

FRANKLIN COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021



SHAD WHITE
STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

March 9, 2023

Members of the Board of Supervisors
Franklin County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Franklin County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

FRANKLIN COUNTY

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FRANKLIN COUNTY

FINANCIAL SECTION

FRANKLIN COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Franklin County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Franklin County, Mississippi, as of September 30, 2021, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi, as of September 30, 2021, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Report on Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023 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 Franklin 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 Franklin County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 9, 2023

FRANKLIN COUNTY

FINANCIAL STATEMENTS

FRANKLIN COUNTY

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FRANKLIN COUNTY
Statement of Net Position - Cash Basis
September 30, 2021

Exhibit 1

| | Primary Government | | Total |
|---------------------------|----------------------------|-----------------------------|------------------|
| | Governmental Activities | Business-type Activities | |
| ASSETS | | | |
| Cash | \$ 7,542,325 | 284,565 | 7,826,890 |
| Total Assets | <u>7,542,325</u> | <u>284,565</u> | <u>7,826,890</u> |
| NET POSITION | | | |
| Restricted: | | | |
| Expendable: | | | |
| General government | 120,277 | | 120,277 |
| Public safety | 872,581 | | 872,581 |
| Public works | 4,522,292 | 284,565 | 4,806,857 |
| Health and welfare | 1,011,623 | | 1,011,623 |
| Unemployment compensation | 19,804 | | 19,804 |
| Unrestricted | 995,748 | | 995,748 |
| Total Net Position | <u>\$ 7,542,325</u> | <u>284,565</u> | <u>7,826,890</u> |

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

FRANKLIN COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2021

Exhibit 2

| Functions/Programs | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-------------|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,857,657 | 301,093 | 5,303 | | (1,551,261) | | (1,551,261) |
| Public safety | 1,065,338 | 98,722 | 16,017 | | (950,599) | | (950,599) |
| Public works | 2,932,924 | | 1,403,598 | 1,800,227 | 270,901 | | 270,901 |
| Health and welfare | 69,724 | | 7,340 | | (62,384) | | (62,384) |
| Culture and recreation | 3,518 | | | | (3,518) | | (3,518) |
| Education | 318,175 | | 280,911 | | (37,264) | | (37,264) |
| Conservation of natural resources | 77,964 | | | | (77,964) | | (77,964) |
| Economic development and assistance | 5,302 | | | | (5,302) | | (5,302) |
| Debt service: | | | | | | | |
| Principal | 439,500 | | | | (439,500) | | (439,500) |
| Interest | 33,820 | | | | (33,820) | | (33,820) |
| Bond issue costs | 2,025 | | | | (2,025) | | (2,025) |
| Total Governmental Activities | 6,805,947 | 399,815 | 1,713,169 | 1,800,227 | (2,892,736) | 0 | (2,892,736) |
| Business-type activities: | | | | | | | |
| Solid Waste | 863,630 | 651,048 | 20,391 | | | (192,191) | (192,191) |
| Total Business-type Activities | 863,630 | 651,048 | 20,391 | 0 | | (192,191) | (192,191) |
| Total Primary Government | \$ 7,669,577 | 1,050,863 | 1,733,560 | 1,800,227 | (2,892,736) | (192,191) | (3,084,927) |
| General receipts: | | | | | | | |
| Property taxes | | | | | \$ 3,295,787 | 248,912 | 3,544,699 |
| Road & bridge privilege taxes | | | | | 119,619 | | 119,619 |
| Grants and contributions not restricted to specific programs | | | | | 546,286 | | 546,286 |
| Unrestricted interest income | | | | | 24,482 | 1,205 | 25,687 |
| Miscellaneous | | | | | 43,970 | 14,460 | 58,430 |
| Proceeds from debt issuance | | | | | 83,805 | | 83,805 |
| Compensation for loss of county property | | | | | 850 | | 850 |
| Total General Receipts and Other Cash Sources | | | | | 4,114,799 | 264,577 | 4,379,376 |

FRANKLIN COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2021

Exhibit 2

| Functions/Programs | <u>Program Cash Receipts</u> | | | | <u>Net (Disbursements) Receipts and Changes in Net Position</u> | | |
|--|------------------------------|-----------------|----------------------|----------------------|---|----------------------|--------------|
| | Cash | Charges for | Operating | Capital | <u>Primary Government</u> | | |
| | <u>Disbursements</u> | <u>Services</u> | <u>Grants and</u> | <u>Grants and</u> | <u>Governmental</u> | <u>Business-type</u> | <u>Total</u> |
| | | | <u>Contributions</u> | <u>Contributions</u> | <u>Activities</u> | <u>Activities</u> | |
| Changes in Net Position | | | | | 1,222,063 | 72,386 | 1,294,449 |
| Net Position - Beginning, as previously reported | | | | | 6,051,236 | 212,179 | 6,263,415 |
| Fund reclassification | | | | | 269,026 | | 269,026 |
| Net Position - Beginning, as restated | | | | | 6,320,262 | 212,179 | 6,532,441 |
| Net Position - Ending | | | | | \$ 7,542,325 | 284,565 | 7,826,890 |

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

FRANKLIN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2021

Exhibit 3

| | <u>Major Funds</u> | | | | | |
|---------------------------|-------------------------|--|---|--|---|---|
| | <u>General Fund</u> | <u>Hospital Contingency Fund</u> | <u>ERBR 19(02) Davis Hill Road Fund</u> | <u>American Rescue Plan Act Act Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| ASSETS | | | | | | |
| Cash | \$ 995,748 | 1,011,623 | 449,186 | 749,084 | 4,336,684 | 7,542,325 |
| Total Assets | <u>995,748</u> | <u>1,011,623</u> | <u>449,186</u> | <u>749,084</u> | <u>4,336,684</u> | <u>7,542,325</u> |
| FUND BALANCES | | | | | | |
| Restricted for: | | | | | | |
| General government | | | | | 120,277 | 120,277 |
| Public safety | | | | | 872,581 | 872,581 |
| Public works | | | 449,186 | 749,084 | 3,324,022 | 4,522,292 |
| Health and welfare | | 1,011,623 | | | | 1,011,623 |
| Unemployment compensation | | | | | 19,804 | 19,804 |
| Unassigned | 995,748 | | | | | 995,748 |
| Total Fund Balances | <u>\$ 995,748</u> | <u>1,011,623</u> | <u>449,186</u> | <u>749,084</u> | <u>4,336,684</u> | <u>7,542,325</u> |

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

FRANKLIN COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -

Governmental Funds

For the Year Ended September 30, 2021

| | Major Funds | | | | | |
|--|--------------|---------------------------|----------------------------------|-------------------------------|--------------------------|--------------------------|
| | General Fund | Hospital Contingency Fund | ERBR 19(02) Davis Hill Road Fund | American Rescue Plan Act Fund | Other Governmental Funds | Total Governmental Funds |
| RECEIPTS | | | | | | |
| Property taxes | \$ 2,005,417 | 80,315 | | | 1,210,055 | 3,295,787 |
| Road and bridge privilege taxes | | | | | 119,619 | 119,619 |
| Licenses, commissions and other receipts | 83,955 | | | | | 83,955 |
| Fines and forfeitures | 211,788 | | | | 4,317 | 216,105 |
| Intergovernmental receipts | 843,165 | 1,103 | 849,227 | 749,080 | 1,617,107 | 4,059,682 |
| Charges for services | 6,440 | | | | 93,315 | 99,755 |
| Interest income | 2,899 | 4,642 | | 4 | 16,937 | 24,482 |
| Miscellaneous receipts | 35,356 | | | | 8,614 | 43,970 |
| Total Receipts | 3,189,020 | 86,060 | 849,227 | 749,084 | 3,069,964 | 7,943,355 |
| DISBURSEMENTS | | | | | | |
| General government | 1,781,605 | | | | 76,052 | 1,857,657 |
| Public safety | 892,862 | | | | 172,476 | 1,065,338 |
| Public works | | | 444,278 | | 2,488,646 | 2,932,924 |
| Health and welfare | 56,934 | 12,790 | | | | 69,724 |
| Culture and recreation | | | | | 3,518 | 3,518 |
| Education | 318,175 | | | | | 318,175 |
| Conservation of natural resources | 77,964 | | | | | 77,964 |
| Economic development and assistance | 5,302 | | | | | 5,302 |
| Debt service: | | | | | | |
| Principal | | 225,000 | | | 214,500 | 439,500 |
| Interest | | 5,156 | | | 28,664 | 33,820 |
| Bond issue costs | | | | | 2,025 | 2,025 |
| Total Disbursements | 3,132,842 | 242,946 | 444,278 | 0 | 2,985,881 | 6,805,947 |
| Excess (Deficiency) of Receipts over (under) Disbursements | 56,178 | (156,886) | 404,949 | 749,084 | 84,083 | 1,137,408 |

FRANKLIN COUNTY

Exhibit 4-cont'd

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -

Governmental Funds

For the Year Ended September 30, 2021

| | <u>Major Funds</u> | | | | | |
|---|-------------------------|--|---|--|---|---|
| | <u>General Fund</u> | <u>Hospital Contingency Fund</u> | <u>ERBR 19(02) Davis Hill Road Fund</u> | <u>American Rescue Plan Act Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| OTHER CASH SOURCES (USES) | | | | | | |
| Proceeds from long-term debt issuance | | | | | 83,805 | 83,805 |
| Compensation for loss of county property | | | | | 850 | 850 |
| Transfers in | 29,313 | | | | 158,614 | 187,927 |
| Transfers out | (59,280) | | | | (128,647) | (187,927) |
| Total Other Cash Sources and Uses | <u>(29,967)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>114,622</u> | <u>84,655</u> |
| Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses | <u>26,211</u> | <u>(156,886)</u> | <u>404,949</u> | <u>749,084</u> | <u>198,705</u> | <u>1,222,063</u> |
| Cash Basis Fund Balances - Beginning, as previously reported | 700,511 | 1,168,509 | 44,237 | 0 | 4,137,979 | 6,051,236 |
| Fund reclassification | <u>269,026</u> | | | | | <u>269,026</u> |
| Cash Basis Fund Balances - Beginning, as restated | <u>969,537</u> | <u>1,168,509</u> | <u>44,237</u> | <u>0</u> | <u>4,137,979</u> | <u>6,320,262</u> |
| Cash Basis Fund Balances - Ending | <u>\$ 995,748</u> | <u>1,011,623</u> | <u>449,186</u> | <u>749,084</u> | <u>4,336,684</u> | <u>7,542,325</u> |

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

FRANKLIN COUNTY
Statement of Net Position - Cash Basis - Proprietary Fund
September 30, 2021

Exhibit 5

| | | |
|--------------------|----|---|
| | | Business-type Activities - <u>Enterprise Fund</u> |
| | | Sanitation and Waste Removal Fund |
| ASSETS | | |
| Cash | \$ | <u>284,565</u> |
| Total Assets | | <u>284,565</u> |
| NET POSITION | | |
| Restricted for: | | |
| Public works | | <u>284,565</u> |
| Total Net Position | \$ | <u>284,565</u> |

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

FRANKLIN COUNTY

Exhibit 6Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2021

| | Business-type Activities - Enterprise Fund |
|--|--|
| | Sanitation and Waste Removal Fund |
| Operating Receipts | |
| Charges for services | \$ 651,048 |
| Miscellaneous | 14,460 |
| Total Operating Receipts | 665,508 |
| Operating Disbursements | |
| Personal services | 407,013 |
| Contractual services | 108,220 |
| Materials and supplies | 122,182 |
| Total Operating Disbursements | 637,415 |
| Operating Income (Loss) | 28,093 |
| Nonoperating Receipts (Disbursements) | |
| Property tax | 248,912 |
| Interest income | 1,205 |
| Grants and contributions not restricted to specific programs | 20,391 |
| Principal paid | (220,305) |
| Interest expense | (5,910) |
| Net Nonoperating Receipts (Disbursements) | 44,293 |
| Changes in Net Position | 72,386 |
| Net Position - Beginning | 212,179 |
| Net Position - Ending | \$ 284,565 |

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

FRANKLIN COUNTY
Statement of Fiduciary Net Position - Cash Basis
September 30, 2021

Exhibit 7

| | <u>Custodial Funds</u> |
|---|----------------------------|
| ASSETS | |
| Cash | \$ 230,663 |
| Total Assets | <u>230,663</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations, and other governments | 230,663 |
| Total Net Position | <u>\$ 230,663</u> |

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

FRANKLIN COUNTY
Statement of Changes in Fiduciary Net Position - Cash Basis
For the Year Ended September 30, 2021

Exhibit 8

| | <u>Custodial Funds</u> |
|---|----------------------------|
| CASH ADDITIONS | |
| Tax collections for other governments | \$ 291,113 |
| Licenses and fees collected for State | 279,304 |
| Interest income | <u>937</u> |
| Total Additions | <u>571,354</u> |
| CASH DEDUCTIONS | |
| Payments of tax to other governments | 315,309 |
| Payments of licenses and fees to State | <u>276,568</u> |
| Total Deductions | <u>591,877</u> |
| Net increase (decrease) in fiduciary net position | (20,523) |
| Net Position - Beginning | <u>251,186</u> |
| Net Position - Ending | <u>\$ 230,663</u> |

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

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Franklin County Memorial Hospital
- Okhissa Lake Sewer District

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

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

ERBR 19(02) Davis Hill Road Fund - This fund is used to account for all activities for the Davis Hill Road construction project.

American Rescue Plan Act Fund - This fund is used to account for monies from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

G. Property Tax Receipts.

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

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

H. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund and the Chancery Clerk Employee Clearing Fund, previously reported as Fiduciary Funds, were reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$269,026.

For the Fiduciary Fund Custodial Activities, the County has treated the beginning of year net position of \$251,186 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$251,186.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$8,057,553, and the bank balance was \$8,407,295. 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, *Mississippi Code of 1972 Annotated*. 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.

(4) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2021:

Transfers In/Out:

| Transfers In | Transfers Out | Amount |
|--------------------------|--------------------------|-------------------|
| General Fund | Other Governmental Funds | \$ 29,313 |
| Other Governmental Funds | General Fund | 59,280 |
| Other Governmental Funds | Other Governmental Funds | 99,334 |
| Total | | \$ <u>187,927</u> |

The principal purpose of the interfund transfers were to repay amounts from prior year interfund loans and to correct accounting errors.

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(5) 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, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Operating Leases.

As Lessee:

On December 7, 2020, Franklin County entered into an operating lease agreement with CIT Bank, N.A. for the lease of a Sany SMG200 Motor Grader owned by Trax Plus, LLC for the purpose of road and bridge maintenance. The operating lease stipulated that the lessee would pay approximately \$2,899 per month in lease payments commencing January 1, 2021 for a term of 60 months or five years.

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$26,592 for the year ended September 30, 2021. The future minimum lease payments for these leases are as follows:

| Year Ending September 30 | Amount |
|---------------------------------|------------|
| 2022 | \$ 34,788 |
| 2023 | 34,788 |
| 2024 | 34,788 |
| 2025 | 34,788 |
| 2026 | 8,196 |
| Total Minimum Payments Required | \$ 147,348 |

(7) Contingencies.

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

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

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Copiah Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Franklin County Board of Supervisors appoints two of the 27 members of the college board of trustees. The County contributed \$159,550 for maintenance and support of the district in fiscal year 2021.

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Franklin County Board of Supervisors appoints four of the 40 members of the board of directors. The County contributed \$18,104 for support of the district in fiscal year 2021.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Franklin County Board of Supervisors appoints one of the 10 members of the board of commissioners. The County contributed \$18,000 for its support in fiscal year 2021.

Southwest Mississippi Partnership operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members, appointed by each County's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The County contributed \$1,624 for its support in fiscal year 2021.

Scenic Rivers Development Authority Alliance operates in a district composed of the counties of Amite, Franklin, Pike and Walthall, as well as the City of McComb, the Board of Wilkinson County Industrial Development Authority and Pike County Economic Development District. The Pike County Board of Supervisors appoints two of the 16-member board of trustees. The County contributed \$100,000 for its support in fiscal year 2021.

(9) Defined Benefit Pension Plan.

Plan Description. Franklin County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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.

Funding Policy. At September 30, 2021, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$351,097, \$341,457 and \$303,151, respectively, equal to the required contributions for each year.

FRANKLIN COUNTY

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FRANKLIN COUNTY

OTHER INFORMATION

FRANKLIN COUNTY

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FRANKLIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|--------------------------------|---|
| RECEIPTS | | | | |
| Property taxes | \$ 2,393,275 | 2,005,417 | 2,005,417 | |
| Licenses, commissions and other receipts | 76,000 | 83,955 | 83,955 | |
| Fines and forfeitures | 197,200 | 211,788 | 211,788 | |
| Intergovernmental receipts | 384,600 | 843,165 | 843,165 | |
| Charges for services | 3,000 | 6,440 | 6,440 | |
| Interest income | 4,140 | 2,899 | 2,899 | |
| Miscellaneous receipts | 17,700 | 35,356 | 35,356 | |
| Total Receipts | <u>3,075,915</u> | <u>3,189,020</u> | <u>3,189,020</u> | <u>0</u> |
| DISBURSEMENTS | | | | |
| General government | 1,925,808 | 1,781,605 | 1,781,605 | |
| Public safety | 1,067,701 | 892,862 | 892,862 | |
| Health and welfare | 53,442 | 56,934 | 56,934 | |
| Education | 0 | 318,175 | 318,175 | |
| Conservation of natural resources | 71,790 | 77,964 | 77,964 | |
| Economic development and assistance | 7,002 | 5,302 | 5,302 | |
| Total Disbursements | <u>3,125,743</u> | <u>3,132,842</u> | <u>3,132,842</u> | <u>0</u> |
| Excess (Deficiency) of Receipts over (under) Disbursements | <u>(49,828)</u> | <u>56,178</u> | <u>56,178</u> | <u>0</u> |
| OTHER CASH SOURCES (USES) | | | | |
| Transfers In | | 29,313 | 29,313 | |
| Transfers out | | (59,280) | (59,280) | |
| Total Other Cash Sources and Uses | <u>0</u> | <u>(29,967)</u> | <u>(29,967)</u> | <u>0</u> |
| Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses | <u>(49,828)</u> | <u>26,211</u> | <u>26,211</u> | <u>0</u> |
| Cash Basis Fund Balances - Beginning | <u>816,958</u> | <u>969,537</u> | <u>969,537</u> | <u>0</u> |
| Cash Basis Fund Balances - Ending | <u>\$ 767,130</u> | <u>995,748</u> | <u>995,748</u> | <u>0</u> |

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

FRANKLIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Hospital Contingency Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|------------------|--------------------------------|---|
| RECEIPTS | | | | |
| Property taxes | \$ 78,700 | 80,315 | 80,315 | |
| Intergovernmental receipts | 1,000 | 1,103 | 1,103 | |
| Interest income | 3,000 | 4,642 | 4,642 | |
| Total Receipts | <u>82,700</u> | <u>86,060</u> | <u>86,060</u> | <u>0</u> |
| DISBURSEMENTS | | | | |
| Health and welfare | 14,000 | 12,790 | 12,790 | |
| Debt service: | | | | |
| Principal | | 225,000 | 225,000 | |
| Interest | | 5,156 | 5,156 | |
| Total Disbursements | <u>14,000</u> | <u>242,946</u> | <u>242,946</u> | <u>0</u> |
| Excess (Deficiency) of Receipts over (under) Disbursements | 68,700 | (156,886) | (156,886) | 0 |
| Cash Basis Fund Balances - Beginning | <u>1,240,555</u> | <u>1,168,509</u> | <u>1,168,509</u> | <u>0</u> |
| Cash Basis Fund Balances - Ending | <u>\$ 1,309,255</u> | <u>1,011,623</u> | <u>1,011,623</u> | <u>0</u> |

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

FRANKLIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Plan Act Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|--------------------------------|---|
| RECEIPTS | | | | |
| Intergovernmental receipts | \$ | | 749,080 | 749,080 |
| Interest income | | | 4 | 4 |
| Total Receipts | <u>0</u> | <u>0</u> | <u>749,084</u> | <u>749,084</u> |
| DISBURSEMENTS | | | | |
| Total Disbursements | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Receipts over (under) Disbursements | 0 | 0 | 749,084 | 749,084 |
| Cash Basis Fund Balances - Beginning | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash Basis Fund Balances - Ending | <u>\$ 0</u> | <u>0</u> | <u>749,084</u> | <u>749,084</u> |

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

FRANKLIN COUNTY
Schedule of Investments
For the Year Ended September 30, 2021
UNAUDITED

| <u>Fund</u> | <u>Description</u> | <u>Maturity Date</u> | <u>October 1, 2020 Balance</u> | <u>Purchases</u> | <u>Redeemed Sales</u> | <u>September 30, 2021 Balance</u> |
|--------------------------|--|--------------------------|------------------------------------|-------------------|---------------------------|---------------------------------------|
| OTHER GOVERNMENTAL FUNDS | | | | | | |
| | Hancock Horizon Treasury Securities Money Market Mutual Fund | Less than one year | \$ <u>123,660</u> | <u> </u> | <u> </u> | <u>123,660</u> |
| TOTAL GOVERNMENTAL FUNDS | | | \$ <u><u>123,660</u></u> | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>123,660</u></u> |

FRANKLIN COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2021
UNAUDITED

Governmental activities:

| | Balance Oct. 1, 2020 | Additions | Deletions | Adjustments* | Balance Sept. 30, 2021 |
|--------------------------------------|-------------------------|-----------|-----------|--------------|---------------------------|
| Land | \$ 346,614 | 4,500 | | | 351,114 |
| Construction in progress | | 8,950,824 | | (7,524,576) | 1,426,248 |
| Infrastructure | 2,953,998 | | | 7,524,576 | 10,478,574 |
| Buildings | 1,383,308 | | | | 1,383,308 |
| Improvements other than buildings | 332,052 | | | | 332,052 |
| Mobile equipment | 4,505,056 | 185,341 | 32,000 | (38,384) | 4,620,013 |
| Furniture and equipment | 1,264,113 | 67,245 | | | 1,331,358 |
| Leased property under capital leases | 283,000 | | | 38,384 | 321,384 |
| Total capital assets | \$ 11,068,141 | 9,207,910 | 32,000 | 0 | 20,244,051 |

Business-type activities:

| | Balance Oct. 1, 2020 | Additions | Deletions | Adjustments | Balance Sept. 30, 2021 |
|--------------------------------------|-------------------------|-----------|-----------|-------------|---------------------------|
| Land | \$ 1,516 | | | | 1,516 |
| Mobile equipment | 311,824 | | | 332,400 | 644,224 |
| Leased property under capital leases | 332,400 | | | (332,400) | |
| Total capital assets | \$ 645,740 | 0 | 0 | 0 | 645,740 |

*Adjustments to capital assets were for the reclassification of paid-off leases to mobile equipment, the reclassification of mobile equipment to capital leases, and the reclassification of completed construction in progress to infrastructure.

FRANKLIN COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2021
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

| Description and Purpose | Issue Date | Maturity Date | Interest Rate | Balance Oct. 1, 2020 | Issued | Principal Payments | Balance Sept. 30, 2021 |
|------------------------------------|------------|---------------|---------------|-------------------------|---------------|-----------------------|---------------------------|
| Governmental Activities: | | | | | | | |
| A. General Obligation Bonds: | | | | | | | |
| Hospital Bond - Series 2003 | 10/1/2003 | 7/1/2023 | 2.00-5.50% | \$ 330,000 | | 330,000 | |
| B. Capital Leases: | | | | | | | |
| District 1 - Backhoe | 6/15/2019 | 6/15/2023 | 3.38% | 31,649 | | 31,649 | |
| District 4 - Backhoe | 3/18/2020 | 3/18/2023 | 3.19% | 78,336 | | 9,557 | 68,779 |
| District 4 - Backhoe loader | 3/18/2020 | 3/18/2025 | 3.37% | 147,842 | | 14,667 | 133,175 |
| District 5 - Backhoe loader | 6/21/2021 | 6/21/2024 | 2.99% | | 83,805 | 2,879 | 80,926 |
| C. Other Loans: | | | | | | | |
| District 5 - Motor grader overhaul | 7/6/2020 | 7/10/2023 | 1.75% | 146,121 | | 50,748 | 95,373 |
| Total | | | | <u>\$ 733,948</u> | <u>83,805</u> | <u>439,500</u> | <u>378,253</u> |
| Business-type Activities: | | | | | | | |
| A. Capital Leases: | | | | | | | |
| (2) Solid Waste trucks | 4/30/2019 | 4/29/2023 | 3.59% | \$ 220,305 | | 220,305 | |
| Total | | | | <u>\$ 220,305</u> | <u>0</u> | <u>220,305</u> | <u>0</u> |

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

FRANKLIN COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

| Name | Position | Company | Bond |
|-------------------|---|----------------|-----------|
| Ronald Hunt | Supervisor District 1 | FCCI | \$100,000 |
| Henry E Stebbins | Supervisor District 2 | FCCI | \$100,000 |
| Mike Hunt | Supervisor District 3 | Western Surety | \$100,000 |
| Pat Larkin | Supervisor District 4 | FCCI | \$100,000 |
| Jimmie Bass | Supervisor District 5 | FCCI | \$100,000 |
| Jill Gilbert | Chancery Clerk | FCCI | \$100,000 |
| Amanda Perry | Purchase Clerk | FCCI | \$100,000 |
| Jill Gilbert | Assistant Purchase Clerk | FCCI | \$50,000 |
| Melanie Harrell | Receiving Clerk | FCCI | \$50,000 |
| Lawrence Foley | Assistant Receiving Clerk | FCCI | \$50,000 |
| Mary Russell | Assistant Receiving Clerk | FCCI | \$50,000 |
| Thomas Sullivan | Assistant Receiving Clerk | FCCI | \$50,000 |
| Heath Woodcock | Assistant Receiving Clerk | FCCI | \$50,000 |
| Kenneth Bethley | Assistant Receiving Clerk | Western Surety | \$50,000 |
| Derrick Sullivan | Assistant Receiving Clerk | Western Surety | \$50,000 |
| Daniel Sullivan | Assistant Receiving Clerk | Western Surety | \$50,000 |
| Tonya Blackwell | Inventory Control Clerk | FCCI | \$75,000 |
| Charles Brown | Constable | FCCI | \$50,000 |
| Dewayne Wetstone | Constable | FCCI | \$50,000 |
| Warren Walker | Circuit Clerk | FCCI | \$100,000 |
| Hannah Duncan | Deputy Circuit Clerk | FCCI | \$50,000 |
| Melissa Bales | Deputy Circuit Clerk | Western Surety | \$10,000 |
| Gregory T. Tindle | Sheriff | FCCI | \$100,000 |
| Otis Dyer | Sheriff's Deputy (hired under <i>Section 45-5-9, Mississippi Code of 1972 Annotated</i>) | FCCI | \$50,000 |
| Gordon Dover | Sheriff's Deputy (hired under <i>Section 45-5-9, Mississippi Code of 1972 Annotated</i>) | FCCI | \$50,000 |
| Roger Causey | Sheriff's Deputy (hired under <i>Section 45-5-9, Mississippi Code of 1972 Annotated</i>) | FCCI | \$50,000 |
| Jyles Lee | Sheriff's Deputy (hired under <i>Section 45-5-9, Mississippi Code of 1972 Annotated</i>) | Western Surety | \$50,000 |
| Josh Evans | Sheriff's Deputy (hired under <i>Section 45-5-9, Mississippi Code of 1972 Annotated</i>) | RLI Surety | \$50,000 |
| Bubba Gabbert | Sheriff's Deputy (hired under <i>Section 45-5-9, Mississippi Code of 1972 Annotated</i>) | FCCI | \$50,000 |

FRANKLIN COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

| Name | Position | Company | Bond |
|-------------------|---|----------------|-----------|
| Robert Smith | Sheriff's Deputy (hired under <i>Section 45-5-9, Mississippi Code of 1972 Annotated</i>) | FCCI | \$50,000 |
| Ricky O'Quinn | Justice Court Judge | Western Surety | \$50,000 |
| George L. Wallace | Justice Court Judge | FCCI | \$50,000 |
| Gladys Wilcher | Justice Court Clerk | FCCI | \$50,000 |
| Jennifer Wallace | Deputy Justice Court Clerk | FCCI | \$50,000 |
| Talina Matthews | Tax Assessor-Collector | FCCI | \$100,000 |
| Elshekita Dyer | Deputy Tax Collector | Western Surety | \$50,000 |
| Sharon Davis | Deputy Tax Collector | Western Surety | \$50,000 |
| Erica Havard | Deputy Tax Collector | FCCI | \$50,000 |
| Billy Gill | Coroner | FCCI | \$2,000 |

FRANKLIN COUNTY

Notes to the Other Information For the Year Ended September 30, 2021

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2021, the amount of outstanding debt was less than one percent of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2021, 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> |
|-------------------|----------------------|---------------------|-------------------------------------|----------------------------|
| 06/28/2022 | 2.99% | \$ 111,215 | Finance purchase | Ad valorem taxes |
| 07/07/2022 | 2.37% | 80,173 | Finance purchase | Ad valorem taxes |
| 07/07/2022 | 2.37% | 80,173 | Finance purchase | Ad valorem taxes |
| 10/03/2022 | 3.95% | 223,000 | Finance purchase (Capital Lease) | Ad valorem taxes |
| 11/21/2022 | 4.65% | 223,000 | Finance purchase (Capital Lease) | Ad valorem taxes |

FRANKLIN COUNTY

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FRANKLIN COUNTY

SPECIAL REPORTS

FRANKLIN COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Franklin County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 9, 2023. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 also noted certain matters which we have reported to the management of Franklin 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 March 9, 2023, included within this document.

Franklin County's Response to Finding

Franklin County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Franklin County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 9, 2023



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Franklin County, Mississippi

We have examined Franklin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. The Board of Supervisors of Franklin County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Board of Supervisors / Receiving Clerk.

1. Receiving clerks should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires that each Receiving Clerk be bonded in a penalty equal to \$75,000, to be payable, conditioned and approved, as required by law.

| | |
|---|---|
| Condition | During test work, it was noted that the Receiving Clerk was only bonded for \$50,000 in fiscal year 2021. |
| Cause | The County did not comply with state laws. |
| Effect | Failure to comply with state law would limit the amount available for recovery if a loss occurred. |
| Recommendation | The County should ensure that the Receiving Clerk is bonded in accordance with state law. |
| Views of Responsible Official(s) | We will comply |

Purchase Clerk.

2. Purchase Clerk should obtain at least two competitive written bids when required.

Repeat Finding No

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

Condition During test work, it was noted that competitive written bids were not obtained for two purchases.

Cause The County did not comply with state laws.

Effect Failure to obtain competitive written bids could result in excess cost to the County.

Recommendation The Purchase Clerk should ensure that at least two competitive written bids are obtained prior to purchasing any item or service with a cost between \$5,000 and \$50,000, as required by law.

Views of Responsible Official(s) We will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Franklin County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

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, *Mississippi Code of 1972 Annotated*. The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 9, 2023

FRANKLIN COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2021

| <u>Date</u> | <u>Item Purchased</u> | <u>Bid Accepted</u> | <u>Vendor</u> | <u>Lowest Bid</u> | <u>Reason for Accepting Other Than the Lowest Bid</u> |
|-------------|---------------------------|-------------------------|----------------|-----------------------|--|
| 10/19/2020 | Flatdeck trailer | \$ 11,325 | Lewis Trailers | \$ 10,100 | The lowest bid would not have a trailer available until February 2021. |

FRANKLIN COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

Our tests did not identify any emergency purchases.

FRANKLIN COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

Schedule 3

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



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Franklin County, Mississippi

In planning and performing our audit of the cash basis financial statements of Franklin County, Mississippi (the County) for the year ended September 30, 2021, we considered Franklin County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Franklin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated March 9, 2023, on the financial statements of Franklin County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. The County should implement controls to ensure tax levies are within statutorily-imposed limits.

Repeat Finding Yes

Criteria *Section 27-39-329(2)(b), Mississippi Code of 1972 Annotated*, states that each county shall levy each year an ad valorem tax of one (1) mill upon all taxable property of the county which may be used for any purpose for which counties are authorized by law to levy an ad valorem tax.

Condition As reported in the prior year's audit report, the County levied 1.47 mills under *Section 27-39-329(2)(b)*.

Cause The County did not comply with state laws.

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| | |
|---|---|
| Effect | The adoption of 1.47 mills resulted in the collection of ad valorem taxes in excess of the statutory limit. |
| Recommendation | The Board of Supervisors should reduce the reappraisal levy to 1.00 mill in accordance with state law. |
| Views of Responsible Official(s) | We have complied. |
| 2. | <u>All funds of the final amended budget were not prepared and approved in the minutes of the Board of Supervisors.</u> |
| Repeat Finding | No |
| Criteria | <i>Section 19-11-11, Mississippi Code of 1972 Annotated</i> , requires the Board of Supervisors to prepare a budget of revenues, expenses and working cash balances in such form as may be necessary. Furthermore, the final amended budget of all funds for the fiscal year, which may be amended up to the end of the fiscal year, must be approved and entered on the minutes of the Board of Supervisors no later than October 31 st , following the close of the fiscal year. |
| Condition | The County prepared a final amended budget for fiscal year 2021, but did not include the American Rescue Plan Act fund. As a result, approval and detail of the complete final amended budget were not included in the minutes of the Board of Supervisors. |
| Cause | The County did not comply with state laws. |
| Effect | Failure to prepare and submit each year a complete budget of revenues, expenses and working cash balances for all funds could result in the misappropriation of public funds if accounts are not properly budgeted and monitored. |
| Recommendation | The Board of Supervisors should prepare and submit each year a complete budget of revenues, expenses and working cash balances for all funds as required by law. |
| Views of Responsible Official(s) | We will comply. |
| 3. | <u>Copiah-Lincoln Community College tax levy should be no lower than the previous year.</u> |
| Repeat Finding | Yes |
| Criteria | <i>Section 37-29-141(1), Mississippi Code of 1972 Annotated</i> , states that no county shall levy a smaller tax millage for capital improvements and general support of a junior college district than was levied for the previous year, unless requested to make such reduction by the board of trustees of the district. When a county has a general reassessment of property to increase the county ad valorem tax assessments, such county may reduce the millage for general support and capital improvements, provided that its aggregate budget for junior college purposes is not lower than was paid the previous year. |
| Condition | As reported in the prior two years' audit reports, the County reduced the tax levy for the Copiah-Lincoln Community College by 0.22 mills, which reduced the total amount the County contributed to the community college by \$12,807. |
| Cause | The County did not comply with state laws. |

Effect By reducing the tax millage for capital improvements and general support for the community college from the amount that was levied in the previous year, the County is not in compliance with state legal requirements.

Recommendation The Board of Supervisors should not reduce the tax levy for the Copiah-Lincoln Community College to an amount that is less than the amount levied in the previous year.

Views of Responsible Official(s) We will comply.

4. Interfund transfers should be spread upon the minutes of the Board of Supervisors.

Repeat Finding No

Criteria *Section 19-3-27, Mississippi Code of 1972 Annotated*, requires a complete and correct record be maintained for all proceedings of the Board of Supervisors.

Condition Interfund transfers were made without board orders spread on the minutes.

Cause The County did not comply with state laws.

Effect Failure to obtain board approval for interfund transfers could result in erroneous amounts being reported and increases the possibility of the loss or misuse of public funds.

Recommendation The Board of Supervisors should spread complete orders on the minutes relative to interfund transfers.

Views of Responsible Official(s) We will comply.

5. Unallowable purchases were made using a County issued credit card.

Repeat Finding No

Criteria *Section 19-3-68, Mississippi Code of 1972 Annotated*, states the Board of Supervisors of any county may acquire one or more credit cards which may be used by members of the Board of Supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties. The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law.

Condition It was noted during the testing of credit card transactions that there were several purchases made with the county credit card that were not travel related.

Cause The County did not comply with state laws.

Effect Failure to only use county issued credit cards for travel related expenses could result in the misuse or misappropriation of public funds.

Recommendation The Board of Supervisors should only use county issued credit cards for travel related expenses, as required by law.

Views of Responsible Official(s) We will comply.

Board of Supervisors and Justice Court Judges.

6. Justice Court Judges should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 9-11-7, Mississippi Code of 1972 Annotated*, requires that each Justice Court Judge give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officers, in a penalty not less than Fifty Thousand Dollars (\$50,000). Furthermore, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four years concurrent with the normal election cycle of the County.

Condition A Justice Court Judge was bonded for an indefinite time period under a \$50,000 bond.

Cause The County did not comply with state laws.

Effect Failure to comply with state laws could limit the amount available for recovery if a loss occurred.

Recommendation The County should ensure that all Justice Court Judges are bonded in accordance with state law.

Views of Responsible Official(s) The insurance company has sent required continuation certificate, and we will record it.

Auditor's Note A "Continuation Certificate" is a document that extends the life of the original surety bond and covers only the current period rather than the current and previous periods. *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond to be secured every four years concurrent with the normal election cycle of the County.

Chancery Clerk.

7. The Chancery Clerk should reconcile bank statements for fee journal on a monthly basis.

Repeat Finding No

Criteria An effective system of internal control over cash should include the proper reconciliation of the fee journal to the bank account on a monthly basis.

Condition We noted that the Chancery Clerk's fee journal did not agree with the reconciled bank balance.

Cause The Chancery Clerk did not have adequate controls over cash.

Effect Failure to properly reconcile bank accounts could result in the loss or misappropriation of funds.

Recommendation The Chancery Clerk should ensure that the reconciled bank balance agrees with the cash balance of the fee journal.

Views of Responsible Official(s) I will research this issue, and provide any additional information to the audit department.

Circuit Clerk and Deputy Circuit Clerks.

8. Deputy Circuit Clerks should be bonded as required by state statute.

Repeat Finding Yes

Criteria *Section 9-7-123(2), Mississippi Code of 1972 Annotated*, requires that each Deputy Circuit Clerk be bonded for three (3%) of the prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000.

Condition As reported in the prior two years' audit reports, it was noted that a Deputy Circuit Clerk was only bonded for \$10,000 in fiscal year 2021.

Cause The County did not comply with state laws.

Effect Failure to comply with state law would limit the amount available for recovery if a loss occurred.

Recommendation The County should ensure that all Deputy Circuit Clerks are bonded in accordance with state law.

Views of Responsible Official(s) We will comply.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 9, 2023

FRANKLIN COUNTY

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FRANKLIN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

FRANKLIN COUNTY

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FRANKLIN COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

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

| | |
|--|------------|
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| Hospital Contingency Fund | Unmodified |
| ERBR 19(02) Davis Hill Road Fund | Unmodified |
| American Rescue Plan Act Fund | Unmodified |
| Sanitation and Waste Removal Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2021-001. Controls over financial statement preparation should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over financial statement preparation and reporting in accordance with the cash basis of accounting should include adequate and accurate detail to document the compilation of individual funds' balances and transactions, as well as any adjustments to these balances and transactions, proper classification of receipts and disbursements, determination of major governmental funds, and the inclusion of all required disclosures in the notes to the financial statements.

Condition We noted a material deficiency in the financial statement preparation and reporting. Audit adjustments were proposed to management and made to the financial statements with management's approval to correct the deficiencies in the County's financial statements and notes.

Cause The County lacked the necessary internal controls over financial statement preparation needed to safeguard themselves against possible material misstatements in the financial statements.

Effect Audit adjustments to correct these errors in the County's financial statements and notes to the financial statements were proposed to management and made to the financial statements with management's approval.

FRANKLIN COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2021

Recommendation The Board of Supervisors should implement a system of internal control over financial statement preparation and reporting in accordance with the cash basis of accounting that includes adequate detail to document the compilation of individual funds' balances and transactions as well as any adjustments to these balances and transactions, proper classification of receipts and disbursements, proper posting of transactions, proper classification of net position and fund balances, accurate reporting of debt, and the inclusion of all required disclosures in the notes to the financial statements.

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