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**Marion County, Mississippi**  
Audited Financial Statements  
And Special Reports  
For the Year Ended  
September 30, 2019

**Fortenberry & Ballard, PC**  
Certified Public Accountants

MARION COUNTY  
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## FINANCIAL SECTION

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, 2019, 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.

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## **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, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to 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, 2019, 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, and the Schedule of County Contributions and 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 December 30, 2022 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  
December 30, 2022

Certified Public Accountants

## FINANCIAL STATEMENTS

**MARION COUNTY, MISSISSIPPI**  
Statement of Net Position  
September 30, 2019

**Exhibit 1**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash	\$ 11,330,077	\$ 1,239,910	\$ 12,569,987
Property tax receivable	7,992,802	325,554	8,318,356
Accounts receivable (net of allowance for uncollectibles of \$290,171)		616,614	616,614
Fines receivable (net of allowance for uncollectibles of \$3,153,811)	621,634		621,634
Intergovernmental receivables	245,944	379,708	625,652
Other receivables	1,532		1,532
Internal balances	1,046,552	(1,046,552)	0
Capital assets:			
Land and construction in progress	1,211,319	60,000	1,271,319
Other capital assets, net	28,036,974	6,585,989	34,622,963
Total Assets	<u>50,486,834</u>	<u>8,161,223</u>	<u>58,648,057</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	719,851	603,231	1,323,082
Deferred amount on refunding		15,819	15,819
Total Deferred Outflows of Resources	<u>719,851</u>	<u>619,050</u>	<u>1,338,901</u>
<b>LIABILITIES</b>			
Claims payable	701,536	112,217	813,753
Intergovernmental payables	920,505		920,505
Accrued interest payable	198,103	4,935	203,038
Unearned revenue		45,540	45,540
Amounts held in custody for others	123,945		123,945
Long-term liabilities			
Net pension liability	9,936,997	5,582,114	15,519,111
Due within one year:			
Capital debt	699,800	417,794	1,117,594
Non-capital debt	529,528	3,310	504,613
Due in more than one year:			
Capital debt	5,804,248	2,754,636	8,558,884
Non-capital debt	1,669,654	6,620	1,704,499
Total Liabilities	<u>20,584,316</u>	<u>8,927,166</u>	<u>29,511,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	122,753	67,050	189,803
Deferred revenues - property taxes	7,992,802	325,554	8,318,356
Total deferred inflows of resources	<u>8,115,555</u>	<u>392,604</u>	<u>8,508,159</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,744,245	3,489,378	26,233,623
Restricted for:			
Expendable:			
General government	709,549		709,549
Public safety	810,257		810,257
Public works	3,691,089	547,282	4,238,371
Culture and recreation	79,986		79,986
Economic development and assistance	11,814		11,814
Unemployment compensation	35,202		35,202
Debt service	563,035		563,035
Unrestricted	(6,138,363)	(4,576,157)	(10,714,520)
Total Net Position	<u>\$ 22,506,814</u>	<u>\$ (539,497)</u>	<u>\$ 21,967,317</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, 2019

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,215,307	605,577	43,461		(3,566,269)		(3,566,269)
Public safety	3,648,368	627,714	791,826		(2,228,828)		(2,228,828)
Public works	5,769,826		926,581	1,131,000	(3,712,245)		(3,712,245)
Health and welfare	456,370		53,541		(402,829)		(402,829)
Culture and recreation	223,772	13,262			(210,510)		(210,510)
Conservation of natural resources	59,477				(59,477)		(59,477)
Economic development and assistance	99,633				(99,633)		(99,633)
Interest on long-term debt	295,682				(295,682)		(295,682)
Pension expense	1,045,001				(1,045,001)		(1,045,001)
Total Governmental Activities	<u>15,813,436</u>	<u>1,246,553</u>	<u>1,815,409</u>	<u>1,131,000</u>	<u>(11,620,474)</u>		<u>(11,620,474)</u>
Business-type activities:							
Marion/Walthall Correctional Facility	5,049,888	3,779,018	113,499			(1,157,371)	(1,157,371)
Garbage and Solid Waste	1,165,776	1,270,879	44,207			149,310	149,310
Total Business-type Activities	<u>6,215,664</u>	<u>5,049,897</u>	<u>157,706</u>	<u>0</u>		<u>(1,008,061)</u>	<u>(1,008,061)</u>
Total Primary Government	<u>\$ 22,029,100</u>	<u>6,296,450</u>	<u>1,973,115</u>	<u>1,131,000</u>	<u>(11,620,474)</u>	<u>(1,008,061)</u>	<u>(12,628,535)</u>
General revenues:							
Property taxes					\$ 10,267,328	420,777	10,688,105
Road & bridge privilege taxes					293,455		293,455
Grants and contributions not restricted to specific programs					899,753		899,753
Unrestricted interest income					309,461	15,237	324,698
Miscellaneous					454,111	43,444	497,555
Transfers					(186,110)	186,110	0
Total General Revenues and Transfers					<u>12,037,998</u>	<u>665,568</u>	<u>12,703,566</u>
Changes in Net Position					<u>417,524</u>	<u>(342,493)</u>	<u>75,031</u>
Net Position - Beginning					<u>22,089,290</u>	<u>(197,004)</u>	<u>21,892,286</u>
Net Position - Ending					<u>\$ 22,506,814</u>	<u>(539,497)</u>	<u>21,967,317</u>

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

**MARION COUNTY, MISSISSIPPI**  
Balance Sheet - Governmental Funds  
September 30, 2019

**Exhibit 3**

	Major Funds		
	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 5,535,849	5,794,228	11,330,077
Property tax receivable	6,090,046	1,902,756	7,992,802
Fines receivable (net of allowance for uncollectibles of \$3,153,811)	621,634		621,634
Intergovernmental receivables	245,944		245,944
Other receivables	1,532		1,532
Due from other funds	1,070,968	170,536	1,241,504
Total Assets	\$ 13,565,973	7,867,520	21,433,493
<b>LIABILITIES</b>			
Liabilities:			
Claims payable	\$ 370,631	330,905	701,536
Intergovernmental payables	881,414		881,414
Amounts held in custody for others	123,945		123,945
Due to other funds	227,566	6,477	234,043
Total Liabilities	\$ 1,603,556	337,382	1,940,938
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	6,090,046	1,902,756	7,992,802
Unavailable revenue - fines	621,634		621,634
Total deferred inflows of resources	\$ 6,711,680	1,902,756	8,614,436
<b>Fund balances:</b>			
Restricted for:			
General government	497,705	211,844	709,549
Public safety		810,257	810,257
Public works		3,691,089	3,691,089
Culture and recreation		79,986	79,986
Economic development and assistance		11,814	11,814
Debt service		761,138	761,138
Unemployment compensation		35,202	35,202
Assigned			
Economic development and assistance		29,128	29,128
Unassigned	4,753,032	(3,076)	4,749,956
Total Fund Balances	\$ 5,250,737	5,627,382	10,878,119
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,565,973	7,867,520	21,433,493

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, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 10,878,119
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 \$55,431,069.	29,248,293
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	621,634
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,703,230)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(198,103)
Net pension liability	
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(9,936,997)
Deferred outflows of resources related to pensions	719,851
Deferred inflows of resources related to pensions	<u>(122,753)</u>
Total Net Position - Governmental Activities	\$ <u><u>22,506,814</u></u>

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, 2019

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
<b>REVENUES</b>			
Property taxes	\$ 7,789,892	2,477,436	10,267,328
Road and bridge privilege taxes		293,455	293,455
Licenses, commissions and other revenue	598,150	7,427	605,577
Fines and forfeitures	310,945		310,945
Intergovernmental revenues	1,489,764	2,356,398	3,846,162
Charges for services		329,246	329,246
Interest income	157,130	152,331	309,461
Miscellaneous revenues	189,798	246,095	435,893
Total Revenues	<u>10,535,679</u>	<u>5,862,388</u>	<u>16,398,067</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,390,613	306,303	4,696,916
Public safety	2,883,154	949,668	3,832,822
Public works	29,880	5,903,074	5,932,954
Health and welfare	404,629	1,250	405,879
Culture and recreation	220,387	6,684	227,071
Conservation of natural resources	59,477		59,477
Economic development and assistance	8,190	48,774	56,964
Debt service:			
Principal	220,245	991,034	1,211,279
Interest	55,959	94,856	150,815
Total Expenditures	<u>8,272,534</u>	<u>8,301,643</u>	<u>16,574,177</u>
Excess of Revenues over (under) Expenditures	<u>2,263,145</u>	<u>(2,439,255)</u>	<u>(176,110)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term capital debt issued	97,830	5,099,715	5,197,545
Proceeds from sale of capital assets	600	81,785	82,385
Transfers in	3,155	5,504,492	5,507,647
Transfers out	(534,729)	(5,159,028)	(5,693,757)
Total Other Financing Sources and Uses	<u>(433,144)</u>	<u>5,526,964</u>	<u>5,093,820</u>
Net Changes in Fund Balances	<u>1,830,001</u>	<u>3,087,709</u>	<u>4,917,710</u>
Fund Balances - Beginning	<u>3,420,736</u>	<u>2,539,673</u>	<u>5,960,409</u>
Fund Balances - Ending	<u>\$ 5,250,737</u>	<u>5,627,382</u>	<u>10,878,119</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, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 4,917,710
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 \$826,128 exceeded depreciation of \$668,725 in the current period.	157,403
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 sales of capital assets of \$82,385 and the net gain of \$18,217.	(64,168)
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.	786
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 \$1,211,279 was exceeded by debt proceeds of \$5,197,545.	(3,986,266)
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 increase in accrued interest payable.	(144,867)
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	(1,045,001)
Recording of contributions made during the fiscal year	<u>581,927</u>
Change in Net Position of Governmental Activities	<u>\$ 417,524</u>

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

**MARION COUNTY, MISSISSIPPI**  
Statement of Net Position - Proprietary Funds  
September 30, 2019

**Exhibit 5**

	Business-type Activities - Enterprise Funds		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Totals
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,020,871	219,039	1,239,910
Property tax receivable	248,069	77,485	325,554
Accounts receivable (net of allowance for uncollectibles of \$290,171)		616,614	616,614
Intergovernmental receivables	379,708		379,708
Due from other funds	18,628	5,684	24,312
Total Current Assets	<u>1,667,276</u>	<u>918,822</u>	<u>2,586,098</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	60,000		60,000
Other capital assets, net	5,930,215	655,774	6,585,989
Total Noncurrent Assets	<u>5,990,215</u>	<u>655,774</u>	<u>6,645,989</u>
Total Assets	<u>7,657,491</u>	<u>1,574,596</u>	<u>9,232,087</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	509,432	93,799	603,231
Deferred amount on refunding	15,819		15,819
Total Deferred Outflows of Resources	<u>525,251</u>	<u>93,799</u>	<u>619,050</u>
<b>LIABILITIES</b>			
Current liabilities:			
Claims payable	75,845	36,372	112,217
Unearned revenue		45,540	45,540
Due to other funds	1,062,716	8,148	1,070,864
Accrued interest payable	4,935		4,935
Long term debt:			
Non-capital debt:			
Other long-term liabilities	3,310		3,310
Capital debt:			
Other long-term liabilities	367,429	50,365	417,794
Total Current Liabilities	<u>1,514,235</u>	<u>140,425</u>	<u>1,654,660</u>
Noncurrent liabilities:			
Net Pension Liability	5,292,086	290,028	5,582,114
Long term debt:			
Non-capital debt:			
Other long-term liabilities	6,620		6,620
Capital debt:			
Other long-term liabilities	2,439,510	315,126	2,754,636
Total Noncurrent Liabilities	<u>7,738,216</u>	<u>605,154</u>	<u>8,343,370</u>
Total Liabilities	<u>9,252,451</u>	<u>745,579</u>	<u>9,998,030</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	59,284	7,766	67,050
Deferred revenues - property taxes	248,069	77,485	325,554
Total Deferred Inflows of Resources	<u>307,353</u>	<u>85,251</u>	<u>392,604</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,199,095	290,283	3,489,378
Restricted for:			
Public works		547,282	547,282
Unrestricted	(4,576,157)		(4,576,157)
Total Net Position	<u>\$ (1,377,062)</u>	<u>837,565</u>	<u>(539,497)</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 Fund(s)  
 For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Total
Operating Revenues			
Charges for services	\$ 3,779,018	1,270,879	5,049,897
Miscellaneous	32,707	10,737	43,444
Total Operating Revenues	3,811,725	1,281,616	5,093,341
Operating Expenses			
Personal services	2,811,038	435,491	3,246,529
Contractual services	409,714	491,923	901,637
Materials and supplies	976,236	68,598	1,044,834
Depreciation expense	200,506	56,247	256,753
Indirect administrative cost	34,146	8,148	42,294
Pension expense	549,527	94,083	643,610
Total Operating Expenses	4,981,167	1,154,490	6,135,657
Operating Income (Loss)	(1,169,442)	127,126	(1,042,316)
Nonoperating Revenues (Expenses)			
Property tax	315,630	105,147	420,777
Interest income	11,630	3,607	15,237
Intergovernmental grants	113,499	44,207	157,706
Interest expense	(68,721)	(11,286)	(80,007)
Net Nonoperating Revenue (Expenses)	372,038	141,675	513,713
Net Income (Loss) Before Transfers	(797,404)	268,801	(528,603)
Transfers in	249,944		249,944
Transfers out	(63,834)		(63,834)
Changes in Net Position	(611,294)	268,801	(342,493)
Net Position - Beginning	(765,768)	568,764	(197,004)
Net Position - Ending	\$ (1,377,062)	837,565	(539,497)

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, 2019

**Exhibit 7**

	Business-type Activities - Enterprise Funds		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 3,780,518	1,216,668	4,997,186
Payments to suppliers	(1,446,994)	(657,890)	(2,104,884)
Payments to employees	(3,117,536)	(489,164)	(3,606,700)
Other operating cash receipts	32,707	10,737	43,444
Net Cash Provided (Used) by Operating Activities	(751,305)	80,351	(670,954)
Cash Flows From Noncapital Financing Activities			
Proceeds of long-term debt	83,908	402,000	485,908
Intergovernmental grants received	113,499	44,207	157,706
Cash received from property taxes	314,940	104,994	419,934
Cash received from other funds			
Operating transfers in	249,944		249,944
Interfund loan made	681,095		681,095
Principal paid on long-term debt	(3,310)		(3,310)
Cash paid to other funds:			
Operating transfers out	(63,834)		(63,834)
Interfund loan repayments	(40,490)	(9,069)	(49,559)
Net Cash Provided (Used) by Noncapital Financing Activities	1,335,752	542,132	1,877,884
Cash Flows From Capital and Related Financing Activities			
Principal paid on long-term debt	(353,329)	(36,509)	(389,838)
Acquisition of capital assets	(83,908)	(407,500)	(491,408)
Interest/ fees paid on debt	(67,728)	(11,286)	(79,014)
Net Cash Provided (Used) by Capital and Related Financing Activities	(504,965)	(455,295)	(960,260)
Cash Flows From Investing Activities			
Interest on deposits	11,630	3,607	15,237
Net Cash Provided (Used) by Investing Activities	11,630	3,607	15,237
Net Increase (Decrease) in Cash and Cash Equivalents	91,112	170,795	261,907
Cash and Cash Equivalents at Beginning of Year	929,759	48,244	978,003
Cash and Cash Equivalents at End of Year	\$ 1,020,871	219,039	1,239,910
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,169,442)	127,126	(1,042,316)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	200,506	56,247	256,753
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	1,500	(54,211)	(52,711)
Increase (decrease) in claims payable	(61,044)	(97,369)	(158,413)
Increase (decrease) in interfund payables	34,146	8,148	42,294
Increase (decrease) in pension liability and deferred outflows / inflows (net)	243,029	40,410	283,439
Total Adjustments	418,137	(46,775)	371,362
Net Cash Provided (Used) by Operating Activities	\$ (751,305)	80,351	(670,954)

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

**MARION COUNTY, MISSISSIPPI**  
Statement of Fiduciary Assets and Liabilities  
September 30, 2019

**Exhibit 8**

	Agency Funds
ASSETS	
Cash	\$ 722,416
Due from other funds	39,091
Total Assets	\$ <u>761,507</u>
LIABILITIES	
Amounts held in custody for others	\$ 609,057
Intergovernmental payables	152,450
Total Liabilities	\$ <u>761,507</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, 2019



## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

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

#### A. Financial Reporting Entity.

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

Management has chosen to omit from these financial statements the following component unit which has a 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 legal entity and therefore are reported as part of the primary government financial statements.

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

#### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

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

### Fund Financial Statements:

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

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

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

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

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

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

The County reports the following major Governmental Fund:

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

The County reports the following major Enterprise Funds:

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

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 TYPE

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

#### D. Account Classifications.

The account classifications used in the financial statements conform to the 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.

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

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 Financial Statements  
For the Year Ended September 30, 2019

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

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

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

### 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.

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

### L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

### 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 19-59-3, Miss. Code Ann. (1972).

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

### Fund Balance Flow Assumption:

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

### 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

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

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.

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

O. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard has been incorporated into the financial statements and notes.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$13,292,403, and the bank balance was \$13,587,409. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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



## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

### (3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Garbage and Solid Waste	\$ 8,148
General Fund	Marion-Walthall Correctional Facility	1,062,716
General Fund	Other Governmental Funds	104
Other Governmental Funds	General Fund	164,163
Other Governmental Funds	Other Governmental Funds	6,373
Garbage and Solid Waste	General Fund	5,684
Marion-Walthall Correctional Facility	General Fund	18,628
Agency Funds	General Fund	39,091
Total		<u>\$ 1,304,907</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October, 2019. Also, loans were established to cover cash deficits and indirect costs due to the General Fund from the Proprietary Funds. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 2,040
General Fund	Marion-Walthall Correctional Facility	1,115
Other Governmental Funds	General Fund	347,504
Other Governmental Funds	Other Governmental Funds	5,156,988
Marion-Walthall Correctional Facility	General Fund	187,225
Marion-Walthall Correctional Facility	Marion-Walthall Correctional Facility	62,719
Total		<u>\$ 5,757,591</u>

The principal purpose of interfund transfers was to provide budgeted amounts for debt service. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

### (4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Description	Amount
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 154,562
Emergency management	25,076
MDOT	27,223
DUI grant	<u>39,083</u>
Total Governmental Activities	\$ <u><u>245,944</u></u>
<b>Business-type Activities:</b>	
Prisoner housing - local governments	\$ 47,216
Prisoner housing - Marion County	84,715
Prisoner housing - MDOC	<u>247,777</u>
Total Business-type Activities	\$ <u><u>379,708</u></u>

### (5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

# MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

## Governmental activities:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>				
Land	\$ 663,344			663,344
Construction in progress		547,975		547,975
Total non-depreciable capital assets	663,344	547,975	-	1,211,319
<u>Depreciable capital assets:</u>				
Infrastructure	65,231,170			65,231,170
Building	9,027,785			9,027,785
Improvements other than buildings	811,516			811,516
Mobile equipment	4,657,274	80,608	157,455	4,580,427
Furniture and equipment	2,935,449			2,935,449
Leased property under capital leases	722,151	197,545	38,000	881,696
Total depreciable capital assets	83,385,345	278,153	195,455	83,468,043
<u>Less accumulated depreciated for:</u>				
Infrastructure	43,810,121	180,600		43,990,721
Buildings	4,198,509	152,230		4,350,739
Improvements other than buildings	398,529	30,217		428,746
Mobile equipment	3,646,833	165,832	117,607	3,695,058
Furniture and equipment	2,663,318	37,798		2,701,116
Leased property under capital leases	176,321	102,048	13,680	264,689
Total accumulated depreciation	54,893,631	668,725	131,287	55,431,069
Total depreciable capital assets, net	28,491,714	(390,572)	64,168	28,036,974
Governmental activities capital assets, net	\$ 29,155,058	157,403	64,168	29,248,293

# MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

## Business-type activities:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>				
Land	\$ 60,000			60,000
Total non-depreciable capital assets	60,000	-	-	60,000
<u>Depreciable capital assets:</u>				
Building	9,130,650			9,130,650
Mobile equipment	265,237	5,501		270,738
Furniture and equipment	219,261			219,261
Leased property under capital leases		485,907		485,907
Total depreciable capital assets	9,615,148	491,408	-	10,106,556
<u>Less accumulated depreciated for:</u>				
Buildings	2,831,399	182,616		3,014,015
Mobile equipment	238,712	990		239,702
Furniture and equipment	193,703	9,803		203,506
Leased property under capital leases		63,344		63,344
Total accumulated depreciation	3,263,814	256,753	-	3,520,567
Total depreciable capital assets, net	6,351,334	234,655	-	6,585,989
Business-type activities capital assets, net	\$ 6,411,334	234,655	-	6,645,989

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 98,608
Public safety	90,070
Public works	381,372
Health and welfare	52,772
Culture and recreation	3,234
Economic development and assistance	42,669
Total governmental activities depreciation expense	\$ 668,725
	Amount
<b>Business-type activities:</b>	
Solid waste	\$ 56,247
Correctional facility	200,506
Total business-type activities depreciation expense	\$ 256,753

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

### (6) 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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (7) Operating Leases.

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. The Company exercised this option on September 1, 2019.

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 to December 2018. This option was exercised again at the end of the term for another year.

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

On August 1, 2015, Marion County entered into a non-cancellable operating lease agreement with Quality Alarm Service, Inc., 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, Wesley, Inc. 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 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

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

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

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

On July 18, 2016, Marion County entered into a non-cancellable operating lease agreement with OWOC Senior & Disabled Center for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$495 per month in lease payments commencing July 18, 2016 for a term of one year with the right to extend for two one year periods. At the end of the lease term, the OWOC Senior & Disabled Center exercised the first one year extension option. The lease was renewed until July 2019 and subsequently renewed for one more year through July 2020.

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 with the right to extend for two one year periods. At the end of the lease term, the OWOC Senior & Disabled Center exercised the first one year extension option. The lease has been renewed through January 2020.

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 lessee would pay the County \$500 per month in lease payments commencing January 1, 2018 for a term of one year with the right to extend for a one year period.

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$60,004 for the year ended September 30, 2019. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2020	\$ 41,028
2021	34,053
2022	32,928
2023	<u>26,853</u>
Total Minimum Payments Required	\$ <u>134,862</u>

(8) :  
Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

# MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 881,696	485,907
Less: Accumulated depreciation	<u>(264,689)</u>	<u>(63,344)</u>
Leased Property Under Capital Leases	\$ <u>617,007</u>	<u>422,563</u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 164,605	11,745	81,104	15,811
2021	101,504	7,139	84,170	12,745
2022	100,438	4,109	72,412	9,562
2023	20,728	1,510	208,314	2,618
2024	<u>21,578</u>	<u>659</u>		
Total	\$ <u>408,853</u>	<u>25,162</u>	<u>446,000</u>	<u>40,736</u>

## (9) Long-term Debt.

Debt outstanding as of September 30, 2019, consisted of the following:

# MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Industrial development bonds	\$ 835,000	5.10-5.40%	09/2024
Hospital refinancing bonds	1,080,000	3.22%	11/2021
General obligation bonds, Series 2018	<u>5,000,000</u>	3.125-4.25%	12/2038
Total General Obligation Bonds	\$ <u>6,915,000</u>		
B. Capital Leases:			
Tractors and mowers	\$ 32,496	1.89%	11/2020
Tractors	12,430	1.98%	12/2020
Tractor with bucket	13,644	1.96%	03/2021
Tractor with cutter	21,665	2.09%	07/2021
Madinda tractor	8,753	2.44%	03/2022
Paver	84,128	2.31%	08/2022
Asphalt roller	15,923	2.74%	05/2022
Sheriff vehicles	22,269	3.37%	04/2021
Sheriff vehicles	97,830	3.89%	05/2022
District 3 pickup truck	39,294	4.17%	04/2024
Tractor / loader	<u>60,421</u>	3.99%	05/2024
Total Capital Leases	\$ <u>408,853</u>		
C. Other Loans:			
District 3 road equipment note	\$ 8,787	2.90%	12/2019
District 2 road equipment note	6,408	4.75%	12/2020
MDA capital improvement loan	428,157	3.00%	07/2034
District 4 road equipment note	30,373	1.97%	04/2022
MDA capital improvement loan	267,562	3.00%	06/2030
Marion County business plex - SMPD	25,343	3.25%	01/2023
Courthouse renovation	241,757	1.61%	03/2021
Road improvement loan	364,600	2.50%	07/2022
Note	<u>6,390</u>	2.47%	12/2019
Total Other Loans	\$ <u>1,379,377</u>		



# MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<b>Business-type Activities:</b>			
A. General Obligation Bonds:			
Jail refunding bonds, Series 2012	\$ 655,000	1.50/2.65%	03/2023
General obligation refunding bonds, Series 2016	<u>2,050,000</u>	1.15/2.50%	04/2029
Total General Obligation Bonds	<u>\$ 2,705,000</u>		
B. Capital Leases:			
Tasers	\$ 9,930	0.00%	04/2022
(3) Garbage trucks	365,491	3.90%	01/2023
Van	<u>70,579</u>	3.84%	03/2023
Total Capital Leases	<u>\$ 446,000</u>		

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

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 665,000	344,873	399,723	33,818
2021	695,000	228,424	359,333	25,851
2022	725,000	200,850	239,606	16,537
2023	370,000	178,567	104,780	10,297
2024	390,000	161,047	105,445	7,144
2025 - 2029	1,110,000	634,225	147,679	13,671
2030 - 2034	1,350,000	425,768	22,811	270
2035 - 2039	<u>1,610,000</u>	<u>161,874</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,915,000</u>	<u>2,335,628</u>	<u>1,379,377</u>	<u>107,588</u>

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

### Business-type Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2020	\$ 340,000	55,805
2021	350,000	48,705
2022	365,000	40,930
2023	370,000	32,603
2024	205,000	26,300
2025 - 2029	1,075,000	64,438
Total	\$ 2,705,000	268,781

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 5.28% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 2,385,000	5,000,000	470,000	6,915,000	665,000
Capital leases	405,860	197,545	194,552	408,853	164,605
Other loans	1,926,104		546,727	1,379,377	399,723
Total	\$ 4,716,964	5,197,545	1,211,279	8,703,230	1,229,328

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
<b>Business-type Activities:</b>					
General obligation bonds	\$ 3,045,000	-	340,000	2,705,000	340,000
Add:					
Premiums	34,813		3,453	31,360	
Capital leases	13,240	485,908	53,148	446,000	81,104
Total	\$ 3,093,053	485,908	396,601	3,182,360	421,104

### (10) Defined Benefit Pension Plan.

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

## MARION COUNTY, MISSISSIPPI

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership 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, 2019, 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, 2019 was 17.40% 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, 2019, 2018 and 2017 were \$942,098, \$844,729 and \$814,530, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the County reported a liability of \$15,519,111 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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.

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2019

The County's proportionate share used to calculate the September 30, 2019 net pension liability was 0.088217 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.005824 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$1,688,611. At September 30, 2019, 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	\$ 8,574	15,120
Net difference between projected and actual earnings on pension plan investments		123,384
Changes of assumptions	151,930	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	895,755	51,299
County contributions subsequent to the measurement date	266,823	
Total	\$ 1,323,082	189,803

\$266,823 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ 395,805
2021	158,203
2022	241,592
2023	70,856
Total	\$ 866,456

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85%

## MARION COUNTY, MISSISSIPPI

### Notes to Financial Statements

For the Year Ended September 30, 2019

of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	<u>1.00</u>	0.25
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 19,233,680	15,519,111	10,871,380

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

#### (11) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by

## MARION COUNTY, MISSISSIPPI

Notes to Financial Statements  
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the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of

resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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

### (12) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of (\$6,138,363) 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 \$164,815 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, 2020. The \$555,036 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$122,753 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next three years.

The business-type activities' restricted net position (deficit) amount of (\$4,576,157) 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 \$102,008 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, 2020. The \$501,223 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$67,050 balance of the deferred inflows of resources related to pension at September 30, 2019, will be recognized in pension expense over the next three years.

The business-type activities' net investment in capital assets net position of \$3,489,378 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$5,274 of the \$15,819 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets portion over the next three years.

### (13) 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 2019.

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. Additionally,

## MARION COUNTY, MISSISSIPPI

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the County appropriates to these districts the equivalent of ¼ mill tax levy. Marion County appropriated \$452,140 from these two sources, for the operation of the six fire districts in the fiscal year 2019.

### (14) 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 2019.

### (15) 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 \$409,803 for maintenance and support of the College in fiscal year 2019.

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 2019.

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 2019.

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 2019.

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

## MARION COUNTY, MISSISSIPPI

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Supervisors of each of the member counties and one (1) appointed at large. The Counties generally provide no financial support to the organization.

### (16) 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, 2019.

The County abated taxes under the authority of Sections 27-31-101 and 27-31-105, Miss. Code 1972 (Ann). 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 Fiscal Year</u>
Construction and expansion of a manufacturing facility	95.38%	\$ 135,059
Construction and expansion of a commercial real estate	95.38%	\$ 15,166

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.

### (17) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2019:

<u>Fund</u>	<u>Deficit Amount</u>
Marion-Walthall Correctional Facility	\$ 1,377,062
Reappraisal Maintenance	2,899
PRBNTF	177

### (18) 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



## MARION COUNTY, MISSISSIPPI

### Notes to Financial Statements

For the Year Ended September 30, 2019

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

The County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/16/2020	3.19%	\$ 62,833	capital lease	ad valorem taxes
04/06/2020	2.79%	101,894	capital lease	ad valorem taxes
04/27/2020	3.34%	40,000	capital lease	ad valorem taxes
08/05/2020	3.35%	115,351	capital lease	ad valorem taxes
08/17/2020	3.41%	67,595	capital lease	ad valorem taxes
09/24/2020	2.41%	52,541	capital lease	ad valorem taxes
12/21/2020	1.39%	1,125,000	promissory note	ad valorem taxes
01/05/2021	1.25%	60,125	short-term note	ad valorem taxes
01/19/2021	1.75%	118,341	capital lease	ad valorem taxes
02/22/2021	2.41%	37,000	capital lease	ad valorem taxes
03/03/2021	1.32%	34,050	capital lease	ad valorem taxes
07/01/2021	1.57%	40,000	capital lease	ad valorem taxes
10/01/2021	1.39%	98,173	capital lease	ad valorem taxes
11/05/2021	1.39%	11,450	capital lease	ad valorem taxes
12/17/2021	1.39%	35,000	capital lease	ad valorem taxes
04/18/2022	2.49%	63,241	capital lease	ad valorem taxes
05/13/2022	2.49%	86,220	capital lease	ad valorem taxes
08/22/2022	3.56%	440,000	capital lease	ad valorem taxes
11/21/2022	4.48%	100,000	capital lease	ad valorem taxes
11/21/2022	4.48%	63,835	capital lease	ad valorem taxes
11/29/2022	4.56%	423,558	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, 2019

	Original	Final	Actual	Variance with
	Budget	Budget	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,779,821	7,973,489	7,960,110	(13,379)
Licenses, commissions and other revenue	378,400	419,012	432,390	13,378
Fines and forfeitures	238,000	314,092	314,092	0
Intergovernmental revenues	1,202,300	955,711	955,711	0
Interest income	4,700	154,277	154,277	0
Miscellaneous revenues	237,900	773,912	773,912	0
Total Revenues	9,841,121	10,590,493	10,590,492	(1)
<b>EXPENDITURES</b>				
Current:				
General government	5,276,709	4,461,006	4,494,010	(33,004)
Public safety	3,383,675	2,938,020	2,938,024	(4)
Public works	29,880	29,880	29,880	0
Health and welfare	423,287	411,456	411,457	(1)
Culture and recreation	126,431	85,605	85,605	0
Conservation of natural resources	68,246	60,572	60,573	(1)
Economic development and assistance	200,165	200,165	200,165	0
Total Expenditures	9,508,393	8,186,704	8,219,714	(33,010)
Excess of Revenues				
over (under) Expenditures	332,728	2,403,789	2,370,778	(33,011)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets			1,100	1,100
Other financing sources		404,021	402,922	(1,099)
Other financing uses	(660,000)	(1,596,309)	(1,563,299)	33,010
Total Other Financing Sources and Uses	(660,000)	(1,192,288)	(1,159,277)	33,011
Net Change in Fund Balance	(327,272)	1,211,501	1,211,501	0
Fund Balances - Beginning	72,707	2,706,717	2,706,717	0
Fund Balances - Ending	\$ (254,565)	3,918,218	3,918,218	0

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 \*

	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.088217 %	0.082393 %	0.0798410 %	0.082419 %	0.083953 %
County's proportionate share of the net pension liability (asset)	\$ 15,519,111	13,704,405	13,272,285	14,722,091	12,977,478
Covered payroll	\$ 5,475,326	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	283.44 %	260.46 %	259.07 %	279.22 %	245.44 %
Plan fiduciary net postion as a percentage of the total pension liability	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented for the fiscal year ending September 30, 2015, and until a full 10-year trend is compiled, the County has only presented information for the years in which information was available.

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

**MARION COUNTY, MISSISSIPPI**

## Schedule of the the County's Contributions

## PERS

Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 942,098	844,729	814,530	844,935	832,882
Contributions in relation to the contractually required contribution	942,098	844,729	814,530	844,935	832,771
Contribution deficiency (excess)	\$ 0	0	0	0	111
Covered payroll	\$ 5,819,720	5,363,350	5,171,619	5,364,665	5,287,426
Contributions as a percentage of covered payroll	16.19%*	15.75%	15.75%	15.75%	15.75%

\* Until July 1, 2019, contributions were 15.75%.

Subsequent to July 1, 2019, contributions were 17.40%.

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

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

## MARION COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019

### 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. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

### C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>
	<u>General Fund</u>
Budget (Cash Basis)	\$ 1,211,501
Increase (Decrease)	
Net adjustments for revenue accruals	(54,813)
Net adjustments for expenditure accruals	(52,820)
Other reconciling items:	
Net adjustments for other financing sources / uses	<u>726,133</u>
GAAP Basis	\$ <u>1,830,001</u>

## MARION COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019

### Pension Schedules

#### A. Changes of assumptions.

##### 2015

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

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

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

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

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

##### 2016

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

##### 2017

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

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

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

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

##### 2019

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

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

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

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

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

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

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

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

MARION COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019

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

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

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

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

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end).The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 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, 2019  
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 THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Marion County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 30, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units 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, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marion County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*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 Questioned Costs and Responses as 2019-001 and 2019-002 that we consider to be material weaknesses.

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## **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 no matters that we reported to the management of Marion County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 30, 2022, included within this document.

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

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

## **Purpose of this Report**

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

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC  
December 30, 2022

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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Marion County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Marion County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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

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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 and Ballard, PC  
December 30, 2022

Certified Public Accountants

**MARION COUNTY, MISSISSIPPI**

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2019

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



**MARION COUNTY, MISSISSIPPI**  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2019

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason</u>
10/02/2018	Bridge repairs	\$ 27,350	Beacon Supply	Christian Union Rd. bridge wash out
10/15/2018	Bridge repairs	10,000	MGD Holdings	Old River Rd. bridge wash out

**MARION COUNTY, MISSISSIPPI**

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2019

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

**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, 2019, 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 December 30, 2022, on the financial statements of Marion County, Mississippi.

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry and Ballard, PC  
December 30, 2022

Certified Public Accountants

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## SCHEDULE OF FINDINGS AND RESPONSES

## MARION COUNTY, MISSISSIPPI

### Schedule of Findings and Responses For the Year Ended September 30, 2019

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

##### ***Financial Statements:***

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Business-type activities	Unmodified
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 weakness(es) identified? Yes
  - b. Significant deficiency(ies) identified? None reported
3. Noncompliance material to the financial statements noted? No

#### Section 2: Financial Statement Findings

Board of Supervisors and Sheriff

Material Weaknesses.

2019-001. Internal controls in the Marion/Walthall Correctional Facility should be strengthened.

Repeat Finding Yes, 2018-001

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.

Condition As reported in the prior four 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.

## MARION COUNTY, MISSISSIPPI

### Schedule of Findings and Responses For the Year Ended September 30, 2019

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.
Views of Responsible Official(s)	<p>As of 2020, the following individuals perform these duties:</p> <ul style="list-style-type: none"><li>• Lauren Guidroz – receipts and processes bond fees</li><li>• Keshia Lenoir – prepares bank deposits and takes deposits to the bank</li><li>• Keshia Lenoir – posts receipts to the cash journal</li><li>• Warden Mingo – writes and signs checks</li><li>• Keshia Lenoir and Susie Bridges (until retirement recently) – prepares bank statement reconciliation</li><li>• Keshia Lenoir – prepares the monthly settlement of fees to the county.</li></ul>
2019-002.	<u>Internal controls over the inmate canteen and inmate welfare fund should be strengthened.</u>
Repeat Finding	Yes, 2018-002
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	<p>As reported in the prior four audit reports, during testing and review of the inmate canteen and the inmate welfare funds, the following deficiencies were noted:</p> <ul style="list-style-type: none"><li>• 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.</li><li>• Commissions received were not settled to the County in a timely manner.</li><li>• Inmate welfare fund expenditures did not flow through central purchasing system and, therefore, were not approved by the Board of Supervisors.</li><li>• Some cash funds disbursed to inmates lacked inmate signatures and supporting documentation regarding the disbursements.</li></ul>
Cause	The County lacked necessary internal controls over the inmate canteen and the inmate welfare funds.
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.

**MARION COUNTY, MISSISSIPPI**

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

Views of Responsible  
Officials'

- Effective January 1, 2020, we have a third party reviewing these duties and implementing the segregation of duties.
- Commissions are now being settled to Fund 125 in a timely manner.
- Effective June 1, 2020, we have reports printed directly from Tiger system that captures inmate's signature verifying disbursements.
- All purchases through inmate welfare are reviewed through the inmate welfare committee made up of Sheriff Berkley Hall (or Sheriff's designee), Warden Derek Mingo, and Office Manager Keshia Lenoir.