciation	53,457,750	688,224	362,844	75,434	53,858,564
Total depreciable capital assets, net	29,036,214	(9,458)	73,707	(14,158)	28,938,891
Governmental activities capital assets, net	\$ 29,699,558	(9,458)	73,707	(14,158)	29,602,235

**Business-type activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments *	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 60,000				60,000
Total non-depreciable capital assets	60,000	0	0	0	60,000
<u>Depreciable capital assets:</u>					
Buildings	9,130,650				9,130,650
Mobile equipment	249,363		16,591		232,772
Furniture and equipment	167,328	28,977	6,740		189,565
Total depreciable capital assets	9,547,341	28,977	23,331	0	9,552,987
<u>Less accumulated depreciation for:</u>					
Buildings	2,283,551	182,616			2,466,167
Mobile equipment	216,056	2,790	14,932		203,914
Furniture and equipment	155,179	12,919	6,673		161,425
Total accumulated depreciation	2,654,786	198,325	21,605	0	2,831,506
Total depreciable capital assets, net	6,892,555	(169,348)	1,726	0	6,721,481
Business-type activities capital assets, net	\$ 6,952,555	(169,348)	1,726	0	6,781,481

# MARION COUNTY

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

\*The adjustments were made to correctly record the reclassification of paid-off capital leases to mobile equipment, and to correct prior year errors.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 83,928
Public safety	80,177
Public works	400,918
Health and welfare	80,532
Economic development and assistance	42,669
	<hr/>
Total governmental activities depreciation expense	\$ 688,224
	<hr/>
	Amount
<b>Business-type activities:</b>	
Marion/Walshall Correctional Facility	\$ 154,326
Women's Correctional Facility	34,872
Garbage and Solid Waste	9,127
	<hr/>
Total business-type activities depreciation expense	\$ 198,325
	<hr/>

### (8) Claims and Judgments.

#### Risk Financing.

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

### (9) Operating Leases.

#### As Lessor:

On September 1, 2014, Marion County entered into a non-cancellable operating lease agreement with Marion County Internal Medicine Clinic for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$2,068.81 per month in lease payments commencing September 1, 2014 for a term of five years. At the end of the lease term, Internal Medicine Clinic has the option to renew the lease for an additional five years by giving written notice to exercise the option.

On February 1, 2015, Marion County entered into a non-cancellable operating lease agreement with Columbia Parachute Company for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$1,800 per month in lease payments commencing February 1, 2015 for a term of seven years. At the end of the lease term, Columbia Parachute Company has the right to renew for an additional five years.

On March 1, 2015, Marion County entered into a non-cancellable operating lease agreement with The Training School for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$700 per month in lease payments commencing March 1, 2015 for a term of one year. At the end of



# MARION COUNTY

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

the lease term, The Training School has the right to renew for an additional year.

On March 3, 2015, Marion County entered into a non-cancellable operating lease agreement with Tru Point Tactical for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$300 per month in lease payments commencing May 1, 2015 until October 2015, and \$411.50 per month in lease payments commencing November 2015 until April 2016 for a term of one year. At the end of the lease term, Tru Point Tactical exercised their right to renew the lease until December 2017.

On March 16, 2015, Marion County entered into a non-cancellable operating lease agreement with Martha's Place for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$325 per month in lease payments commencing May 1, 2015 for a term of five years. At the end of the lease term, Martha's Place has the option to renew the lease for an additional five years.

On August 1, 2015, Marion County entered into a non-cancellable operating lease agreement with Quality Alarm Services for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$300 per month in lease payments commencing September 1, 2015 for a term of one year. At the end of the lease term, Quality Alarm Services exercised their right to renew the lease until August 2017.

On October 19, 2015, Marion County entered into a non-cancellable operating lease agreement with the 15<sup>th</sup> Judicial Drug Court for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$675 per month in lease payments commencing October 19, 2015 for a term of seven years. At the end of the lease term, the 15<sup>th</sup> Judicial Drug Court has the option to renew the lease for an additional five years.

On March 1, 2016, Marion County entered into a non-cancellable operating lease agreement with Columbia Law Enforcement Training Academy (CLETA) for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$225 per month in lease payments commencing March 1, 2016 for a term of five years. At the end of the lease term, the Columbia Law Enforcement Training Academy (CLETA) has the option to renew the lease for an additional five years.

On July 18, 2016, Marion County entered into a non-cancellable operating lease agreement with OWOC Senior & Disabled Center for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$495 per month in lease payments commencing July 18, 2016 for a term of one year. At the end of the lease term, the OWOC Senior & Disabled Center has the option to renew the lease for an additional year.

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$73,301 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>		<u>Amount</u>
2017	\$	54,230
2018		39,526
2019		37,457
2020		13,075
2021		9,225
2022 - 2026		8,100
2027 - 2031		<u>2,025</u>
Total Minimum Payments Required	\$	<u>163,638</u>

# MARION COUNTY

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

### (10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 853,537
Less: Accumulated depreciation	<u>(231,206)</u>
Leased Property Under Capital Leases	\$ <u>622,331</u>

The following is a schedule by years of the total payments due as of September 30, 2016:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 181,373	8,107
2018	135,823	4,864
2019	88,032	2,693
2020	61,850	1,094
2021	<u>21,735</u>	<u>137</u>
Total	\$ <u>488,813</u>	<u>16,895</u>

### (11) Defined Benefit Pension Plan.

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

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

**Benefits Provided.** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership

# MARION COUNTY

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

service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**Contributions.** At September 30, 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 employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$844,935, \$832,882 and \$787,646, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the County reported a liability of \$14,722,092 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was .082419 percent, which was based on a measurement date of June 30, 2016. This was a decrease of .001534 percent from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$2,098,837. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 369,158	
Net difference between projected and actual earnings on pension plan investments	1,732,843	
Changes of assumptions	706,949	39,121
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	(108,918)	
County contributions subsequent to the measurement date	207,921	
Total	\$ 2,907,953	39,121

\$207,921 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# MARION COUNTY

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

Year Ending September 30:

2017	\$ 1,024,480
2018	877,748
2019	467,845
2020	<u>290,838</u>
Total	\$ <u>2,660,911</u>

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	<u>1.00</u>	(0.50)
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MARION COUNTY

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

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 18,877,022	14,722,092	11,274,846

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

(12) Long-term Debt.

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Industrial development bonds	\$ 1,235,000	5.10-5.40%	09/2024
Hospital refinancing bonds	<u>2,035,000</u>	3.22%	11/2021
Total General Obligation Bonds	<u>\$ 3,270,000</u>		
B. Equipment Notes:			
District 4 Road Equipment Note	\$ 34,167	2.85%	12/2018
District 2 Road Equipment Note	41,273	2.95%	12/2018
District 3 Road Equipment Note	61,500	2.90%	12/2019
District 3 Road Equipment Note	<u>49,500</u>	2.75%	06/2019
Total Equipment Notes	<u>\$ 186,440</u>		
C. Capital Leases:			
District 4 - Volvo Motor Grader	\$ 14,725	3.04%	03/2017
District 2 - Hydraulic Excavator	46,899	2.21%	02/2019
District 3 - John Deere Tractor	24,417	1.79%	03/2018
District 4 - John Deere Tractor	24,324	1.79%	03/2018
(3) Sheriff Vehicles	51,424	1.80%	03/2018
District 1 - (2) New Holland Tractors and Side Mower	121,428	1.89%	11/2020
District 4 - John Deere Tractor and Cutter	43,933	1.98%	12/2020
(2) 2016 Chevy Tahoes	64,971	1.77%	02/2019
District 1 - Tractor	41,316	1.96%	03/2021
District 2 - Massey Ferguson Tractor	<u>55,376</u>	2.09%	07/2021
Total Capital Leases	<u>\$ 488,813</u>		

MARION COUNTY

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

Description and Purpose	Amount Oustanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
D. Other Loans:			
Railroad Authority	\$ 36,090	3.24%	03/2018
District 3 - Equipment barn	19,543	3.20%	03/2018
Marion County Business Plex	45,000	3.10%	05/2019
MDA Capital Improvement	617,912	3.00%	07/2034
Road Construction	300,000	2.20%	05/2019
MDA Capital Improvement	327,333	3.00%	06/2030
Marion County Business Plex - SMPD	46,115	3.25%	01/2023
Total Other Loans	\$ 1,391,993		
<b>Business-type Activities:</b>			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2009	\$ 425,000	4.00-4.70%	04/2029
Marion/Walthall Correctional Facility, Series 2012			
Refunding Bonds	1,110,000	1.50-2.65%	03/2023
General Obligation Refunding Bonds, Series 2016	2,150,000	1.15-2.50%	04/2029
Total General Obligation Bonds	\$ 3,685,000		
B. Limited Obligation Bonds:			
Urban Renewal Revenues Refunding Bonds -			
Marion/Walthall Correctional Facility	\$ 910,000	2.50-4.00%	02/2018
C. Other Loans:			
Transfer Station	\$ 70,820	3.24%	02/2018

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$3,555,000 in limited obligation urban renewal revenue bonds issued in 2009. Proceeds from the bonds refunded \$3,585,000 of limited obligation urban renewal revenue bonds issued in 1998, which provided financing for the construction of the Marion/Walthall Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 11 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$946,800. Principal and interest paid for the current year and total inmate housing net revenues were \$474,248 and \$2,697,367, respectively.

MARION COUNTY

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

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

**Governmental Activities:**

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2017	\$ 430,000	125,986
2018	455,000	109,549
2019	470,000	92,064
2020	490,000	73,847
2021	515,000	54,811
2022 - 2026	910,000	65,002
Total	\$ 3,270,000	521,259

Year Ending September 30	Equipment Notes		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 63,885	5,004	236,867	36,055
2018	64,366	3,070	238,221	31,920
2019	49,402	1,211	212,924	25,430
2020	8,787	130	100,921	19,768
2021			104,009	16,679
2022 - 2026			395,429	38,863
2027 - 2031			103,622	6,016
Total	\$ 186,440	9,415	1,391,993	174,731

**Business-type Activities:**

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 320,000	82,361	445,000	27,500
2018	320,000	73,643	465,000	9,300
2019	340,000	64,178		
2020	340,000	55,805		
2021	350,000	48,705		
2022 - 2026	1,355,000	139,952		
2027 - 2031	660,000	24,319		
Total	\$ 3,685,000	488,963	910,000	36,800

Year Ending September 30	Other Loans	
	Principal	Interest
2017	\$ 34,833	2,333
2018	35,987	1,182
Total	\$ 70,820	3,515

# MARION COUNTY

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

**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 equal to 3.95% of the latest property assessments.

**Advance Refunding** - On May 17, 2016, the County issued \$2,150,000 in general obligation refunding bonds with an average interest rate of 4.81% to advance refund \$1,895,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
General Obligation Refunding Bonds, Series 2009	5.46%	\$ 1,895,000

The General Obligation Refunding Bonds, Series 2009 had an outstanding balance of \$2,320,000 at the time of refunding, but only \$2,150,000 of the bond was refunded, leaving a remaining principal balance of \$425,000, of which \$1,895,000 was redeemed during fiscal year 2016.

The net proceeds of \$2,097,063 (after payment of \$67,766 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 13 years by almost \$116,450 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$103,443.

**Prior Year Defeasance of Debt** - In prior years, the County defeased certain business-type limited obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2016, \$102,153 of bonds outstanding were considered defeased.

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

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 3,680,000		410,000	3,270,000	430,000
Equipment notes	25,065	201,500	40,125	186,440	63,885
Capital leases	339,031	379,838	230,056	488,813	181,373
Other loans	1,569,723	51,000	228,730	1,391,993	236,867
Total	\$ 5,613,819	632,338	908,911	5,337,246	912,125



MARION COUNTY

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

		Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30,	Amount due within one year
<b>Business-type Activities:</b>						
General obligation bonds	\$	3,705,000	2,150,000	2,170,000	3,685,000	320,000
Limited obligation bonds		1,340,000		430,000	910,000	445,000
Add:						
Premiums		32,111	14,829	4,043	42,897	4,043
Other loans		104,548		33,728	70,820	34,833
Total	\$	<u>5,181,659</u>	<u>2,164,829</u>	<u>2,637,771</u>	<u>4,708,717</u>	<u>803,876</u>

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in net position at September 30, 2016:

Fund	Deficit Amount
Marion/Walhall Correctional Facility Fund	\$ (1,061,699)
Marion County Women's Facility Fund	(387,971)

(14) Contingencies.

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

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

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of (\$8,100,860) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$140,084 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$1,748,651 balance of the deferred outflows of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next four years. The \$26,360 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position (deficit) amount of (\$3,695,942) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$67,837 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$951,381 balance of the deferred outflows of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next four years. The \$12,761 balance of the deferred inflows of resources related to pension at September 30, 2016, will be recognized in pension expense over the next four years.

## MARION COUNTY

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

The business-type activities' net investment in capital assets net position of \$2,142,432 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$69,668 of the \$1,088,886 balance of deferred outflows of resources at September 30, 2016, will be recognized as an expense and will decrease the net investment in capital assets portion over the next six years.

(16) Related Organizations.

The Marion County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Columbia-Marion County Airport Authority, but the County's accountability for this organization does not extend beyond making the appointment. The County appointed \$29,880 for the airport's support in fiscal year 2016.

The Marion County Board of Supervisors, as authorized by Sections 19-5-151 and 19-5-223, Miss. Code Ann. (1972), created the following districts to provide fire protection services to the County: Tri-Community Fire District, Southwest Marion Fire District, South Marion Fire District, Pineburr Fire District, Foxworth Fire District and Morgantown Fire District. The Board of Supervisors appoints the commissioners of each district, but the County's accountability for the districts does not extend beyond making the appointments. Each of these districts receives the avails of a one mill tax levy. Marion County appropriated \$54,256 for the operation of the six fire districts in the fiscal year 2016.

(17) Joint Venture.

The County participates in the following joint venture:

Marion County is a participant with Jefferson Davis County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the South Mississippi Regional Library. The joint venture was created to provide library service for the Counties of Jefferson Davis and Marion, and is governed by a five-member board. The two counties rotate board appointments so that each County has a majority of board members in alternate years. Complete financial statements for the South Mississippi Regional Library can be obtained from the Marion County branch located at 900 Broad Street, Columbia, Mississippi.

(18) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Marion County Board of Supervisors appoints two (2) of the sixteen (16) members of the college board of trustees. The County appropriated \$371,298 for maintenance and support of the college in fiscal year 2016.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Marion County Board of Supervisors appoints one (1) of nine (9) members of the board of directors. The County appropriated \$67,160 for support of the district in fiscal year 2016.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Marion County Board of Supervisors appoints one (1) of the twenty-seven (27) members of the board of directors. The County provided no financial support of the district in fiscal year 2016.

Pearl River Valley Opportunity, Inc. operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Marion County Board of Supervisors appoints one (1) of the twenty-four (24) members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each County provides a modest amount of financial support when matching funds are required for federal grants.

# MARION COUNTY

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

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Marion County Board of Supervisors appoints one (1) of the nine (9) members of the board of commissioners. The County appropriated \$46,500 for support of the entity in fiscal year 2016.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15 member board of commissioners, one (1) appointed by the Board of Supervisors of each of the member counties and one (1) appointed at large. The Counties generally provide no financial support to the organization.

### (19) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Marion County evaluated the activity of the County through June 22, 2018, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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>
10/05/2016	1.61%	\$	473,890	Loan	Ad valorem taxes
03/20/2017	2.44%		16,990	Capital lease	Ad valorem taxes
03/06/2017	2.30%		51,538	Capital lease	Ad valorem taxes
05/02/2017	2.31%		124,678	Capital lease	Ad valorem taxes
05/02/2017	2.74%		38,500	Capital lease	Ad valorem taxes
06/05/2017	1.97%		56,000	Loan	Ad valorem taxes
11/06/2017	2.47%		25,000	Loan	Ad valorem taxes
12/18/2017	3.37%		102,514	Capital lease	Ad valorem taxes
12/18/2017	2.50%		600,000	Loan	Ad valorem taxes
02/28/2017	3.99%		38,041	Capital lease	Ad valorem taxes
05/17/2017	4.75%		19,223	Capital lease	Ad valorem taxes

MARION COUNTY

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MARION COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MARION COUNTY

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MARION 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)
REVENUES				
Property taxes	\$ 5,764,122	6,701,494	6,701,494	
Licenses, commissions and other revenue	344,000	360,897	360,897	
Fines and forfeitures	254,000	264,863	264,863	
Intergovernmental revenues	750,559	641,307	641,307	
Charges for services	80,000			
Interest income	31,000	15,054	15,054	
Miscellaneous revenues	166,736	381,051	381,051	
Total Revenues	<u>7,390,417</u>	<u>8,364,666</u>	<u>8,364,666</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,125,031	4,072,164	4,014,235	57,929
Public safety	2,277,198	3,125,654	3,036,541	89,113
Public works	40,000	29,880	29,880	
Health and welfare	378,456	314,098	314,098	
Culture and recreation	85,042	116,069	116,069	
Conservation of natural resources	73,389	54,341	54,341	
Economic development and assistance	511,885	339,181	339,181	
Capital Projects	300,000			
Debt service:				
Principal	99,426	169,213	277,246	(108,033)
Interest			2,025	(2,025)
Total Expenditures	<u>7,890,427</u>	<u>8,220,600</u>	<u>8,183,616</u>	<u>36,984</u>
Excess of Revenues over (under) Expenditures	<u>(500,010)</u>	<u>144,066</u>	<u>181,050</u>	<u>36,984</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			(915,196)	(915,196)
Other financing sources	40,000	653,663	653,663	
Other financing uses		(878,212)		878,212
Total Other Financing Sources and Uses	<u>40,000</u>	<u>(224,549)</u>	<u>(261,533)</u>	<u>(36,984)</u>
Net Change in Fund Balance	(460,010)	(80,483)	(80,483)	0
Fund Balances - Beginning	<u>510,000</u>	<u>536,213</u>	<u>536,213</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 49,990</u>	<u>455,730</u>	<u>455,730</u>	<u>0</u>

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

MARION COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.082419%	0.083953%
County's proportionate share of the net pension liability (asset)	\$ 14,722,092	12,977,478
County's covered-employee payroll	\$ 5,272,527	5,287,426
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.22%	245.44%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

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

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



MARION COUNTY  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 844,935	832,882
Contributions in relation to the contractually required contribution	<u>844,935</u>	<u>832,771</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>111</u>
County's covered-employee payroll	\$ 5,364,665	5,287,426
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

MARION COUNTY

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# MARION COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2016

### UNAUDITED

#### A. Budgetary Information.

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

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

#### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

#### C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

	<u>Governmental Fund Type</u>	
	General	
	<u>Fund</u>	
Budget (Cash Basis)	\$	(80,483)
Increase (Decrease)		
Net adjustments for revenue accruals		(459,362)
Net adjustments for expenditure accruals		882,812
GAAP Basis	\$	<u>342,967</u>

MARION COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2016

UNAUDITED

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

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2016:

<u>Fund</u>	<u>Excess</u>
Special Revenue Funds:	
Marion County Narcotics Task Force - General Restitution Account	\$ 79,746
Marion County Narcotics Task Force - Seizure Holding Account	11,810
MWCF - Inmate Welfare Fund	61,850

All the funds listed above are in violation of Section 19-11-17, Miss. Code Ann. (1972). However, the County has no liability associated with these violations.

E. Unbudgeted Funds.

The following funds were not budgeted for the year ended September 30, 2016:

Special Revenue Funds:  
Marion County Narcotics Task Force - General Restitution Account  
Marion County Narcotics Task Force - Seizure Holding Account  
MWCF - Inmate Welfare Fund  
MWCF - Cash Account & Officer Account

The unbudgeted funds are in violation of state law. However, the County has no liability associated with the violation.

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

Effective July 1, 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

MARION COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2016

UNAUDITED

B. Changes in benefit provisions.

2016

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

***Method and assumptions used in calculations of actuarially determined contributions.*** The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 Employer contributions are developed from 2014 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule.

Actual cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset valuation method	5-year smoothed market
Price inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

MARION COUNTY

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## MARION COUNTY

## OTHER INFORMATION

MARION COUNTY

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

Name	Position	Company	Bond
Charles Randall Dyess	Supervisor District 1	Brierfield Insurance Co.	\$100,000
Terry Broome	Supervisor District 2	Brierfield Insurance Co.	\$100,000
Tony Morgan	Supervisor District 3	Brierfield Insurance Co.	\$100,000
Raymon Rowell	Supervisor District 4	Brierfield Insurance Co.	\$100,000
Calvin Newsom	Supervisor District 5	Brierfield Insurance Co.	\$100,000
Cass Barnes	Chancery Clerk	Brierfield Insurance Co.	\$100,000
Cheryl Buckley	Purchase Clerk	Brierfield Insurance Co.	\$75,000
Jan Ardis	Assistant Purchase Clerk	Brierfield Insurance Co.	\$50,000
Eugene Ryals	Assistant Purchase Clerk	Brierfield Insurance Co.	\$50,000
Linda Roberts	Assistant Purchase Clerk	Western Surety Company	\$50,000
Sharon Virgil Johnson	Receiving Clerk	Brierfield Insurance Co.	\$75,000
Henry Douglas Holmes	Assistant Receiving Clerk	Brierfield Insurance Co.	\$50,000
Willie Sims	Assistant Receiving Clerk	Western Surety Company	\$50,000
Dennie Wayne Fairburn	Assistant Receiving Clerk	Brierfield Insurance Co.	\$50,000
Debbie Ashley	Assistant Receiving Clerk	Western Surety Company	\$50,000
Michael G. Price	Assistant Receiving Clerk	Brierfield Insurance Co.	\$50,000
Lonnie Haynes	Assistant Receiving Clerk	Brierfield Insurance Co.	\$50,000
Susan Bridges	Inventory Control Clerk	Brierfield Insurance Co.	\$75,000
Eugene Ryals	Constable	Brierfield Insurance Co.	\$50,000
Paul Barber	Constable	Brierfield Insurance Co.	\$50,000
Robert J Gill	Constable	Brierfield Insurance Co.	\$50,000
Brian Foxworth	Constable	Western Surety Company	\$50,000
Janette Nolan	Circuit Clerk	Brierfield Insurance Co.	\$100,000
Kimberly Broom	Deputy Circuit Clerk	Brierfield Insurance Co.	\$50,000
John Berkley Hall	Sheriff	Brierfield Insurance Co.	\$100,000
Gwendolyn Broom	Justice Court Judge	Brierfield Insurance Co.	\$50,000
Sharon Whitfield	Justice Court Judge	Brierfield Insurance Co.	\$50,000
Wynnette Parkman	Justice Court Clerk	Southgroup Columbia	\$50,000
Kelli McNabb	Deputy Justice Court Clerk	Brierfield Insurance Co.	\$50,000
Renee Brown	Deputy Justice Court Clerk	Southgroup Columbia	\$50,000
Martha Schexnider	Deputy Justice Court Clerk	Brierfield Insurance Co.	\$50,000
Sherry McGowan	Tax Assessor-Collector	Brierfield Insurance Co.	\$100,000
Teresa Terrell	Tax Assessor-Collector	Brierfield Insurance Co.	\$100,000
Joey Alford	Deputy Tax Assessor	Southgroup Columbia	\$10,000
Tawanda Ball	Deputy Tax Collector	Brierfield Insurance Co.	\$50,000
Luona Pittman	Deputy Tax Collector	Brierfield Insurance Co.	\$50,000
Charlett Smith	Deputy Tax Collector	Brierfield Insurance Co.	\$50,000
Brenda Miller	Deputy Tax Collector	Brierfield Insurance Co.	\$50,000
Martha McDermit	Deputy Tax Collector	Brierfield Insurance Co.	\$50,000
Joni Simmons	Deputy Tax Collector	Brierfield Insurance Co.	\$50,000

MARION COUNTY

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## MARION COUNTY

## SPECIAL REPORTS

MARION 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  
Marion County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion 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 22, 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 generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

**Internal Control Over Financial Reporting**

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2016-001, 2016-002, 2016-005, 2016-006 and 2016-007 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2016-003 and 2016-004 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marion 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2016-002.

We also noted certain matters which we have reported to the management of Marion County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 22, 2018, included within this document.

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

Marion County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Marion 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 22, 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  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Marion County, Mississippi

We have examined Marion 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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Marion 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 Marion County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

**Purchase Clerk.**

1. Two competitive written bids should be obtained when required.

**Repeat Finding** Yes

**Criteria** Section 31-7-13(b), Miss. Code Ann. (1972), states that purchases which involve an expenditures of more than \$5,000, but not more than \$50,000, exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two written competitive bids have been obtained.

<b>Condition</b>	As reported in the prior two years' audit reports, we noted in our audit test work that competitive written bids were not obtained for purchases in the County. Also, we noted in our audit test work that there were expenditures for the services of a physician totaling \$37,500 for the fiscal year at the Marion/Walthall Correctional Facility, which were paid based on a verbal agreement that was not approved by the Board of Supervisors.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to obtain competitive written bids could result in excess costs to the County.
<b>Recommendation</b>	The Purchase Clerk should ensure that at least two competitive written bids are obtained prior to purchasing any item or services with a cost between \$5,000 and \$50,000 and sealed bids obtained for items or services over \$50,000, as required by law.
<b>Views of Responsible Official(s)</b>	We will correct this in the future.
<b>2.</b>	<u>Purchasing documents were not complete.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 31-7-103, Miss. Code Ann. (1972), requires a purchase requisition, purchase order, and receiving report for all purchases of more than One Thousand Dollars (\$1,000) in the aggregate.
<b>Condition</b>	As reported in the prior three years' audit reports, we noted during our audit test work that a purchase did not comply with the state purchase requisition, purchase order, and receiving report requirements.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to complete purchasing documents may result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Purchase Clerk should ensure that a purchase requisition, purchase order, and receiving report are properly filled out and submitted for all purchases of more than One Thousand Dollars (\$1,000) in the aggregate.
<b>Views of Responsible Official</b>	We will correct this.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Marion 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 and, in our opinion, is fairly presented in relation to that examination.

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



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

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 22, 2018

MARION 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.

MARION 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>
04/04/16	Gravel	\$ 3,348	Pine Properties	Flooded public roads
04/04/16	Rental equipment	6,087	Doyle Miller Excavating	Flooded public roads
04/04/16	Culverts	12,531	Dial, Inc.	Flooded public roads
04/04/16	Gravel	1,362	Charles Rogers	Flooded public roads
04/04/16	Gravel	546	Latta Herring	Flooded public roads
04/04/16	Gravel	2,446	Vulcan Materials	Flooded public roads
04/04/16	Rent	800	Mitchell Construction	Flooded public roads
04/04/16	Rent	448	Shane Kellum	Flooded public roads
04/04/16	Rent	16,725	Dial, Inc.	Flooded public roads
04/04/16	Gravel	3,485	Mitzie Mulford	Flooded public roads
04/04/16	Supplies	479	Wolfe Lumber	Flooded public roads
04/04/16	Supplies	45	Watts Electrical	Flooded public roads
04/04/16	Joint wrap	75	Randy Dyess	Flooded public roads
04/04/16	Supplies	41	Wolfe Lumber	Flooded public roads
04/04/16	Rental equipment	3,593	Doyle Miller Excavating	Flooded public roads
04/04/16	Signs	3,489	Custom Products, Corp.	Flooded public roads
04/14/16	Pine, nails and drill	36	Wolfe Lumber	Flooded public roads
04/14/16	Caution tape/nail spike	18	Hill Hardware	Flooded public roads

MARION 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.



**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  
Marion County, Mississippi

In planning and performing our audit of the financial statements of Marion County, Mississippi for the year ended September 30, 2016, we considered Marion 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 Marion 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 22, 2018, on the financial statements of Marion County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, 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.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

**Board of Supervisors, Chancery Clerk, and Marion/Walthall Correctional Facility.**

1. Credit card charges were not properly documented for authorization.

**Repeat Finding** Yes

**Criteria** Section 19-3-68, Miss. Code Ann. (1972), specifies the requirements governing the use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the County in the same manner as other items in the claims docket. Also, according to the DFA manual for the State of Mississippi, Section 10.112.01 and 10.112.04(15), balances shall be paid at the receipt of the monthly statement, and any county employee will be liable for any purchase that is made which is not in compliance with the state statute. All purchases were made within the Marion/Walthall Correctional Facility with the Warden's approval.

<b>Condition</b>	As reported in the prior two years' audit reports, travel charged to the credit card was not in compliance with these sections. There were no written reports itemizing expenditures made on the Marion/Walthall Correctional Facility, nor was there adequate documentation for some purchases charged on the County's credit card.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowed expenditures.
<b>Recommendation</b>	We recommend that in the future the Chancery Clerk and Purchase Clerk ensure the Warden of the Marion/Walthall Correctional Facility submits a monthly report itemizing the expenditures and use of the credit card to the Board of Supervisors, as required by state statute.
<b>Views of Responsible Official(s)</b>	We will correct this problem.

#### **Board of Supervisors and Sheriff.**

<b>2.</b>	<u>Meal logs are not being maintained daily and presented to the Board of Supervisors monthly.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 19-25-74, Miss. Code Ann. (1972), states the sheriff shall maintain a log of prisoners being fed daily, which will include the prisoner's name, date and time of incarceration and release, and number of meals served to prisoners at each mealtime and hours of day. This log must also be filed monthly with the Board of Supervisors. In addition, the Board is not allowed to pay claims for food expenses if this report has not been filed.
<b>Condition</b>	As reported in the prior year's audit report, during the testing of the Sheriff's Department and Marion/Walthall Correctional Facility, it was noted the Sheriff is not maintaining a meal log of prisoners being fed at the jail.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to maintain a prisoner meal log and presenting it to the Board of Supervisors for payment monthly could result in the misappropriation of public funds by paying for an incorrect number of meals.
<b>Recommendation</b>	The Sheriff should ensure the meal log is maintained and presented to the Board of Supervisors before meal expenses are approved through the claims docket.
<b>Views of Responsible Official(s)</b>	We will concur.

#### **Chancery Clerk.**

<b>3.</b>	<u>The Chancery Clerk should only receive payment for Board of Supervisors' meetings attended.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 25-7-9(1)(f), Miss. Code Ann. (1972), allows the Chancery Clerk to receive \$20 per day for himself and one deputy for each day's attendance on the Board of Supervisors.
<b>Condition</b>	As reported in the prior year's audit report, the Chancery Clerk received payment for 120 meetings from October 2015 through September 2016. The Board of Supervisors only met on 62 different days.

<b>Cause</b>	Unknown
<b>Effect</b>	Failure to properly account for these statutory fees resulted in the Chancery Clerk being paid \$2,320 in excess of the statutory allowance.
<b>Recommendation</b>	The Chancery Clerk should ensure that he is only receiving payment for the Board of Supervisors' meetings for which he attends, as required by state law. Also, the Clerk should notify PERS of the overpayment received.
<b>Views of Responsible Official(s)</b>	This has been corrected.
<b>Payroll Clerk.</b>	
<b>4.</b>	<u>PERS Retirees should not be paid more than one-half salary of their position.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 25-11-127(4)(a), Miss. Code Ann. (1972), requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year.
<b>Condition</b>	During our test work, we noted that a PERS retiree was paid more than one-half of the salary for their position during the fiscal year 2016.
<b>Cause</b>	Unknown
<b>Effect</b>	By overpaying PERS retirees, the County is not in compliance with state legal requirements.
<b>Recommendation</b>	The County should ensure that PERS retirees are not being paid more than the allowable amount.
<b>Views of Responsible Official(s)</b>	I will concur with the requirements of the state.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 22, 2018

MARION COUNTY

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MARION COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

MARION COUNTY

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# MARION COUNTY

## Schedule of Findings and Responses 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 unit	Adverse
General Fund	Unmodified
Marion/Walshall Correctional Facility Fund	Unmodified
Marion County Women's Facility Fund	Unmodified
Garbage and Solid Waste Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes
  - b. Significant deficiencies identified? Yes
3. Noncompliance material to the financial statements noted? Yes

### Section 2: Financial Statement Findings

#### **Board of Supervisors.**

#### **Material Weakness**

<b>2016-001.</b>	<u>Discretely presented component unit should be included in the financial statements.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Generally accepted accounting principles require the financial data for the County's component unit to be reported with the financial data for the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for the County's legally separate component unit.
<b>Condition</b>	As reported in the prior nine years' audit reports, the financial statements do not include the financial data for the County's legally separate component unit.
<b>Cause</b>	Unknown
<b>Effect</b>	The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.
<b>Recommendation</b>	The Board of Supervisors should provide the financial data for its discretely presented component unit for the inclusion in the County's financial statements.
<b>Views of Responsible Official(s)</b>	We will concur.

MARION COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

**Material Weakness**

**Material Noncompliance**

<b>2016-002.</b>	<u>The County did not prepare a budget of revenues, expenses, and a working cash balance for all funds.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 19-11-17, Miss. Code Ann. (1972), requires the Board of Supervisors to prepare and submit at its August meeting of each year a complete budget of revenues, expenses and working cash balances estimated for the next fiscal year for each fund.
<b>Condition</b>	<p>As reported in the prior two years' audit reports, the original budget was incomplete. For the fiscal year 2015-2016, the original budget did not include the following funds with combined year and cash balances totaling \$311,982:</p> <ul style="list-style-type: none"><li>a. Marion County Narcotics Task Force – General Restitution Account Fund</li><li>b. Marion County Narcotics Task Force – Seizure Holding Account Fund</li><li>c. MWCF – Inmate Welfare Fund</li><li>d. MWCF – Cash Account</li><li>e. MWCF – Officer Account</li></ul>
<b>Cause</b>	Unknown
<b>Effect</b>	Due to the non-disclosure of bank accounts within other departments in the County, the Board of Supervisors was not aware of the five separate bank accounts. The failure to prepare and submit a complete budget of revenues, expenses, and a working cash balance for all funds resulted in a material misstatement to the financial statements and could result in the misappropriation of public funds if accounts are not properly budgeted and monitored.
<b>Recommendation</b>	The Board of Supervisors should prepare and submit each year a complete budget of revenues, expenses, and a working cash balance for all funds, as required by law.
<b>Views of Responsible Official(s)</b>	We will concur.

**Board of Supervisors and Marion/Walthall Correctional Facility.**

**Significant Deficiency**

<b>2016-003.</b>	<u>Internal controls in the Marion/Walthall Correctional Facility should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control for collecting, recording, and disbursing cash in the Marion/Walthall Correctional Facility should include adequate separation of duties.
<b>Condition</b>	<p>As reported in the prior year's audit report, it was noted during the testing and review of the Marion/Walthall Correctional Facility that the same person performs the following functions:</p> <ul style="list-style-type: none"><li>a. Receipts and processes bond fees.</li><li>b. Prepares bank deposits and takes deposits to the bank.</li><li>c. Posts receipts to the cash journal.</li><li>d. Writes and signs checks.</li></ul>

MARION COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

- e. Prepares the bank reconciliation.
- f. Prepares the monthly settlement of fees to the County.

<b>Cause</b>	Unknown
<b>Effect</b>	Failure to implement controls over the collecting, recording, and disbursing of cash, lack of separation of duties in the Marion/Walthall Correctional Facility could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Sheriff should implement effective internal controls over the collecting, recording, and disbursing of cash, as well as ensure there are adequate separation of duties.
<b>Views of Responsible Official(s)</b>	We will concur.
<b>Significant Deficiency</b>	
<b>2016-004.</b>	<u>Internal controls over the inmate canteen and inmate welfare funds should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal controls should include monitoring of the maintenance and reconciliation of records documenting revenue collections.
<b>Condition</b>	<p>As reported in the prior year's audit report, during the testing of the Inmate Canteen and Inmate Welfare Funds, the following deficiencies were noted:</p> <ul style="list-style-type: none"><li>a. The duties of the tactical officer include receipted inmate canteen monies, preparing deposits for the inmate canteen account, reconciling the cash journal to the bank statements, preparing settlements of commissions received, and disbursing funds. The work of the tactical officer was not reviewed by another person.</li><li>b. All commissions received were not settled by the County in a timely manner.</li><li>c. Expenses in the Inmate Welfare Fund did not flow through the County's central purchasing system and were not approved by the Board of Supervisors.</li><li>d. Some cash funds disbursed to inmates were not signed by the inmates or lacked documentation for the disbursements.</li><li>e. A contract employee was paid \$700 per month through the Inmate Welfare Fund without being issued a 1099 from the Marion/Walthall Correctional Facility.</li></ul>
<b>Cause</b>	Unknown
<b>Effect</b>	The failure to implement adequate controls over the collection, recording, and disbursement functions could result in inaccurate reporting, incomplete settlements, and the increased possibility of the loss or misappropriation of public funds.
<b>Recommendation</b>	The Sheriff should monitor the collecting, recording, and settlement functions and ensure expenses are approved by the Board of Supervisors and flow through the County's central purchasing system. All contract employees should receive a 1099 for services performed.
<b>Views of Responsible Official(s)</b>	We will concur.

MARION COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

**Board of Supervisors and Solid Waste.**

**Material Weakness**

**2016-005.** Controls over solid waste collections should be strengthened.

**Repeat Finding** No

**Criteria** An effective system of internal control over solid waste collections should include management's approval of all solid waste accounts receivable adjustments, and the dollar amount of each should be approved.

**Condition** During test work, we noted that management did not approve all solid waste accounts receivable adjustments in the amount of \$49,457.

**Cause** Unknown

**Effect** Failure to properly approve solid waste accounts receivable adjustments could result in the loss or misappropriation of public funds.

**Recommendation** The Solid Waste Clerk should submit all solid waste adjustments for approval by the Board of Supervisors and ensure that the dollar amounts for each adjustment are documented and spread across the board minutes.

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

**Tax Assessor-Collector.**

**Material Weakness**

**2016-006.** Controls over cash collections and disbursement in the Tax Assessor-Collector's office should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over cash collections and disbursements in the Tax Assessor-Collector's office should include an adequate segregation of duties.

**Condition** As reported in the prior two years' audit reports, controls over cash are inadequate. The Deputy Tax Collector reconciles daily cash collections and receipts, prepares daily check-up sheets, prepares monthly settlement of fees to the County, takes deposits to the bank, posts receipts to the cash journal, prepares the bank reconciliations, and prepares and signs all disbursement checks.

**Cause** Unknown

**Effect** Failure to implement controls over the cash collections and disbursements, and lack of segregation of duties in the Tax Assessor-Collector's office could result in the loss or misappropriation of public funds.

**Recommendation** The Tax Assessor-Collector should take steps to ensure that there is segregation of duties over the cash collection and disbursement functions.

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

MARION COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

**Material Weakness**

<b>2016-007.</b>	<u>Controls over cash in the Tax Assessor-Collector's office should be strengthened.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal control over the collection, recording and disbursement of cash in the Tax Assessor-Collector's office should include daily bank deposits and timely settlements.
<b>Condition</b>	<p>During our test work, we noted that controls over cash were inadequate. The following deficiencies were noted:</p> <ul style="list-style-type: none"><li>a. Monies received during the fiscal year were not deposited on a daily basis.</li><li>b. All monies received for the month of January 2016 were not settled until March 3, 2016.</li></ul>
<b>Cause</b>	Unknown
<b>Effect</b>	The failure to implement adequate controls over the collection, recording and disbursement of cash could result in inaccurate reporting, incomplete settlements, and the misappropriation or loss of public funds.
<b>Recommendation</b>	The Tax Assessor-Collector should implement adequate internal controls to ensure daily deposits are made and that settlements are made in a timely manner.
<b>Views of Responsible Official(s)</b>	We will concur.