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Marion County, Mississippi
Audited Financial Statements
and Special Reports
For the Year Ended
September 30, 2018

Fortenberry & Ballard, PC
Certified Public Accountants

Marion County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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, 2018, or the change 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 above 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, 2018, 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 Budgetary Comparison Schedule, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of the County's Contributions and the corresponding notes 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 26, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marion County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
June 26, 2020

Certified Public Accountants

FINANCIAL STATEMENTS

MARION COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2018

Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash	\$ 6,911,651	\$ 978,003	\$ 7,889,654
Property tax receivable	7,624,511	322,199	7,946,710
Accounts receivable (net of allowance for uncollectibles of \$264,660)		562,403	562,403
Fines receivable (net of allowance for uncollectibles of \$2,880,322)	620,848		620,848
Intergovernmental receivables	173,873	381,208	555,081
Other receivables	2,696		2,696
Internal balances	373,565	(373,565)	-
Capital assets:			
Land and construction in progress	663,344	60,000	723,344
Other capital assets, net	28,491,714	6,351,334	34,843,048
Total Assets	<u>44,862,202</u>	<u>8,281,582</u>	<u>53,143,784</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	310,680	296,733	607,413
Deferred amount on refunding		21,093	21,093
Total Deferred Outflows of Resources	<u>310,680</u>	<u>317,826</u>	<u>628,506</u>
LIABILITIES			
Claims payable	527,920	270,630	798,550
Intergovernmental payables	854,970		854,970
Accrued interest payable	53,236	5,763	58,999
Unearned revenue		45,540	45,540
Amounts held in custody for others	118,486		118,486
Long-term liabilities			
Due within one year:			
Capital debt	543,114	344,043	887,157
Non-capital debt	607,433	3,310	610,743
Due in more than one year:			
Capital debt	1,380,606	2,735,770	4,116,376
Non-capital debt	2,185,811	9,930	2,195,741
Net pension liability	8,826,007	4,878,398	13,704,405
Total Liabilities	<u>15,097,583</u>	<u>8,293,384</u>	<u>23,390,967</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	361,498	180,829	542,327
Deferred revenues - property taxes	7,624,511	322,199	7,946,710
Total Deferred Inflows of Resources	<u>7,986,009</u>	<u>503,028</u>	<u>8,489,037</u>
NET POSITION			
Net investment in capital assets	27,231,338	3,352,614	30,583,952
Restricted for:			
Expendable:			
General government	621,147		621,147
Public safety	815,935		815,935
Public works	658,761	264,243	923,004
Culture and recreation	16,022		16,022
Economic development and assistance	19,101		19,101
Unemployment compensation	35,202		35,202
Debt service	727,394		727,394
Unrestricted	(8,035,610)	(3,813,861)	(11,849,471)
Total Net Position	<u>\$ 22,089,290</u>	<u>\$ (197,004)</u>	<u>\$ 21,892,286</u>

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

MARION COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2018

Exhibit 2

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 4,484,409	778,996	50,472	(3,654,941)		(3,654,941)
Public safety	3,749,101	463,774	462,969	(2,822,358)		(2,822,358)
Public works	3,160,873		1,004,370	(2,156,503)		(2,156,503)
Health and welfare	461,575		88,608	(372,967)		(372,967)
Culture and recreation	149,188	24,617		(124,571)		(124,571)
Conservation of natural resources	60,508			(60,508)		(60,508)
Economic development and assistance	81,659			(81,659)		(81,659)
Interest on long-term debt	161,166			(161,166)		(161,166)
Pension expense	1,077,412			(1,077,412)		(1,077,412)
Total Governmental Activities	13,385,891	1,267,387	1,606,419	(10,512,085)		(10,512,085)
Business-type activities:						
Marion/Walthall Correctional Facility	4,956,433	4,469,250	58,848		(428,335)	(428,335)
Garbage and Solid Waste	1,146,057	1,132,828	35,917		22,688	22,688
Total Business-type Activities	6,102,490	5,602,078	94,765		(405,647)	(405,647)
Total Primary Government	\$ 19,488,381	6,869,465	1,701,184	(10,512,085)	(405,647)	(10,917,732)
General revenues:						
Property taxes				\$ 9,892,124	417,510	10,309,634
Road & bridge privilege taxes				287,729		287,729
Grants not restricted to specific programs				703,921		703,921
Unrestricted interest income				22,392	8,683	31,075
Miscellaneous				408,593	43,751	452,344
Transfers				(182,691)	182,691	-
Total General Revenues and Transfers				11,132,068	652,635	11,784,703
Changes in Net Position				619,983	246,988	866,971
Net Position - Beginning, as previously reported				21,188,819	(163,504)	21,025,315
Reclassifications				280,488	(280,488)	-
Net Position - Beginning, as restated				21,469,307	(443,992)	21,025,315
Net Position - Ending				\$ 22,089,290	(197,004)	21,892,286

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

MARION COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2018

Exhibit 3

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 4,290,174	2,621,477	6,911,651
Property tax receivable	5,792,092	1,832,419	7,624,511
Fines receivable (net of allowance for uncollectibles of \$2,880,322)	620,848		620,848
Intergovernmental receivables	173,873		173,873
Other receivables	2,696		2,696
Due from other funds	397,130	143,450	540,580
Total Assets	<u>11,276,813</u>	<u>4,597,346</u>	<u>15,874,159</u>
LIABILITIES			
Claims payable	302,666	225,254	527,920
Intergovernmental payables	816,909		816,909
Amounts held in custody for others	118,486		118,486
Due to other funds	205,076		205,076
Total Liabilities	<u>1,443,137</u>	<u>225,254</u>	<u>1,668,391</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	5,792,092	1,832,419	7,624,511
Unavailable revenue - fines	620,848		620,848
Total Deferred Inflows of Resources	<u>6,412,940</u>	<u>1,832,419</u>	<u>8,245,359</u>
Fund Balances:			
Restricted for:			
General government	421,823	199,324	621,147
Public safety		815,935	815,935
Public works		658,761	658,761
Culture and recreation		16,022	16,022
Economic development and assistance		19,101	19,101
Debt service		780,630	780,630
Unemployment compensation		35,202	35,202
Assigned			
General government		14,698	14,698
Unassigned	2,998,913		2,998,913
Total Fund Balances	<u>3,420,736</u>	<u>2,539,673</u>	<u>5,960,409</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>11,276,813</u>	<u>4,597,346</u>	<u>15,874,159</u>

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

MARION COUNTY, MISSISSIPPI**Exhibit 3-1**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018

Total Fund Balance - Governmental Funds	\$ 5,960,409
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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 \$54,893,631.	29,155,058
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	620,848
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,716,964)
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Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(53,236)
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Net pension liability

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,826,007)
---	-------------

Deferred outflows of resources related to pensions	310,680
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Deferred inflows of resources related to pensions	<u>(361,498)</u>
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Total Net Position - Governmental Activities	\$ <u><u>22,089,290</u></u>
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The notes to the financial statements are an integral part of this statement.

MARION COUNTY, MISSISSIPPI**Exhibit 4**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2018

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 7,637,976	2,254,148	9,892,124
Road and bridge privilege taxes		287,729	287,729
Licenses, commissions and other revenue	649,075	7,369	656,444
Fines and forfeitures	298,330		298,330
Intergovernmental revenues	1,122,703	1,187,637	2,310,340
Charges for services		366,977	366,977
Interest income	10,551	11,841	22,392
Miscellaneous revenues	208,762	207,454	416,216
Total Revenues	<u>9,927,397</u>	<u>4,323,155</u>	<u>14,250,552</u>
EXPENDITURES			
Current:			
General government	4,051,295	617,328	4,668,623
Public safety	3,125,243	874,092	3,999,335
Public works	29,880	2,967,902	2,997,782
Health and welfare	409,772	1,250	411,022
Culture and recreation	140,198	11,012	151,210
Conservation of natural resources	60,508		60,508
Economic development and assistance		38,990	38,990
Debt service:			
Principal	219,722	887,673	1,107,395
Interest	63,528	108,371	171,899
Total Expenditures	<u>8,100,146</u>	<u>5,506,618</u>	<u>13,606,764</u>
Excess of Revenues over (Under) Expenditures	<u>1,827,251</u>	<u>(1,183,463)</u>	<u>643,788</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	102,514	682,264	784,778
Transfers in	4,976	844,163	849,139
Transfers out	(382,090)	(649,740)	(1,031,830)
Total Other Financing Sources (Uses)	<u>(274,600)</u>	<u>876,687</u>	<u>602,087</u>
Net Changes in Fund Balances	<u>1,552,651</u>	<u>(306,776)</u>	<u>1,245,875</u>
Fund Balances - Beginning, as previously reported	1,509,049	2,846,449	4,355,498
Reclassifications	359,036		359,036
Fund Balances - Beginning, as Restated	<u>1,868,085</u>	<u>2,846,449</u>	<u>4,714,534</u>
Fund Balances - Ending	<u>\$ 3,420,736</u>	<u>2,539,673</u>	<u>5,960,409</u>

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

MARION COUNTY, MISSISSIPPI**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, 2018

Net Changes in Fund Balances - Governmental Funds \$ 1,245,875

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$307,886 was exceeded by depreciation of \$685,855 in the current period. (377,969)

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. (7,623)

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. (54,724)

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,107,395 exceeded debt proceeds of \$784,778. 322,617

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. 12,757

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 (1,077,412)

Recording of contributions made during the fiscal year 558,126

Additional items necessary to correct prior year presentation. (1,664)

Change in Net Position of Governmental Activities \$ 619,983

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

MARION COUNTY, MISSISSIPPI
Statement of Net Position - Proprietary Funds
September 30, 2018

Exhibit 5

	Business-type Activities		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Totals
ASSETS			
Current assets:			
Cash	\$ 929,759	48,244	978,003
Property tax receivable	246,317	75,882	322,199
Accounts receivable (net of allowance for uncollectibles of \$264,660)		562,403	562,403
Intergovernmental receivables	381,208		381,208
Due from other funds	17,938	5,531	23,469
Total Current Assets	<u>1,575,222</u>	<u>692,060</u>	<u>2,267,282</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	60,000		60,000
Other capital assets, net	6,046,813	304,521	6,351,334
Total Noncurrent Assets	<u>6,106,813</u>	<u>304,521</u>	<u>6,411,334</u>
Total Assets	<u>7,682,035</u>	<u>996,581</u>	<u>8,678,616</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	280,364	16,369	296,733
Deferred amount on refunding	21,093		21,093
Total Deferred Outflows of Resources	<u>301,457</u>	<u>16,369</u>	<u>317,826</u>
LIABILITIES			
Current liabilities:			
Claims payable	136,889	133,741	270,630
Customer deposits		45,540	45,540
Due to other funds	387,965	9,069	397,034
Accrued interest payable	5,763		5,763
Long term debt			
Non-Capital debt:			
Other long-term liabilities	3,310		3,310
Non-current liabilities:			
Capital debt:			
Other long-term liabilities	344,043		344,043
Total Current Liabilities	<u>877,970</u>	<u>188,350</u>	<u>1,066,320</u>
Noncurrent liabilities:			
Long term debt			
Non-capital debt:			
Other long-term liabilities	9,930		9,930
Capital debt:			
Other long-term liabilities	2,735,770		2,735,770
Net Pension Liability	4,702,921	175,477	4,878,398
Total Noncurrent Liabilities	<u>7,448,621</u>	<u>175,477</u>	<u>7,624,098</u>
Total Liabilities	<u>8,326,591</u>	<u>363,827</u>	<u>8,690,418</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	176,352	4,477	180,829
Unearned revenue-property taxes	246,317	75,882	322,199
Total Deferred Inflows of Resources	<u>422,669</u>	<u>80,359</u>	<u>503,028</u>
NET POSITION			
Net investment in capital assets	3,048,093	304,521	3,352,614
Restricted for:			
Public works		264,243	264,243
Unrestricted	(3,813,861)		(3,813,861)
Total Net Position	<u>\$ (765,768)</u>	<u>568,764</u>	<u>(197,004)</u>

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

MARION COUNTY, MISSISSIPPI**Exhibit 6**

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Total
Operating Revenues			
Charges for services	\$ 4,469,250	1,132,828	5,602,078
Miscellaneous	43,751		43,751
Total Operating Revenues	<u>4,513,001</u>	<u>1,132,828</u>	<u>5,645,829</u>
Operating Expenses			
Personal services	2,592,415	69,007	2,661,422
Contractual services	541,618	990,084	1,531,702
Materials and supplies	939,087	53,723	992,810
Depreciation expense	195,643	9,123	204,766
Indirect administrative cost	40,490	9,069	49,559
Pension expense	538,460	14,839	553,299
Total Operating Expenses	<u>4,847,713</u>	<u>1,145,845</u>	<u>5,993,558</u>
Operating Income (Loss)	<u>(334,712)</u>	<u>(13,017)</u>	<u>(347,729)</u>
Nonoperating Revenues (Expenses)			
Property tax	313,339	104,171	417,510
Interest income	8,579	104	8,683
Intergovernmental grants	58,848	35,917	94,765
Interest expense	(106,817)	(175)	(106,992)
Other income (expenses)	(1,940)		(1,940)
Net Nonoperating Revenue (Expenses)	<u>272,009</u>	<u>140,017</u>	<u>412,026</u>
Net Income (Loss) Before Transfers	<u>(62,703)</u>	<u>127,000</u>	<u>64,297</u>
Transfers in	213,678	13	213,691
Transfers out	(31,000)		(31,000)
Total Transfers	<u>182,678</u>	<u>13</u>	<u>182,691</u>
Changes in Net Position	<u>119,975</u>	<u>127,013</u>	<u>246,988</u>
Net Position - Beginning, as previously reported	(605,255)	441,751	(163,504)
Reclassifications	(280,488)		(280,488)
Net Position - Beginning, as restated	(885,743)	441,751	(443,992)
Net Position - Ending	<u>\$ (765,768)</u>	<u>568,764</u>	<u>(197,004)</u>

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

MARION COUNTY, MISSISSIPPI

Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2018

Exhibit 7

	Business-type Activities		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 4,275,994	1,031,228	5,307,222
Payments to suppliers	(1,447,384)	(980,938)	(2,428,322)
Payments to employees	(2,866,767)	(76,615)	(2,943,382)
Other operating cash receipts	43,751		43,751
Net Cash Provided (Used) by Operating Activities	<u>5,594</u>	<u>(26,325)</u>	<u>(20,731)</u>
Cash Flows From Noncapital Financing Activities			
Proceeds of long-term debt	17,342		17,342
Intergovernmental grants received	58,848	35,917	94,765
Cash received from property taxes	311,678	103,569	415,247
Operating transfers in	757,445	13	757,458
Principal paid on long-term debt	(4,102)		(4,102)
Cash paid to other funds:			
Operating transfers out	(574,767)		(574,767)
Interfund loan repayments	(111,512)	(28,116)	(139,628)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>454,932</u>	<u>111,383</u>	<u>566,315</u>
Cash Flows From Capital and Related Financing Activities			
Principal paid on long-term debt	(785,000)	(35,955)	(820,955)
Acquisition of capital assets	(29,698)		(29,698)
Interest / fees paid on debt	(87,682)	(963)	(88,645)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(902,380)</u>	<u>(36,918)</u>	<u>(939,298)</u>
Cash Flows From Investing Activities			
Interest on deposits	8,579	104	8,683
Net Cash Provided (Used) by Investing Activities	<u>8,579</u>	<u>104</u>	<u>8,683</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(433,275)	48,244	(385,031)
Cash and Cash Equivalents at Beginning of Year	1,363,034		1,363,034
Cash and Cash Equivalents at End of Year	<u>\$ 929,759</u>	<u>48,244</u>	<u>978,003</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (334,712)	(13,017)	(347,729)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	195,643	9,123	204,766
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable		(108,621)	(108,621)
(Increase) decrease in other receivables	(193,256)		(193,256)
Increase (decrease) in claims payable	37,927	62,906	100,833
Increase (decrease) in unearned revenue		7,021	7,021
Increase (decrease) in interfund payables	40,490	9,069	49,559
Increase (decrease) in pension liability and deferred outflows / inflows (net)	259,502	7,194	266,696
Total Adjustments	<u>340,306</u>	<u>(13,308)</u>	<u>326,998</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,594</u>	<u>(26,325)</u>	<u>(20,731)</u>

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

MARION COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2018

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 627,073
Due from other funds	38,061
Total Assets	\$ <u>665,134</u>
LIABILITIES	
Amounts held in custody for others	\$ 538,800
Intergovernmental payables	126,334
Total Liabilities	\$ <u>665,134</u>

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

Marion County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2018

Marion County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2018

(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, Mississippi to present these financial statements on the primary government and its component units which have a significant operational or financial relationship with the County.

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

- 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's 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

Marion County, Mississippi

Notes to the Financial Statements

For the Year ended September 30, 2018

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 primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 assets 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

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

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 the Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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

The County reports the following major Governmental Funds:

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

The County reports the following major Enterprise Fund:

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

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.

Marion County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2018

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 TYPES

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 TYPES

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 broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments

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

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

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

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”.

H. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, 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 non-capitalization of interest does not have a material effect on the County’s financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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

Marion County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2018

	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.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to 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 amounts represent the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 18 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 and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows as follows:

Deferred revenue - property taxes / Unavailable revenue - property taxes -
Deferred inflows of resources should be reported when resources associated with

Marion County, Mississippi

Notes to the Financial Statements

For the Year ended September 30, 2018

imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

Deferred inflows related to pension - This amounts represent the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 18 for additional details.

J. Pensions

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

K. Long-term Liabilities

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

L. Equity Classifications

Government-wide Financial Statements:

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

1. 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

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

attributable to the acquisition, construction or improvements of those assets.

2. 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.
3. 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 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).

Marion County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2018

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.

M. 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.

Marion County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2018

N. 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 the expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

(2) Fund Reclassification

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

Exhibit 2 - Statement of Activities - Governmental Activities

Explanation	Amount
1. Reclassification of capital assets from Governmental to Business-type activities	\$ 1,115,258
2. Reclassification of long-term debt from Governmental to Business-type activities	(961,456)
3. Reclassification of debt refunding from Governmental to Business-type activities	26,367
4. Reclassification of accrued interest payable from Governmental to Business-type activities	(2,024)
5. Reclassification of net pension liability position from Governmental to Business-type activities	96,651
6. Reclassification of 2015 and 2016 indirect costs from Governmental to Business-type activities	13,778
7. Reclassification of debt interest payment from Governmental to Business-type activities	11,562
8. Differences in revenues / expenditures postings	(19,648)
Total fund reclassification	<u>\$ 280,488</u>

Marion County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2018

Exhibit 2 - Statement of Activities - Business-type Activities

Explanation	Amount
1. Reclassification of capital assets from Governmental to Business-type activities	\$ (1,115,258)
2. Reclassification of long-term debt from Governmental to Business-type activities	961,456
3. Reclassification of debt refunding from Governmental to Business-type activities	(26,367)
4. Reclassification of accrued interest payable from Governmental to Business-type activities	2,024
5. Reclassification of net pension liability position from Governmental to Business-type activities	(96,651)
6. Reclassification of 2015 and 2016 indirect costs from Governmental to Business-type activities	(13,778)
7. Reclassification of debt interest payment from Governmental to Business-type activities	(11,562)
8. Differences in revenues / expenditures postings	19,648
Total fund reclassification	<u>\$ (280,488)</u>

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Explanation	Amount
1. Reclassification of Marion County Women's Facility Fund prior year beginning fund balance from General Fund to an Enterprise Fund.	\$ <u>359,036</u>

Exhibit 6 - Statement of Revenues, Expenses and Changes in Net position - Proprietary Funds

Explanation	Amount
1. Reclassification of capital assets from General Fund to Enterprise Fund	\$ (1,115,258)
2. Reclassification of long-term debt from General Fund to Enterprise Fund	961,456
3. Reclassification of debt refunding from General Fund to Enterprise Fund	(26,367)
4. Reclassification of accrued interest payable from General Fund to Enterprise Fund	2,024
5. Reclassification of net pension liability position from General Fund to Enterprise Fund	(96,651)
6. Reclassification of 2015 and 2016 indirect costs from General Fund to Enterprise Fund	(13,778)
7. Reclassification of debt interest payment from General Fund to Enterprise Fund	(11,562)
8. Differences in revenues / expenditures postings	19,648
Total fund reclassification	<u>\$ (280,488)</u>

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

(3) Deposits

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$8,516,727, and the bank balance was \$8,706,713. 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. 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 the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 96
General Fund	Garbage and Solid Waste Fund	9,069
General Fund	Marion/Walthall Correctional Facility	387,965
Other Governmental Funds	General Fund	143,450
Garbage and Solid Waste Fund	General Fund	5,531
Marion/Walthall Correctional Facility	General Fund	17,938
Fiduciary Funds	General Fund	38,061
Total		<u>\$ 602,110</u>

Amounts listed are the tax revenues, justice court and circuit clerk fees collected

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

September 30, 2018 and settled October 2018, loans established to cover cash deficits and indirect costs due to the General Fund from the Proprietary Funds.

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 4,976
Other Governmental Funds	General Fund	168,482
Other Governmental Funds	Other Governmental Funds	644,681
Other Governmental Funds	Marion/Walthall Correctional Facility	31,000
Marion/Walthall Correctional Facility	General Fund	213,608
Marion/Walthall Correctional Facility	Other Governmental Funds	70
Garbage and Solid Waste Fund	Other Governmental Funds	13
Total		<u>\$ 1,062,830</u>

The purpose of the transfers were to transfer budgeted payments for debt and to close special fund accounts. The transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2018 consisted of the following:

Governmental Activities:

Description	Amount
Legislative tax credit	\$ 108,765
Emergency management performance grants	25,543
DUI grant	39,565
Total Governmental Activities	<u>\$ 173,873</u>

Business-Type Activities:

Description	Amount
Local counties prisoner housing reimbursement	\$ 163,880
MDOC prisoner housing reimbursement	217,328
Total Business-type Activities	<u>\$ 381,208</u>

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2018:

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 663,344				663,344
Total non-depreciable capital assets	663,344	0	0	0	663,344
Depreciable capital assets:					
Infrastructure	65,231,170				65,231,170
Buildings	10,570,198			(1,542,413)	9,027,785
Improvements other than buildings	811,516				811,516
Mobile equipment	4,449,552	55,975	76,225	227,972	4,657,274
Furniture and equipment	2,869,489	90,623		(24,663)	2,935,449
Leased property under capital leases	788,835	161,288		(227,972)	722,151
Total depreciable capital assets	84,720,760	307,886	76,225	(1,567,076)	83,385,345
Less accumulated depreciation for:					
Infrastructure	43,629,521	180,600			43,810,121
Buildings	4,478,165	152,230		(431,886)	4,198,509
Improvements other than buildings	368,312	30,217			398,529
Mobile equipment	3,463,154	207,216	68,602	45,065	3,646,833
Furniture and equipment	2,645,452	37,798		(19,932)	2,663,318
Leased property under capital leases	143,592	77,794		(45,065)	176,321
Total accumulated depreciation	54,728,196	685,855	68,602	(451,818)	54,893,631
Total depreciable capital assets, net	29,992,564	(377,969)	7,623	(1,115,258)	28,491,714
Governmental activities capital assets, net	\$ 30,655,908	(377,969)	7,623	(1,115,258)	29,155,058

Adjustments were made to correctly present capital assets.

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

Business-type activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 60,000				60,000
Total non-depreciable capital assets	60,000	0	0	0	60,000
Depreciable capital assets:					
Buildings	7,588,237			1,542,413	9,130,650
Mobile equipment	265,236			1	265,237
Furniture and equipment	164,902	29,698		24,661	219,261
Total depreciable capital assets	8,018,375	29,698	0	1,567,075	9,615,148
Less accumulated depreciation for:					
Buildings	2,216,897	182,616		431,886	2,831,399
Mobile equipment	235,922	2,790			238,712
Furniture and equipment	154,412	19,360		19,931	193,703
Total accumulated depreciation	2,607,231	204,766	0	451,817	3,263,814
Total depreciable capital assets, net	5,411,144	(175,068)	0	1,115,258	6,351,334
Business-type activities capital assets, net	\$ 5,471,144	(175,068)	0	1,115,258	6,411,334

Adjustments were made to correctly present capital assets.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 98,611
Public safety	81,094
Public works	407,475
Health and welfare	52,772
Culture and recreation	3,234
Economic development	42,669
Total depreciation expense	\$ 685,855

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

Business-Type Activities:	
Garbage and Solid Waste	\$ 9,123
Marion/Walshall Correctional Facility	<u>195,643</u>
Total depreciation expense	<u>\$ 204,766</u>

(7) 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, 2018 to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) 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 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. At the end of the lease term, the company exercised their right to another one year extension.

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

Marion County, Mississippi

Notes to the Financial Statements

For the Year ended September 30, 2018

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. At that time, the lease automatically renewed for one year. In February 2018, Quality Alarm Services assigned the lease to Haynes Services and was extended for four one year terms at the same rate.

On October 19, 2015, Marion County entered into a non-cancellable operating lease agreement with the 15th 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 15th 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 OWOC Senior & Disabled Center exercised their right to renew the lease until July 17, 2019.

On October 1, 2017, Marion County entered into a non-cancellable operating lease agreement beginning January 1, 2018, with Next Level Athletics for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lease would pay the County \$500 per month in lease payments commencing January 1, 2018 for a term of one year

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$58,504 for the year ended September 30, 2018. The future minimum lease receivables for these leases are as follows:

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

<u>Year Ended September 30,</u>	<u>Amount</u>
2019	\$ 43,457
2020	14,575
2021	9,225
2022	8,100
2023	<u>2,025</u>
Total	\$ <u><u>77,382</u></u>

(9) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 722,151
Less: Accumulated depreciation	<u>(176,321)</u>
Total	\$ <u><u>545,830</u></u>

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 139,470
2020	126,545
2021	85,070
2022	<u>54,775</u>
Total	\$ <u><u>405,860</u></u>

Marion County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2018

(10) Long-Term Debt

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
Industrial development bonds	\$ 975,000	5.10-5.40%	09/2024
Hospital refinancing bonds	1,410,000	3.22%	11/2021
Total General Obligation Bonds	<u>\$ 2,385,000</u>		
B. Equipment Notes:			
District 4 Road Equipment Note	\$ 6,833	2.85%	12/2018
District 2 Road Equipment Note	10,415	2.95%	12/2018
District 3 Road Equipment Note	26,358	2.90%	12/2019
District 3 Road Equipment Note	16,500	2.75%	06/2019
District 2 Road Equipment Note	19,223	4.75%	11/2020
District 3 Road Equipment Note	28,531	3.99%	12/2020
Total Equipment Notes	<u>\$ 107,860</u>		
C. Capital Leases:			
District 2 - Hydraulic Excavator	\$ 15,976	2.21%	02/2019
District 1 - (2) New Holland Tractors	61,908	1.89%	11/2020
District 4 - John Deere Tractor / Cutter	22,859	1.98%	12/2020
District 1 - Tractor	23,049	1.96%	03/2021
District 2 - Tractor	33,138	2.09%	07/2021
Countywide - Mahindra Tractor	12,108	2.44%	03/2022
Countywide - Weiler P265 Paver	103,092	2.31%	08/2022
District 2 - Asphalt Roller	31,216	2.74%	05/2022
Sheriff Vehicles	102,514	3.37%	04/2021
Total Capital Leases	<u>\$ 405,860</u>		
D. Other Loans:			
Marion County Business Plex	\$ 15,000	3.10%	05/2019
MDA Capital Improvement	484,278	3.00%	07/2034*
District 4 - Road Promissory Note	41,454	1.97%	04/2022
Road Construction	97,752	2.20%	05/2019

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

MDA Capital Improvement	288,036	3.00%	06/2030
Marion County Business Plex - SMPD	32,493	3.25%	01/2023
Road Improvements	480,256	2.50%	07/2022
Note	18,953	2.47%	12/2019
Courthouse Renovation	360,022	1.61%	03/2021
Total Other Loans	\$ <u>1,818,244</u>		

* Additional payments were made on this MDA loan so that it will pay out in the year 2025.

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity
<u>Business-type Activities:</u>			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2019	\$ 150,000	1.00-4.70%	04/2029
Jail Refunding Bonds, Series 2012	810,000	1.50-2.65%	03/2023
G.O. Refunding Bonds, Series 2016	2,085,000	1.15-2.50%	04/2029
Total General Obligation Bonds	\$ <u>3,045,000</u>		
B. Capital Lease:			
Body cams	\$ <u>13,240</u>	0%	04/2022

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. Proceed 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 the net revenues. The total principal and interest remaining to be paid on the bonds is \$0. Principal and interest paid for the current year and total inmate housing net revenues were \$474,300 and \$4,452,290, respectively.

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

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Equipment Notes	
	Principal	Interest	Principal	Interest
2019	\$ 470,000	92,064	\$ 73,644	1,775
2020	490,000	73,847	24,705	674
2021	515,000	54,811	9,511	684
2022	540,000	34,762		
2023	180,000	19,980		
2024 - 2028	190,000	10,260		
Total	<u>\$ 2,385,000</u>	<u>285,724</u>	<u>\$ 107,860</u>	<u>3,133</u>

Year Ending September 30,	Capital Leases		Other Loans	
	Principal	Interest	Principal	Interest
2019	\$ 139,470	8,890	\$ 467,433	44,095
2020	126,545	5,567	356,303	33,635
2021	85,070	2,768	360,087	25,097
2022	54,775	997	239,660	16,483
2023			104,780	10,297
2024 - 2028			239,472	19,716
2029 - 2033			50,509	1,369
Total	<u>\$ 405,860</u>	<u>18,222</u>	<u>\$ 1,818,244</u>	<u>150,692</u>

Business-type Activities

Year Ending September 30,	General Obligation Bonds		Leases	
	Principal	Interest	Principal	Interest
2019	\$ 340,000	64,178	\$ 3,310	
2020	340,000	55,805	3,310	
2021	350,000	48,705	3,310	
2022	365,000	40,930	3,310	
2023	370,000	32,603		
2024 - 2028	1,055,000	87,925		
2029 - 2033	225,000	2,813		
Total	<u>\$ 3,045,000</u>	<u>332,959</u>	<u>\$ 13,240</u>	<u>0</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is

Marion County, Mississippi

Notes to the Financial Statements

For the Year ended September 30, 2018

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, 2018, the amount of outstanding debt was equal of 2.98% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments*	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 3,800,000		455,000	(960,000)	2,385,000	470,000
Premium, net	1,456			(1,456)	0	
Equipment notes	122,555	57,264	71,959		107,860	73,644
Capital leases	493,596	102,514	190,250		405,860	139,470
Other loans	1,583,430	625,000	390,186		1,818,244	467,433
Total	\$ <u>6,001,037</u>	<u>784,778</u>	<u>1,107,395</u>	<u>(961,456)</u>	<u>4,716,964</u>	<u>1,150,547</u>

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments*	Balance Sept. 30, 2018	Amount due within one year
Business-type Activities:						
General obligation bonds	\$ 2,405,000		320,000	960,000	3,045,000	340,000
Limited obligation bonds	465,000		465,000		0	
Premium, net	37,398		4,041	1,456	34,813	4,043
Leases		17,342	4,102		13,240	3,310
Other loans	35,955		35,955		0	
Total	\$ <u>2,943,353</u>	<u>17,342</u>	<u>829,098</u>	<u>961,456</u>	<u>3,093,053</u>	<u>347,353</u>

* See Note 2 for explanation

(11) 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.

Marion County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2018

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.

(12) 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 2018.

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 two-mill tax levy. Marion County appropriated \$99,886 for the operation of the six fire districts in the fiscal year 2018.

(13) Joint Ventures

The County participates in the following joint ventures:

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. Marion County appropriated \$181,500 for the operation of the Library in fiscal year 2018.

(14) 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 \$398,030 for maintenance and support of the college in fiscal year 2018.

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

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 2018.

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 2018.

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.

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 2018.

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.

(15) 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

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Contributions. At September 30, 2018, 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, 2018 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, 2018, 2017 and 2016 were \$844,729, \$814,530 and \$844,935, respectively, equal to the required contributions for each year.

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

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

At September 30, 2018, the County reported a liability of \$13,704,405 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 net pension liability was 0.082393 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.002552 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$1,077,412 in the governmental activities and \$553,299 in the business-type activities for a total pension expense of \$1,630,711. At September 30, 2018 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	\$ 60,094	\$ 55,982
Net difference between projected and actual earnings on pension plan investments		244,129
Change of assumptions	7,835	
Changes in proportion and differences between County contributions and proportionate share of contributions	307,870	242,216
County contributions subsequent to the measurement date	231,614	
Total	\$ 607,413	\$ 542,327

\$231,614 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, 2019. 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, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

Year ending September 30:

2019	\$	94,286
2020		19,206
2021		(218,396)
2022		(61,624)
Total	\$	<u>(166,528)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.25 - 18.50 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 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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, 2018, are summarized in the following table:

Marion County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27%	4.60%
International Equity	18%	4.50%
Emerging Markets Equity	4%	4.75%
Global	12%	4.75%
Fixed Income	18%	0.75%
Real Estate	10%	3.50%
Private Equity	8%	5.10%
Emerging Debt	2%	2.25%
Cash	1%	0.00%
Total	100%	

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.

Sensitivity of 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%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 18,044,767	\$ 13,704,405	\$ 10,096,989

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

Marion County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2018

(16) Deficit Fund Balances of Individual Funds

The following funds reported deficits in net position at September 30, 2018:

<u>Fund</u>	<u>Deficit Amount</u>
Re-appraisal Maintenance Fund	\$ (2,875)
Beat 2 Bridge Bond	(27,350)
Marion/Walthall Correctional Facility Fund	(765,768)

(17) Tax Abatements

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Marion County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for ten years and are for economic development purposes. The County had tax abatement agreements with four entities as of September 30, 2018.

The County abated taxes under the authority of Sections 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972. This authority requires that school taxes be levied. Additionally, the board of supervisors required payment of the taxes for the support of the community college and the tax for reappraisal.

<u>Category</u>	<u>% of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and expansion of a manufacturing facility	95.38%	\$ 81,558
Construction and expansion of a commercial real estate	95.38%	15,166
		<u>\$ 96,724</u>

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

(18) Effect of Deferred Amounts on Net Position

The governmental activities unrestricted net position (deficit) amount of (\$8,035,610) includes the effect of deferred outflows/inflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$153,031 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, 2019. The \$157,649 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years. The \$361,498 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized as a reduction in pension expense over the next 4 years.

The business-type activities' unrestricted net position (deficit) amount of (\$3,813,861) 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 \$78,583 resulting from County contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$218,150 balance of the deferred outflows of resources related to pension at September 30, 2018, will be recognized in pension expense over the next three years. The \$180,829 balance of the deferred inflows of resources related to pension at September 30, 2018, will be recognized in pension expense over the next four years.

The business-type activities' net investment of capital assets net position of \$3,352,614 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$21,093 of the \$317,826 balance of deferred outflows of resources at September 30, 2018, will be recognized as an expense and will decrease the net investment in capital assets portion over the next year.

(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 the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Marion County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2018

Subsequent to September 30, 2018, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/2018	3.90%	\$ 402,000	Capital lease	Ad valorem taxes
11/2018	3.125-4.25%	5,000,000	General obligation bonds	Ad valorem taxes
03/2019	3.84%	83,908	Capital lease	Ad valorem taxes
05/2019	4.17%	39,294	Capital lease	Ad valorem taxes
05/2019	3.89%	97,830	Capital lease	Ad valorem taxes
05/2019	3.99%	60,421	Capital lease	Ad valorem taxes
03/2020	3.34%	40,000	Capital lease	Ad valorem taxes
04/2020	3.19%	62,683	Capital lease	Ad valorem taxes
04/2020	2.79%	101,296	Capital lease	Ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

MARION COUNTY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,483,057	7,765,905	7,765,905	-
Licenses, commissions and other revenue	490,915	487,856	487,856	-
Fines and forfeitures	265,700	258,745	258,745	-
Intergovernmental revenues	1,176,301	1,035,856	1,035,856	-
Interest income	12,900	10,416	10,416	-
Miscellaneous revenues	269,050	342,477	342,477	-
Total Revenues	<u>9,697,923</u>	<u>9,901,255</u>	<u>9,901,255</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	5,041,871	4,141,145	4,141,145	-
Public safety	3,322,999	2,974,583	2,974,583	-
Public works	29,880	29,880	29,880	-
Health and welfare	420,654	402,272	402,272	-
Culture and recreation	126,125	141,930	141,930	-
Conservation of natural resources	68,246	60,893	60,893	-
Economic development and assistance	166,165	166,165	166,165	-
Capital projects	100,000	-	-	-
Debt service:				
Principal	170,000	84,721	84,721	-
Interest	-	18,907	18,907	-
Total Expenditures	<u>9,445,940</u>	<u>8,020,496</u>	<u>8,020,496</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>251,983</u>	<u>1,880,759</u>	<u>1,880,759</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	525	525	-
Other financing sources	-	476,229	476,229	-
Other financing uses	(491,725)	(723,146)	(723,146)	-
Total Other Financing Sources (Uses)	<u>(491,725)</u>	<u>(246,392)</u>	<u>(246,392)</u>	<u>-</u>
Net Change in Fund Balance	<u>(239,742)</u>	<u>1,634,367</u>	<u>1,634,367</u>	<u>-</u>
Fund Balances - Beginning	<u>312,449</u>	<u>1,072,350</u>	<u>1,072,350</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 72,707</u>	<u>2,706,717</u>	<u>2,706,717</u>	<u>-</u>

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

MARION COUNTY, MISSISSIPPI

Schedule of the County's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.082393 %	0.079841 %	0.082419 %	0.083953 %
County's proportionate share of the net pension liability (asset)	\$ 13,704,405	13,272,285	14,722,091	12,977,478
County's covered payroll	\$ 5,261,558	5,122,984	5,272,527	5,287,426
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.46%	259.07%	279.22%	245.44%
Plan fiduciary net postion as a percentage of the total persion liability	62.54 %	61.49 %	57.467727 %	61.703983 %

The notes to the required supplementary information are an integral part of this schedule

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and , until a full 10-year trend is compiled, the entity has only presented information for the years in which information is available.

MARION COUNTY, MISSISSIPPI

Schedule of the the County's Contributions

PERS

Last 10 Fiscal Years

	2018	2017	2016	2015
Contractually required contribution	\$ 844,729	814,530	844,935	832,882
Contributions in relation to the contractually required contribution	844,729	814,530	844,935	832,771
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>111</u>
County covered payroll	\$ 5,363,350	5,171,619	5,364,665	5,287,426
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and , until a full 10-year trend is compiled, the entity has only presented information for the years in which information available.

Marion County, Mississippi

Notes to the Required Supplementary Information For the year ended September 30, 2018

1) Budgetary Schedules

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

Marion County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2018

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

	<u>Governmental Fund</u>
	General Fund
Budget (Cash Basis)	\$ 1,634,365
Increase (Decrease)	
Net adjustments for revenue accruals	26,142
Net adjustments for expenditure accruals	(79,650)
Net adjustments for other financing sources (uses)	<u>(28,206)</u>
GAAP Basis	\$ <u><u>1,552,651</u></u>

2) 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.

Marion County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2018

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The Wage inflation assumption was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

(B) Change 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.

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OTHER INFORMATION

MARION COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2018

UNAUDITED

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

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

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, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 26, 2020. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant

deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2018-001 and 2018-002 that we consider to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Marion County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated June 26, 2020, 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
June 26, 2020

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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 the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. 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 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.

In our opinion, Marion County, Mississippi's, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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 when considered in relation to that examination.

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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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
June 26, 2020

Certified Public Accountants

Marion County, Mississippi

Schedule 1

Schedule of Purchases From Other than the Lowest Bidder
For the Year Ended September 30, 2018

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

Marion County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

Date	Item Purchased	Amount Paid	Vendor	Reason for Emergency Purchase
03/19/2018	Emergency bridge repair	\$ 15,000	MGD Holdings, LLC	MDOT closure for structural deterioration
04/03/2018	Bridge pilings and cross bracing	22,000	MGD Holdings, LLC	MDOT closure for structural deterioration
04/03/2018	Excavator rental	350	Water Wells Well Drilling	MDOT closure for structural deterioration
04/03/2018	Concrete	2,640	Jones Ready Mix	MDOT closure for structural deterioration
05/21/2018	Bridge pilings and rip rap	28,659	MGD Holdings, LLC	MDOT closure for structural deterioration

Marion County, Mississippi**Schedule 3****Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2018**

Date	Item Purchased	Amount Paid	Vendor
02/08/2018	Tasers	\$ 17,342	Axon Enterprises, Inc.

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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 26, 2020, 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

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

Repeat Finding

Criteria:

Section 19-3-68, Miss. Code Ann. (1972), specifies requirements governing use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete record of all credit

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card numbers and all receipts and other documentation relating to the use of such credit cards. Officials shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or the 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 Department of Finance Manual for the State of Mississippi, Section 10.112.01 and 10.112.04(15), balances shall be paid at receipt of the monthly statement and any county employee will be liable for any purchase made not in compliance with state statute. All purchases were made within the Marion/Walthall Correctional Facility with approval from the Warden.

Condition:

As reported in the prior four audit reports, travel charged to the credit card was not compliant with these aforementioned sections. No written reports itemizing expenditures nor adequate supporting documentation for purchases made for the Marion/Walthall Correctional Facility were found. Additionally, the Facility obtained a Best Buy credit card without Board approval. Purchases made on this card for fixed assets were not listed on County's inventory.

Cause:

The County lacked the necessary internal controls for collecting, recording, and disbursing cash in the Marion/Walthall Correctional Facility.

Effect:

Failure to enforce these requirements could result in the misuse of the credit card for unauthorized/unallowed expenditures.

Recommendation:

The Chancery Clerk and Purchase Clerk should ensure the Warden of the Marion/Walthall Correctional Facility submits a monthly report itemizing expenditures and use of the credit card to the Board of Supervisors as required by statute. Additionally, the Facility should close out the Best buy credit card and record fixed assets purchases made previously on the County's inventory.

View of Responsible Officials:

As of October 1, 2019, we have submitted the required credit card reporting.

2. PERS retirees should not be paid more than one half salary of their position and the required forms should be completed for re-employment after retirement.

Repeat Finding

Criteria:

Sections 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. Furthermore, counties hiring PERS service retirees are required to file PERS Form 4B, "Certification/Acknowledgement of Re-employment of Retiree" with the PERS office within five (5) days from the date of employment of the retiree.

Condition:

As reported in the prior two audit reports, we noted a PERS retiree paid more than one-half of the salary for their position during the fiscal year. Also, PERS Form 4B was not completed with the proper information.

Cause:

Controls were not in place to ensure statutory compliance.

Effect:

Overpayment of PERS retirees along with not filling out PERS Form 4B means the County is not in compliance with the aforementioned statute Section 25-11-127(4)(a), Miss. Code Ann. (1972).

Recommendation:

The County should ensure PERS retirees are not being paid more than the allowable amount and PERS Form 4B is correctly completed.

View of Responsible Officials:

We agree and will take steps to insure the proper forms are completed timely. Retirees will not be paid over 50% of the salary for the position the person is working.

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
June 26, 2020

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

Marion County, Mississippi

Schedule of Findings and Responses For the Year Ended September 30, 2018

Section I: 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/Walthall Correctional 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 deficiency identified? None reported.
3. Noncompliance material to financial statements noted? No.

Section II: Financial Statement Findings

The results of our tests disclose the following findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Board of Supervisors

Material Weaknesses

2018-001 - Internal controls in the Marion/Walthall Correctional Facility should be strengthened.

Repeat Finding Yes

Criteria:

An effective system of internal control for collecting, recording, and disbursing cash in the Marion/Walthall Correctional Facility should include adequate separation of duties.

Conditions:

As reported in the prior three audit reports, during testing and review of the Marion/Walthall Correctional Facility the same person performs the following functions:

- Receipts and processes bond fees.

- Prepares bank deposits and takes prepared deposits to the bank.
- Posts receipts to the cash journal.
- Writes and signs checks.
- Prepares the bank statement reconciliation.
- Prepares the monthly settlement of fees to the County.

Cause:

The County lacked necessary internal controls over the collecting, recording and disbursing of cash using one individual controlling the entire process at the Marion/Walthall Correctional Facility.

Effect/Possible Effect:

Failure to implement controls over the collecting, recording and disbursing of cash and lack of separation of duties in the Marion/Walthall Correctional Facility could result in the loss or misappropriation of public funds.

Recommendation:

The Sheriff, at the behest of the Board of Supervisors, should implement effective internal controls over the collecting, recording and disbursing of cash as well as ensuring adequate separation of duties.

Management's Response:

- Lauren Guidroz - Receipts and processes bond fees.
- Keshia Lenoir - Prepares bank deposits and takes prepared deposits to the bank.
- Keshia Lenoir - Post receipts to the cash journal.
- Warden Mingo - Writes and signs checks.
- Keshia Lenoir and Susie Bridges - Prepares the bank statement reconciliation.
- Keshia Lenoir - Prepares the monthly settlement of fees to the County.

2018-002 - Internal controls over the inmate canteen and inmate welfare fund should be strengthened.

Repeat Finding Yes

Criteria:

An effective system of internal control over the inmate canteen and inmate welfare funds should include adequate separation of duties along with the maintenance and reconciliation of records documenting revenue collections.

Condition:

As reported in the prior three audit reports, during testing and review of the inmate canteen and the inmate welfare funds, the following deficiencies were noted:

- The tactical officer duties included receipting 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. No other person reviewed the tactical officer's work.
- Commissions received were not settled to the County in a timely manner.
- Inmate welfare fund expenditures did not flow through central purchasing system and, therefore, were not approved by the Board of Supervisors.
- Some cash funds disbursed to inmates lacked inmate signatures and supporting documentation regarding the disbursements.
- Checks were written to "Petty Cash" or "Cash" instead of to specific inmates.

Cause:

The County lacked necessary internal controls over the inmate canteen and the inmate welfare funds.

Effect/Possible Effect:

Failure to implement controls over the collecting, recording and disbursing of cash and lack of separation of duties could result in inaccurate reporting, incomplete settlements and the increased possibility of lost or misappropriated public funds.

Recommendation:

The Sheriff should monitor the collecting, recording and settlement functions and ensure expenditures flow through the central purchasing system and approved by the Board of Supervisors.

Management's Response:

- We concur with these finding.
- Effective January 1, 2020, we have a third party reviewing these duties implementing segregation of duties.
- The commissions are being settled to Fund 125 on a timely manner.
- We will comply.
- Effective June 1, 2020, we have reports printed directly from Tiger system that captures inmate's signature verifying disbursements.
- As of October 1, 2017, there are no checks written to Petty Cash or Cash for inmate disbursements.

All purchase through inmate welfare are reviewed through the inmate welfare committee. This committee is made up of Sheriff Berkley Hall (or Sheriff's Designee), Warden Derek Mingo, and Office Manager Kesha Lenoir.