

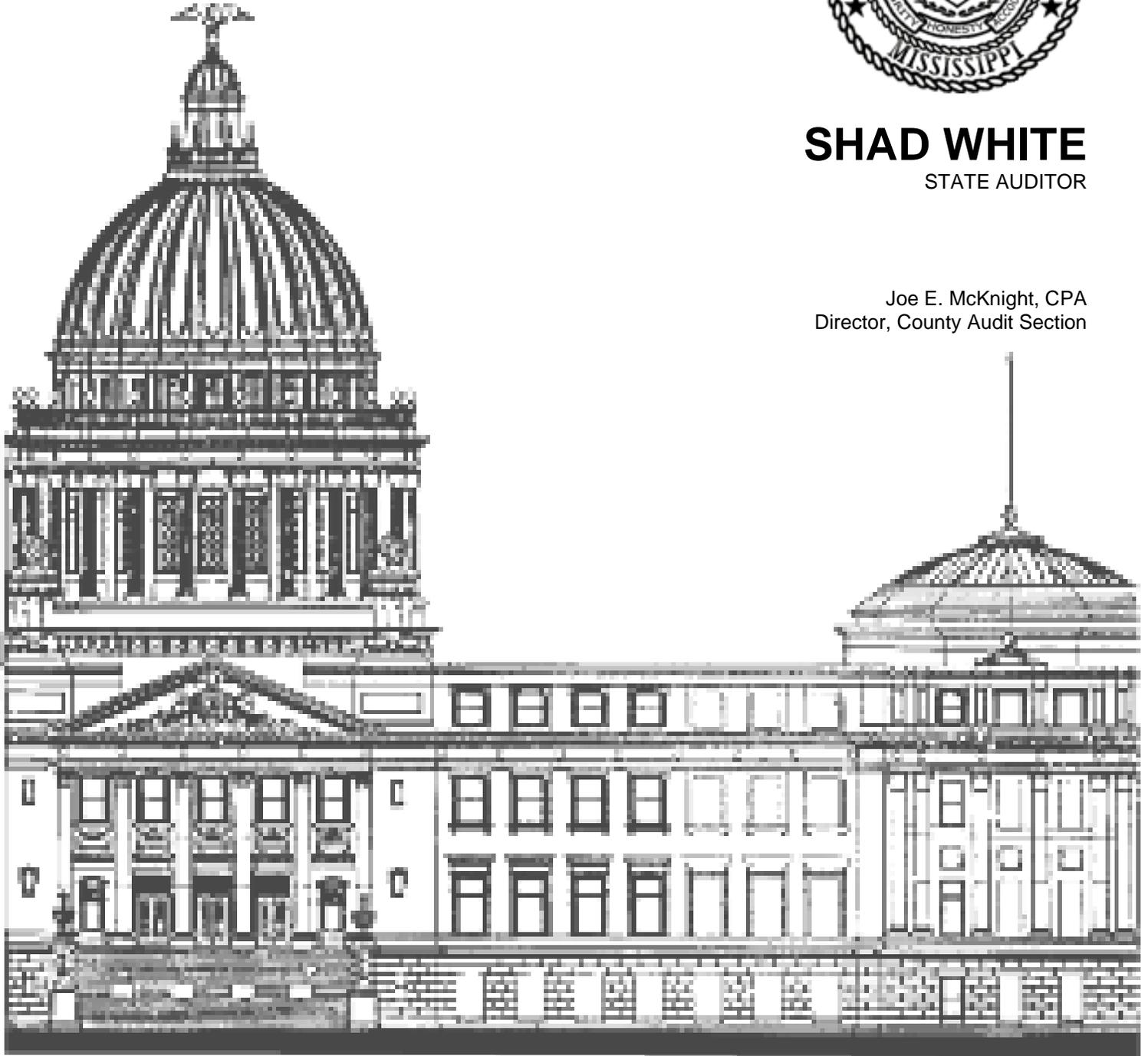
MARION COUNTY, MISSISSIPPI

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



SHAD WHITE
STATE AUDITOR

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

February 21, 2024

Members of the Board of Supervisors
Marion County, Mississippi

Dear Board Members:

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White". The signature is stylized and written in cursive.

Shad White

MARION COUNTY
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MARION COUNTY

FINANCIAL SECTION

MARION 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
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, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Marion County, Mississippi, as of September 30, 2021, 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, 2021, 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 Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Marion County, Mississippi, has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it 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 February 21, 2024 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 21, 2024

MARION COUNTY

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MARION COUNTY

FINANCIAL STATEMENTS

MARION COUNTY

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MARION COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 15,808,461	1,631,707	17,440,168
Property tax receivable	10,774,721	283,033	11,057,754
Accounts receivable (net of allowance for uncollectibles of \$329,761)		700,743	700,743
Fines receivable (net of allowance for uncollectibles of \$3,379,696)	606,673		606,673
Intergovernmental receivables	384,253	483,721	867,974
Other receivables	9,833		9,833
Internal balances	26,365	(26,365)	0
Capital assets:			
Land and construction in progress	2,355,814	60,000	2,415,814
Other capital assets, net	31,642,544	6,159,928	37,802,472
Total Assets	61,608,664	9,292,767	70,901,431
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,316,569	1,016,647	2,333,216
Deferred amount on refunding		5,271	5,271
Total Deferred Outflows of Resources	1,316,569	1,021,918	2,338,487
LIABILITIES			
Claims payable	249,473	107,390	356,863
Intergovernmental payables	802,297		802,297
Accrued interest payable	90,316	3,751	94,067
Unearned revenue	2,386,508	54,404	2,440,912
Amounts held in custody for others	122,321		122,321
Long-term liabilities			
Due within one year:			
Capital debt	799,396	435,535	1,234,931
Non-capital debt	579,336	3,310	582,646
Due in more than one year:			
Capital debt	4,967,658	1,865,159	6,832,817
Non-capital debt	1,760,230		1,760,230
Net pension liability	8,728,768	4,667,629	13,396,397
Total Liabilities	20,486,303	7,137,178	27,623,481
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,553,709	1,821,569	4,375,278
Deferred revenues - property taxes	10,774,721	283,033	11,057,754
Total Deferred Inflows of Resources	13,328,430	2,104,602	15,433,032
NET POSITION			
Net investment in capital assets	28,231,304	3,924,505	32,155,809
Restricted for:			
Expendable:			
General government	313,078		313,078
Public safety	1,151,270		1,151,270
Public works	2,786,031	696,653	3,482,684
Culture and recreation	93,152		93,152
Economic development and assistance	3,968		3,968
Debt service	913,679		913,679
Unemployment compensation	35,202		35,202
Unrestricted	(4,417,184)	(3,548,253)	(7,965,437)
Total Net Position	\$ 29,110,500	1,072,905	30,183,405

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

MARION COUNTY
Statement of Activities
For the Year Ended September 30, 2021

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 Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 5,503,637	715,297	81,035		(4,707,305)		(4,707,305)
Public safety	4,119,499	338,806	439,365		(3,341,328)		(3,341,328)
Public works	3,329,872		2,291,248	1,324,679	286,055		286,055
Health and welfare	430,017		81,276		(348,741)		(348,741)
Culture and recreation	139,463				(139,463)		(139,463)
Conservation of natural resources	60,249				(60,249)		(60,249)
Economic development and assistance	147,460				(147,460)		(147,460)
Interest on long-term debt	272,026				(272,026)		(272,026)
Pension expense	801,896				(801,896)		(801,896)
Total Governmental Activities	<u>14,804,119</u>	<u>1,054,103</u>	<u>2,892,924</u>	<u>1,324,679</u>	<u>(9,532,413)</u>		<u>(9,532,413)</u>
Business-type activities:							
Marion/Walthall Correctional Facility	5,372,247	5,351,721	236,141			215,615	215,615
Garbage and Solid Waste	<u>1,331,819</u>	<u>1,193,564</u>	<u>28,051</u>			<u>(110,204)</u>	<u>(110,204)</u>
Total Business-type Activities	<u>6,704,066</u>	<u>6,545,285</u>	<u>264,192</u>	<u>0</u>		<u>105,411</u>	<u>105,411</u>
Total Primary Government	<u>\$ 21,508,185</u>	<u>7,599,388</u>	<u>3,157,116</u>	<u>1,324,679</u>	<u>(9,532,413)</u>	<u>105,411</u>	<u>(9,427,002)</u>

MARION COUNTY
Statement of Activities
For the Year Ended September 30, 2021

Exhibit 2

General revenues:			
Property taxes	\$ 10,347,607	304,337	10,651,944
Road & bridge privilege taxes	304,955		304,955
Grants and contributions not restricted to specific programs	531,649		531,649
Unrestricted gifts and donations	2,050,000		2,050,000
Unrestricted interest income	95,123	9,894	105,017
Miscellaneous	1,277,956	134,973	1,412,929
Transfers	(473,170)	473,170	0
Total General Revenues and Transfers	<u>14,134,120</u>	<u>922,374</u>	<u>15,056,494</u>
Changes in Net Position	<u>4,601,707</u>	<u>1,027,785</u>	<u>5,629,492</u>
Net Position - Beginning, as previously reported	23,905,347	40,035	23,945,382
Fund reclassification	686,582		686,582
Prior period adjustments	(83,136)	5,085	(78,051)
Net Position - Beginning, as restated	<u>24,508,793</u>	<u>45,120</u>	<u>24,553,913</u>
Net Position - Ending	<u>\$ 29,110,500</u>	<u>1,072,905</u>	<u>30,183,405</u>

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

MARION COUNTY
Balance Sheet - Governmental Funds
September 30, 2021

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	ARPA Coronavirus Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 8,214,390	2,387,329	5,206,742	15,808,461
Property tax receivable	8,467,272		2,307,449	10,774,721
Fines receivable (net of allowance for uncollectibles of \$3,379,696)	606,673			606,673
Intergovernmental receivables	213,621		170,632	384,253
Other receivables	9,833			9,833
Due from other funds	41,473		140,066	181,539
Total Assets	\$ 17,553,262	2,387,329	7,824,889	27,765,480
LIABILITIES				
Liabilities:				
Claims payable	\$ 140,297		109,176	249,473
Intergovernmental payables	751,358			751,358
Due to other funds	206,113			206,113
Unearned revenue		2,386,508		2,386,508
Amounts held in custody for others	122,321			122,321
Total Liabilities	1,220,089	2,386,508	109,176	3,715,773
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	8,467,272		2,307,449	10,774,721
Unavailable revenue - fines	606,673			606,673
Total Deferred Inflows of Resources	9,073,945	0	2,307,449	11,381,394
Fund balances:				
Restricted for:				
General government			313,078	313,078
Public safety			1,151,270	1,151,270
Public works		821	2,785,210	2,786,031
Culture and recreation			93,152	93,152
Economic development and assistance			3,968	3,968
Debt service			1,003,995	1,003,995
Unemployment compensation			35,202	35,202
Assigned to:				
Economic development and assistance			22,389	22,389
Unassigned	7,259,228			7,259,228
Total Fund Balances	7,259,228	821	5,408,264	12,668,313
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,553,262	2,387,329	7,824,889	27,765,480

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

MARION COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 12,668,313
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 \$56,744,852.	33,998,358
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	606,673
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,106,620)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(90,316)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,728,768)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,316,569
Deferred inflows of resources related to pensions	<u>(2,553,709)</u>
Total Net Position - Governmental Activities	\$ <u>29,110,500</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	ARPA Coronavirus Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 8,063,296		2,284,311	10,347,607
Road and bridge privilege taxes			304,955	304,955
Licenses, commissions and other revenue	469,882		5,717	475,599
Fines and forfeitures	325,386			325,386
Intergovernmental revenues	3,017,763		3,781,489	6,799,252
Charges for services			271,972	271,972
Interest income	62,689	821	31,613	95,123
Miscellaneous revenues	715,071		562,885	1,277,956
Total Revenues	<u>12,654,087</u>	<u>821</u>	<u>7,242,942</u>	<u>19,897,850</u>
EXPENDITURES				
Current:				
General government	5,381,832		414,162	5,795,994
Public safety	3,495,462		817,446	4,312,908
Public works	52,825		4,537,089	4,589,914
Health and welfare	404,604			404,604
Culture and recreation	2,050,000		81,391	2,131,391
Conservation of natural resources	59,994		255	60,249
Economic development and assistance	38,225		68,735	106,960
Debt service:				
Principal	232,801		1,061,549	1,294,350
Interest	41,845		233,928	275,773
Total Expenditures	<u>11,757,588</u>	<u>0</u>	<u>7,214,555</u>	<u>18,972,143</u>
Excess of Revenues over (under) Expenditures	<u>896,499</u>	<u>821</u>	<u>28,387</u>	<u>925,707</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	118,466		171,523	289,989
Long-term non-capital debt issued	1,125,000		60,000	1,185,000
Proceeds from sale of capital assets			19,660	19,660
Compensation for loss of capital assets	16,758			16,758
Transfers in	88,800		2,273,904	2,362,704
Transfers out	(1,346,216)		(1,489,658)	(2,835,874)
Total Other Financing Sources and Uses	<u>2,808</u>	<u>0</u>	<u>1,035,429</u>	<u>1,038,237</u>
Net Changes in Fund Balances	<u>899,307</u>	<u>821</u>	<u>1,063,816</u>	<u>1,963,944</u>
Fund Balances - Beginning, as previously reported	5,673,339		4,344,448	10,017,787
Fund reclassification	686,582			686,582
Fund Balances - Beginning, as restated	<u>6,359,921</u>	<u>0</u>	<u>4,344,448</u>	<u>10,704,369</u>
Fund Balances - Ending	<u>\$ 7,259,228</u>	<u>821</u>	<u>5,408,264</u>	<u>12,668,313</u>

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

MARION COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,963,944
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 \$3,855,592 exceeded depreciation of \$790,434 in the current period.	3,065,158
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$15,116 and the proceeds from the sale of \$19,660 and compensation for loss of \$16,758 in the current period.	(51,534)
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.	(18,854)
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 proceeds of \$1,474,989 exceeded debt repayments of \$1,294,350.	(180,639)
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 following item:	
The amount of decrease in accrued interest payable	3,747
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	(801,896)
Recording of contributions made during the year	<u>621,781</u>
Change in Net Position of Governmental Activities	<u>\$ 4,601,707</u>

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

	Business-type Activities - Enterprise Funds		
	Major Funds		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Total
ASSETS			
Current assets:			
Cash	\$ 1,270,427	361,280	1,631,707
Property tax receivable	171,646	111,387	283,033
Accounts receivable (net of allowance for uncollectibles of \$329,761)		700,743	700,743
Intergovernmental receivables	483,721		483,721
Due from other funds	9,773	5,335	15,108
Total Current Assets	1,935,567	1,178,745	3,114,312
Noncurrent assets:			
Land	60,000		60,000
Other capital assets, net	5,579,503	580,425	6,159,928
Total Noncurrent Assets	5,639,503	580,425	6,219,928
Total Assets	7,575,070	1,759,170	9,334,240
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	853,160	163,487	1,016,647
Deferred amount on refunding	5,271		5,271
Total Deferred Outflows of Resources	858,431	163,487	1,021,918
LIABILITIES			
Current liabilities:			
Claims payable	75,661	31,729	107,390
Due to other funds	33,427	8,046	41,473
Accrued interest payable	3,751		3,751
Unearned revenue		54,404	54,404
Capital debt:			
Other long-term liabilities	381,090	54,445	435,535
Non-capital debt:			
Other long-term liabilities	3,310		3,310
Total Current Liabilities	497,239	148,624	645,863
Noncurrent liabilities:			
Capital debt:			
Other long-term liabilities	1,656,845	208,314	1,865,159
Non-capital debt:			
Net pension liability	4,524,990	142,639	4,667,629
Total Noncurrent Liabilities	6,181,835	350,953	6,532,788
Total Liabilities	6,679,074	499,577	7,178,651
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,524,195	297,374	1,821,569
Deferred revenue- property	171,646	111,387	283,033
Total Deferred Inflows of Resources	1,695,841	408,761	2,104,602
NET POSITION			
Net investment in capital assets	3,606,839	317,666	3,924,505
Restricted for:			
Public works		696,653	696,653
Unrestricted	(3,548,253)		(3,548,253)
Total Net Position	\$ 58,586	1,014,319	1,072,905

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

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds		
	Major Funds		
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	Total
Operating Revenues			
Charges for services	\$ 5,351,721	1,193,564	6,545,285
Miscellaneous	134,896	77	134,973
Total Operating Revenues	<u>5,486,617</u>	<u>1,193,641</u>	<u>6,680,258</u>
Operating Expenses			
Personal services	2,966,571	574,125	3,540,696
Contractual services	438,004	509,176	947,180
Materials and supplies	1,175,345	87,913	1,263,258
Depreciation expense	217,225	44,187	261,412
Indirect administrative cost	33,427	8,046	41,473
Pension expense	483,859	95,588	579,447
Total Operating Expenses	<u>5,314,431</u>	<u>1,319,035</u>	<u>6,633,466</u>
Operating Income (Loss)	<u>172,186</u>	<u>(125,394)</u>	<u>46,792</u>
Nonoperating Revenues (Expenses)			
Property tax	198,348	105,989	304,337
Interest income	6,727	3,167	9,894
Intergovernmental grants	236,141	28,051	264,192
Gain (loss) on sale of capital assets		(1,424)	(1,424)
Interest expense	(57,816)	(11,360)	(69,176)
Net Nonoperating Revenue (Expenses)	<u>383,400</u>	<u>124,423</u>	<u>507,823</u>
Net Income (Loss) Before Transfers	555,586	(971)	554,615
Transfers in	519,970		519,970
Transfers out	(46,800)		(46,800)
Changes in Net Position	<u>1,028,756</u>	<u>(971)</u>	<u>1,027,785</u>
Net Position - Beginning, as previously reported	(975,255)	1,015,290	40,035
Prior period adjustment	5,085		5,085
Net Position - Beginning, as restated	<u>(970,170)</u>	<u>1,015,290</u>	<u>45,120</u>
Net Position - Ending	<u>\$ 58,586</u>	<u>1,014,319</u>	<u>1,072,905</u>

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

MARION COUNTY
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2021

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Major Funds		Total
	Marion/Walthall Correctional Facility	Garbage and Solid Waste	
Cash Flows From Operating Activities			
Receipts from customers	\$ 5,353,247	1,174,821	6,528,068
Payments to suppliers	(1,621,707)	(600,894)	(2,222,601)
Payments to employees	(3,341,750)	(648,244)	(3,989,994)
Other operating cash receipts	134,896	77	134,973
Net Cash Provided (Used) by Operating Activities	524,686	(74,240)	450,446
Cash Flows From Noncapital Financing Activities			
Intergovernmental grants received	278,907	28,051	306,958
Cash received from property taxes	205,047	106,163	311,210
Cash received from other funds:			
Operating transfers in	221,409		221,409
Loans from other funds	347,475		347,475
Principal paid on long-term debt	(3,310)		(3,310)
Cash paid to other funds:			
Operating transfers out	(95,714)		(95,714)
Interfund loan repayments	(825,653)	(8,452)	(834,105)
Net Cash Provided (Used) by Noncapital Financing Activities	128,161	125,762	253,923
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(55,290)		(55,290)
Principal paid on long-term debt	(378,492)	(52,366)	(430,858)
Interest paid on debt	(54,283)	(11,360)	(65,643)
Net Cash Provided (Used) by Capital and Related Financing Activities	(488,065)	(63,726)	(551,791)
Cash Flows From Investing Activities			
Interest on deposits	6,727	3,167	9,894
Net Cash Provided (Used) by Investing Activities	6,727	3,167	9,894
Net Increase (Decrease) in Cash and Cash Equivalents	171,509	(9,037)	162,472
Cash and Cash Equivalents at Beginning of Year	1,098,918	370,317	1,469,235
Cash and Cash Equivalents at End of Year	\$ 1,270,427	361,280	1,631,707
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 172,186	(125,394)	46,792
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	217,225	44,187	261,412
Provision for uncollectible accounts		12,218	12,218

MARION COUNTY
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2021

Exhibit 7

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>		
	<u>Marion/Walthall Correctional Facility</u>	<u>Garbage and Solid Waste</u>	<u>Total</u>
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable		(38,182)	(38,182)
(Increase) decrease in intergovernmental receivables	1,526		1,526
Increase (decrease) in claims payable	(8,358)	(3,805)	(12,163)
Increase (decrease) in net pension liability, deferred outflows/inflows, net	108,680	21,469	130,149
Increase (decrease) in unearned revenue		7,221	7,221
Increase (decrease) in interfund payables	33,427	8,046	41,473
Total Adjustments	<u>352,500</u>	<u>51,154</u>	<u>403,654</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>524,686</u>	<u>(74,240)</u>	<u>450,446</u>

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

MARION COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 8

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 246,380
Receivables:	
Due from other funds	50,939
Total Assets	<u>\$ 297,319</u>
LIABILITIES	
Intergovernmental payables	\$ 51,419
Total Liabilities	<u>51,419</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	245,900
Total Net Position	<u>\$ 245,900</u>

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

MARION COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 9

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 804,637
Grants received for other governments	136,660
Licenses and fees collected for State	311,211
Total Additions	<u>1,252,508</u>
DEDUCTIONS	
Payments of tax to other governments	792,045
Payments of grants to other governments	48,993
Payments of licenses and fees to State	310,724
Total Deductions	<u>1,151,762</u>
Net increase (decrease) in fiduciary net position	100,746
Net Position - Beginning	<u>145,154</u>
Net Position - Ending	<u>\$ 245,900</u>

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

MARION COUNTY

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MARION COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Marion County Economic Development District

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

MARION COUNTY

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

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, even though the latter are excluded from the government-wide financial statements. 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 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.

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

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

The County reports the following major Governmental Funds:

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

ARPA Coronavirus 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 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.

MARION COUNTY

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

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 TYPE

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

FIDUCIARY FUND TYPE

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

MARION COUNTY

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

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 noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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

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

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

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.

MARION COUNTY

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

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

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

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 13 for additional details.

J. Long-term Liabilities.

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

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

In the fund financial statements, 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.

K. Pensions.

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

MARION COUNTY

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

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.

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 by an external party or imposed by law through either a constitutional provision or enabling legislation.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by *Section 19-3-59, Mississippi Code of 1972 Annotated*.

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.

MARION COUNTY

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

Fund Balance Flow Assumption:

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

M. Property Tax Revenues:

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

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

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

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 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.

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.

MARION COUNTY

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

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, Chancery Clerk Employee Fund, and Circuit Clerk Employee 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 \$686,582.

For the Fiduciary Fund Custodial Activities, the County has treated the beginning of the year net position of \$145,154 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$145,154.

(3) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in capital assets, net.	\$ <u><u>(83,136)</u></u>

Exhibit 2 – Statement of Activities – Business-type Activities.

Explanation	Amount
To correct prior year errors in capital assets, net.	\$ <u><u>5,085</u></u>

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

Explanation	Amount
To correct prior year errors in capital assets, net.	\$ <u><u>5,085</u></u>

(4) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$17,686,548, and the bank balance was \$17,757,131. 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).

MARION COUNTY

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

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.

(5) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Marion/Walthall Correctional Facility Fund	\$ 33,427
General Fund	Garbage and Solid Waste Fund	8,046
Other Governmental Funds	General Fund	140,066
Marion/Walthall Correctional Facility Fund	General Fund	9,773
Garbage and Solid Waste Fund	General Fund	5,335
Custodial Funds	General Fund	<u>50,939</u>
Total		<u>\$ 247,586</u>

The receivables represent the tax revenue collected in September, 2021, but not settled until October, 2021. Also, loans were established to cover cash deficits and indirect costs due to the General Fund from 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	\$ 42,000
General Fund	Marion/Walthall Correctional Facility Fund	46,800
Other Governmental Funds	General Fund	826,246
Other Governmental Funds	Other Governmental Funds	1,447,658
Marion/Walthall Correctional Facility Fund	General Fund	<u>519,970</u>
Total		<u>\$ 2,882,674</u>

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

MARION COUNTY

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

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 164,631
DUI grant reimbursement	23,263
Emergency management performance grant reimbursement	25,727
HAVA grant reimbursement	53,968
Fire rebate	<u>116,664</u>
Total Governmental Activities	<u>\$ 384,253</u>
Business-type Activities:	
Reimbursement for housing prisoners	<u>\$ 483,721</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

Governmental activities:

	<u>Balance</u>				<u>Balance</u>
	<u>Oct. 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Sept. 30, 2021</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 663,344	500,884			1,164,228
Construction in progress	<u>1,550,359</u>	<u>1,266,645</u>		<u>(1,625,418)</u>	<u>1,191,586</u>
Total non-depreciable capital assets	<u>2,213,703</u>	<u>1,767,529</u>	<u>0</u>	<u>(1,625,418)</u>	<u>2,355,814</u>
<u>Depreciable capital assets:</u>					
Infrastructure	65,863,225			1,625,418	67,488,643
Buildings	8,919,375				8,919,375
Improvements other than buildings	1,296,305	1,550,000			2,846,305
Mobile equipment	4,612,627	102,000	109,813	266,242	4,871,056
Furniture and equipment	2,978,655	145,249		7,304	3,131,208
Leased property under capital leases	<u>1,148,680</u>	<u>290,814</u>	<u>51,000</u>	<u>(257,685)</u>	<u>1,130,809</u>
Total depreciable capital assets	<u>84,818,867</u>	<u>2,088,063</u>	<u>160,813</u>	<u>1,641,279</u>	<u>88,387,396</u>

MARION COUNTY

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

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Less accumulated depreciation for:</u>					
Infrastructure	44,183,963	241,515			44,425,478
Buildings	4,485,507	118,206			4,603,713
Improvements other than buildings	458,963	92,193			551,156
Mobile equipment	3,775,006	144,840	86,724	207,761	4,040,883
Furniture and equipment	2,747,909	59,608		7,231	2,814,748
Leased property under capital leases	313,352	134,072	22,555	(115,995)	308,874
Total accumulated depreciation	55,964,700	790,434	109,279	98,997	56,744,852
Total depreciable capital assets, net	28,854,167	1,297,629	51,534	1,542,282	31,642,544
Governmental activities capital assets, net	\$ 31,067,870	3,065,158	51,534	(83,136)	33,998,358

Business-type activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 60,000				60,000
Total non-depreciable capital assets	60,000	0	0	0	60,000
<u>Depreciable capital assets:</u>					
Buildings	9,130,650				9,130,650
Mobile equipment	294,617		14,232		280,385
Furniture and equipment	229,167	55,290		7,874	292,331
Leased property under capital leases	485,907				485,907
Total depreciable capital assets	10,140,341	55,290	14,232	7,874	10,189,273
<u>Less accumulated depreciation for:</u>					
Buildings	3,196,631	182,616			3,379,247
Mobile equipment	262,183	990	12,808		250,365
Furniture and equipment	216,570	26,522		2,789	245,881
Leased property under capital leases	102,568	51,284			153,852
Total accumulated depreciation	3,777,952	261,412	12,808	2,789	4,029,345
Total depreciable capital assets, net	6,362,389	(206,122)	1,424	5,085	6,159,928
Business-type activities capital assets, net	\$ 6,422,389	(206,122)	1,424	5,085	6,219,928

*Adjustments are to correct prior year errors in the capital asset records and to reflect routine reclassifications of completed construction in progress to infrastructure, and paid-off capital leases to mobile equipment.

MARION COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 122,313
Public safety	101,226
Public works	435,205
Health and welfare	28,065
Culture and recreation	63,125
Economic development and assistance	<u>40,500</u>
 Total governmental activities depreciation expense	 \$ <u><u>790,434</u></u>
	 <u>Amount</u>
Business-type activities:	
Garbage and Solid Waste	\$ 44,187
Marion/Walthall Correctional Facility	<u>217,225</u>
 Total business-type activities depreciation expense	 \$ <u><u>261,412</u></u>

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Bridge maintenance - SAP - 46(18)M	\$ 61,450	September, 2022
Pineburr Road - SAP - 46(70)	794,110	February, 2023
Black Creek Road bridge - LSBP - 46(18)	25,000	December, 2023
Johnson Road - LSBP - 46(17)	50,000	December, 2023

(8) Claims and Judgments.

Risk Financing.

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

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

(9) Operating Leases.

As Lessor:

On September 1, 2014, Marion County entered into a non-cancellable operating lease agreement with Marion County Internal Medicine Clinic for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay the County \$2,068.81 per month in lease payments commencing September 1, 2014 for a term of five years. At the end of the lease term, Internal Medicine Clinic has the option to renew the lease for an additional five years by giving written notice to exercise the option. The Company exercised this option on September 1, 2019.

On April 1, 2020, 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 \$411.50 per month in lease payments commencing April 1, 2020 for one year with the option to a one year extension, which the company exercised on April 1, 2021.

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 April 1, 2020, Martha's Place exercised 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, Quality Alarm Service, 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 Service, Inc. assigned the lease to Haynes Services and was extended for four one-year terms at the same rate.

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

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

On October 1, 2019, Marion County entered into a non-cancellable operating lease 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 October 1, 2019 for a term of three years. At the end of the lease term, the OWOC Senior & Disabled Center has the option to extend the lease for an additional year.

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 company exercised this option on January 1, 2019. On January 1, 2020, Marion County entered into a new non-cancellable operating lease with Next Level Athletics at \$500 per month for a term of one year with the option to extend the lease for an additional year. On January 1, 2021, Marion County entered into a new

MARION COUNTY

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

operating lease agreement with Next Level Athletics for a term of one year at \$500 per month with the option to extend the lease for an additional year.

On February 12, 2019, Marion County entered into a non-cancellable operating lease agreement with Fiat Lux, LLC for the lease of a building at the Marion County Business Plex. The operating lease stipulated that the lessee would pay \$900 per month in lease payments commencing February 12, 2019 for a term of five years.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$71,299 for the year ended September 30, 2021. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2022	\$ 57,766
2023	44,251
2024	32,957
2025	4,650
2026	<u>1,125</u>
Total Minimum Payments Required	<u>\$ 140,749</u>

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 1,130,809	485,907
Less: Accumulated depreciation	<u>(308,874)</u>	<u>(153,852)</u>
Leased Property Under Capital Leases	<u>\$ 821,935</u>	<u>332,055</u>

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

The following is a schedule by years of the total payments due as of September 30, 2021:

<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>
2022	\$ 239,396	17,621	72,413	9,561
2023	183,002	11,011	208,314	2,618
2024	149,674	6,613		
2025	161,816	3,209		
2026	13,166	433		
Total	<u>\$ 747,054</u>	<u>38,887</u>	<u>280,727</u>	<u>12,179</u>

(11) Short-term Debt and Liquidity.

The following is a summary of short-term debt activity for the year ended September 30, 2021:

<u>Description of Debt</u>	<u>Balance Oct. 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2021</u>
Tax Anticipation Note - District 5	\$ <u>0</u>	<u>60,125</u>	<u>60,125</u>	<u>0</u>

During the month of January, 2021, the County issued a \$60,125 tax anticipation note with an interest rate of 1.25 percent (1.25%) and a maturity date of April, 2021, in order to alleviate an operating cash flow deficiency in the District Five Road Fund. The note was repaid on March 15, 2021.

(12) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Industrial development bonds	\$ 535,000	5.10-5.40%	09/2024
Hospital refinancing bonds	375,000	3.22%	11/2021
General obligation bonds, Series 2018	<u>4,645,000</u>	3.125-4.25%	12/2038
Total General Obligation Bonds	<u>\$ 5,555,000</u>		

MARION COUNTY

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

Description and Purpose	Amount	Interest	Final Maturity
Governmental Activities:			
B. Capital Leases:			
Mahindra tractor	\$ 1,793	2.44%	03/2022
Paver	44,853	2.31%	08/2022
Asphalt roller	8,015	2.74%	05/2022
Sheriff vehicles	6,230	3.89%	05/2022
District 3 pickup truck	24,542	4.17%	04/2024
Tractor/loader	37,674	3.99%	05/2024
Sheriff Office - (3) trucks	68,468	2.79%	05/2023
Countywide durapatcher tank	48,076	3.18%	04/2025
District 4 - tractor/bush hog	30,552	3.34%	02/2025
District 5 - Caterpillar trackhoe	101,579	3.35%	09/2025
District 2 - John Deere tractor	55,807	2.41%	10/2025
District 4 - utility tractor	43,376	2.41%	09/2025
Sheriff Office - (2) Ford Explorers / (1) F150 truck	106,731	1.75%	03/2026
District 2 - Kioti tractor and loader	34,050	1.32%	03/2025
District 4 - Case backhoe	37,835	1.57%	07/2024
District 1 - John Deere backhoe	97,473	1.36%	08/2025
Total Capital Leases	\$ <u>747,054</u>		
C. Other Loans:			
MDA capital improvement loan	\$ 310,925	3.00%	07/2029
District 4 road equipment note	7,609	1.97%	04/2022
MDA capital improvement loan	226,137	3.00%	06/2030
Marion County business plex - SMPD	10,348	3.25%	01/2023
Road improvement loan	124,547	2.50%	07/2022
Tornado cleanup note	1,125,000	1.39%	01/2026
Total Other Loans	\$ <u>1,804,566</u>		
Business-type Activities:			
A. General Obligation Bonds:			
Jail refunding bonds, Series 2012	\$ 340,000	1.50-2.65%	03/2023
General Obligation Refunding Bonds, Series 2016	1,675,000	1.15-2.50%	04/2029
Total General Obligation Bonds	\$ <u>2,015,000</u>		
B. Capital Leases:			
Tasers	\$ 3,310	0.00%	04/2022
(3) Garbage trucks	262,759	3.90%	01/2023
Van	14,658	3.84%	03/2022
Total Capital Leases	\$ <u>280,727</u>		

MARION COUNTY

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

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2022	\$ 725,000	200,850	414,336	40,168
2023	370,000	178,567	281,497	32,050
2034	390,000	161,047	283,850	27,207
2025	205,000	142,944	288,770	22,289
2026	215,000	135,069	293,786	17,272
2027 - 2031	1,200,000	552,942	242,327	34,226
2032 - 2036	1,450,000	330,312		
2037 - 2041	1,000,000	60,600		
Total	\$ 5,555,000	1,762,331	1,804,566	173,212

Business-Type Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2022	\$ 365,000	40,930
2023	370,000	32,603
2024	205,000	26,300
2025	205,000	22,200
2026	210,000	17,919
2027 - 2031	660,000	24,319
Total	\$ 2,015,000	164,271

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 equal to 4.22 percent (4.22%) of the latest property assessments.

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

	Balance Oct. 1, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 6,250,000		695,000	5,555,000	725,000
Capital leases	662,894	289,989	205,829	747,054	239,396
Other loans	1,013,087	1,185,000	393,521	1,804,566	414,336
Total	\$ 7,925,981	1,474,989	1,294,350	8,106,620	1,378,732

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

	Balance Oct. 1, 2020	Reductions	Balance Sept. 30, 2021	Amount due within one year
Business-type Activities:				
General obligation bonds	\$ 2,365,000	350,000	2,015,000	365,000
Add:				
Premiums	9,709	1,432	8,277	1,432
Capital leases	364,895	84,168	280,727	72,413
Total	\$ <u>2,739,604</u>	<u>435,600</u>	<u>2,304,004</u>	<u>438,845</u>

(13) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Marion County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* 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, 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 employer's rate at September 30, 2021 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.

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

The County's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$1,071,079, \$1,002,561 and \$942,098, 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, 2021, the County reported a liability of \$13,396,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2021 net pension liability was 0.090636 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.004298 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$1,381,343. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 209,835	
Net difference between projected and actual earnings on pension plan investments		4,219,289
Changes of assumptions	1,029,714	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	800,131	155,989
County contributions subsequent to the measurement date	<u>293,536</u>	
Total	<u>\$ 2,333,216</u>	<u>4,375,278</u>

\$293,536 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2022	\$ (217,323)
2023	(435,740)
2024	(480,298)
2025	<u>(1,202,237)</u>
Total	<u>\$ (2,335,598)</u>

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Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 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,

MARION COUNTY

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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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 18,972,439	13,396,397	8,801,295

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

(14) Contingencies.

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

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

(15) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$4,417,184) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$170,403 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, 2022. The \$1,146,166 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$2,553,709 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of (\$3,548,253) 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 \$123,133 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, 2022. The \$893,514 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$1,821,569 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

MARION COUNTY

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

The business-type activities' net investment in capital assets net position of \$3,924,505 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$5,271 balance of deferred outflows of resources at September 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next year.

(16) Related Organizations.

The County participates in the following 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 appropriated \$29,880 for the airport's support in fiscal year 2021.

The Marion County Board of Supervisors, as authorized by *Sections 19-5-151 and 19-5-223, Mississippi Code of 1972 Annotated*, created the following districts to provide fire protection services to the County: Tri-Community Fire District, Southwest Marion Fire District, South Marion Fire District, Pineburr Fire District, Foxworth Fire District and Morgantown Fire District. The Board of Supervisors appoints the commissioners of each district, but the County's accountability for the districts does not extend beyond making the appointments. Each of these districts receives the avails of a one-mill tax levy on the real property in the district with the Foxworth Fire District receiving the avails of a two-mill tax levy. Additionally, the County appropriates to these districts the equivalent of ¼ mill tax levy. Marion County appropriated \$383,207 from these two sources, for the operation of the six fire districts in the fiscal year 2021.

(17) Joint Venture.

The County participates in the following joint venture:

Marion County is a participant with Jefferson Davis County in a joint venture, authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, 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 2021.

(18) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Marion County Board of Supervisors appoints two (2) of the sixteen (16) members of the college board of trustees. The County appropriated \$397,338 for maintenance and support of the college in fiscal year 2021.

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 2021.

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 2021.

MARION COUNTY

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

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 2021.

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

(19) Tax Abatements.

As of September 30, 2021, Marion County provides tax exempt status to two growth and prosperity companies, one metal fabrication company, and three free port warehouses subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under *Sections 57-80-9, 27-31-53 and 27-31-101, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$109,861.

MARION COUNTY

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

(20) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Marion County evaluated the activity of the County through February 21, 2024, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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>
10/01/2021	1.39%	\$ 98,173	Financed purchase	Ad valorem taxes
11/05/2021	1.39%	11,450	Financed purchase	Ad valorem taxes
12/17/2021	1.39%	35,000	Financed purchase	Ad valorem taxes
04/18/2022	2.49%	63,241	Financed purchase	Ad valorem taxes
05/13/2022	2.49%	86,220	Financed purchase	Ad valorem taxes
06/08/2022	2.99%	265,882	Financed purchase	Ad valorem taxes
08/22/2022	3.56%	220,000	Financed purchase	Ad valorem taxes
08/22/2022	3.56%	220,000	Financed purchase	Ad valorem taxes
11/21/2022	4.48%	63,835	Financed purchase	Ad valorem taxes
11/29/2022	4.56%	211,779	Financed purchase	Ad valorem taxes
11/29/2022	4.56%	211,779	Financed purchase	Ad valorem taxes
01/17/2023	4.54%	157,567	Financed purchase	Ad valorem taxes
02/14/2023	4.48%	199,432	Financed purchase	Ad valorem taxes
02/14/2023	4.48%	86,428	Financed purchase	Ad valorem taxes
02/21/2023	3.96%	600,000	Promissory note	Ad valorem taxes
07/07/2023	4.89%	54,000	Financed purchase	Ad valorem taxes
08/25/2023	5.22%	106,411	Financed purchase	Ad valorem taxes
09/11/2023	5.15%	136,455	Financed purchase	Ad valorem taxes

MARION COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MARION COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,948,725	8,151,789	8,151,789	
Licenses, commissions and other revenue	284,000	318,010	318,010	
Fines and forfeitures	243,000	327,092	327,092	
Intergovernmental revenues	681,000	3,924,943	3,924,943	
Interest income	53,000	60,511	60,511	
Miscellaneous revenues	187,000	453,654	453,654	
Total Revenues	<u>9,396,725</u>	<u>13,235,999</u>	<u>13,235,999</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	6,002,145	5,561,071	5,561,071	
Public safety	3,499,822	3,329,213	3,329,213	
Public works	29,880	29,880	29,880	
Health and welfare	436,163	413,495	413,495	
Conservation of natural resources	62,750	58,839	58,839	
Economic development and assistance	230,165	230,165	230,165	
Debt service:				
Principal		82,188	82,188	
Interest		518	518	
Total Expenditures	<u>10,260,925</u>	<u>9,705,369</u>	<u>9,705,369</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(864,200)</u>	<u>3,530,630</u>	<u>3,530,630</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term non-capital debt issued		1,125,000	1,125,000	
Transfers out	(464,242)	(1,932,683)	(1,932,683)	
Other financing sources		1,153,129	1,153,129	
Other financing uses	(27,000)	(2,515,682)	(2,515,682)	
Total Other Financing Sources and Uses	<u>(491,242)</u>	<u>(2,170,236)</u>	<u>(2,170,236)</u>	<u>0</u>
Net Change in Fund Balance	(1,355,442)	1,360,394	1,360,394	0
Fund Balances - Beginning	<u>3,475,209</u>	<u>4,710,270</u>	<u>4,710,270</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,119,767</u>	<u>6,070,664</u>	<u>6,070,664</u>	<u>0</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	2,386,509	2,386,509	
Miscellaneous revenues		820	820	
Total Revenues	<u>0</u>	<u>2,387,329</u>	<u>2,387,329</u>	<u>0</u>
EXPENDITURES				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>2,387,329</u>	<u>2,387,329</u>	<u>0</u>
Net Change in Fund Balance	0	2,387,329	2,387,329	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>2,387,329</u>	<u>2,387,329</u>	<u>0</u>

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

MARION COUNTY

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2021

UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.090636%	0.086338%	0.088217%	0.082393%	0.079841%	0.082419%	0.083953%
County's proportionate share of the net pension liability (asset)	\$ 13,396,397	16,714,034	15,519,111	13,704,405	13,272,285	14,722,091	12,977,478
Covered payroll	\$ 6,026,382	5,749,066	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	222.30%	290.73%	283.44%	260.46%	259.07%	279.22%	245.44%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	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 Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

MARION COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,071,079	1,002,561	942,098	844,729	814,530	844,935	832,882
Contributions in relation to the contractually required contribution	<u>1,071,079</u>	<u>1,002,561</u>	<u>942,098</u>	<u>844,729</u>	<u>814,530</u>	<u>844,935</u>	<u>832,771</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111</u>
Covered payroll	\$ 6,155,626	5,761,845	5,819,720	5,363,350	5,171,619	5,364,665	5,287,426
Contributions as a percentage of covered payroll	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%

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

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

MARION COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	General Fund	ARPA Coronavirus Fund
	<u> </u>	<u> </u>
Budget (Cash Basis)	\$ 1,360,394	2,387,329
Increase (Decrease)		
Net adjustments for revenue accruals	(1,511,017)	(2,386,508)
Net adjustments for expenditure accruals	<u>1,049,930</u>	<u> </u>
GAAP Basis	<u>\$ 899,307</u>	<u>821</u>

MARION COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

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

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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%.

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in in the line of duty was decrease from 6% to 4%.

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.

MARION COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

MARION COUNTY

OTHER INFORMATION

MARION COUNTY

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

Name	Position	Company	Bond
Eugene Green	Supervisor District 1	FCCI	\$100,000
John Moree	Supervisor District 2	Western Surety Company	\$100,000
Tony Morgan	Supervisor District 3	FCCI	\$100,000
Raymon Rowell	Supervisor District 4	FCCI	\$100,000
Cavlin Newsom, Sr.	Supervisor District 5	FCCI	\$100,000
Elisha Moree	Chancery Clerk	FCCI	\$100,000
Cheryl Buckley	Purchase Clerk	FCCI	\$100,000
Andrea Pounds	Assistant Purchase Clerk	FCCI	\$100,000
Frenchie Johnson	Receiving Clerk	FCCI	\$75,000
Wayne Crosby	Assistant Receiving Clerk	Western Surety Company	\$50,000
Willie R. Sims	Assistant Receiving Clerk	Western Surety Company	\$50,000
Anthony Preston	Assistant Receiving Clerk	Western Surety Company	\$50,000
Henry Douglas Holmes	Assistant Receiving Clerk	FCCI	\$50,000
Kesha Lenior	Assistant Receiving Clerk	Western Surety Company	\$50,000
Willie Echard Walker	Assistant Receiving Clerk	Western Surety Company	\$50,000
Susan Bridges	Inventory Control Clerk	FCCI	\$75,000
Krae Morgan	Constable	FCCI	\$50,000
Robbie Gill	Constable	FCCI	\$50,000
Janette Nolan	Circuit Clerk	FCCI	\$100,000
Kim Miller	Deputy Circuit Clerk	FCCI	\$50,000
Jackie Aaron	Deputy Circuit Clerk	Travelers	\$50,000
Joni Jones	Deputy Circuit Clerk	FCCI	\$50,000
Julie Davis	Deputy Circuit Clerk	FCCI	\$50,000
Berkley Hall	Sheriff	FCCI	\$100,000
Brandon Rowell	Justice Court Judge	Western Surety Company	\$50,000
Gwen Broom	Justice Court Judge	FCCI	\$50,000
Wynette Parkman	Justice Court Clerk	FCCI	\$50,000
Renee Brown	Deputy Justice Court Clerk	Travelers	\$50,000
Kentankia Garner	Deputy Justice Court Clerk	FCCI	\$50,000
Pat Watson	Deputy Justice Court Clerk	FCCI	\$50,000
Teresa Terrell	Tax Assessor-Collector	FCCI	\$100,000
Melanie Johnson	Deputy Tax Collector	FCCI	\$50,000
Tawanda Ball	Deputy Tax Collector	FCCI	\$50,000
Brenda Johnson	Deputy Tax Collector	FCCI	\$50,000
Sabrina Yawn	Deputy Tax Collector	FCCI	\$50,000
Tyler Broom	Deputy Tax Assessor	RLI Surety	\$50,000
Martha McDermit	Deputy Tax Assessor	FCCI	\$10,000
Brenda Miller	Deputy Tax Assessor	FCCI	\$10,000
Andrea Pounds	Payroll Clerk	FCCI	\$75,000

MARION COUNTY

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MARION COUNTY

SPECIAL REPORTS

MARION COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
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
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, 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 February 21, 2024. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marion County, 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 Responses as 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Marion County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 21, 2024, included within this document.

Marion County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 21, 2024



**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
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE OF 1972 ANNOTATED)**

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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. 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, 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 and, in our opinion, is fairly presented in relation to that examination.

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

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 21, 2024

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

Schedule 1

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

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

Schedule 2

Our tests did not identify any emergency purchases.

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

Schedule 3

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
4/9/2021	Fourteen (14) tasers	\$	33,991	Axon Enterprises, Inc.

MARION COUNTY

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**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
Marion County, Mississippi

In planning and performing our audit of the financial statements of Marion County, Mississippi for the year ended September 30, 2021, 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 February 21, 2024, on the financial statements of Marion County, Mississippi.

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

1. The Board of Supervisors and Payroll Clerk should ensure compliance with state laws over the re-employment of retired service employees.

Repeat Finding Yes

Criteria *Section 25-11-127(4)(b), Mississippi Code of 1972 Annotated*, requires retirees, who make the election, to receive no more than twenty-five percent (25%) of their final average compensation used in calculating the retiree's service retirement allowance.

Condition As reported in the prior year's compliance report, a deficiency was noted during our testing of the County's rehired retirees. For fiscal year 2021, we noted one retiree was paid more than twenty-five percent (25%) of the retiree's average compensation.

Cause The County did not comply with state laws.

Effect Failure to pay retirees within the allowable amounts resulted in the violation of state law.

Recommendation The County should ensure that PERS retirees are not being paid more than the allowable amounts, as required by law.

Views of Responsible Official(s) The employee was told more than once that he/she had exceeded the gross amount that he/she could earn. Ultimately, it is my responsibility to ensure that each retiree should not exceed their allowable limit. I will run reports quarterly to make sure that they do not exceed the allowable amount. I will also contact their supervisor and notify them of the situation and tell them that the retiree should not be scheduled to work.

Board of Supervisors.

2. The County should use a cafeteria plan provider approved by the Office of the State Auditor.

Repeat Finding No

Criteria *Section 25-17-9, Mississippi Code of 1972 Annotated*, specifies only cafeteria plan providers who appear on the most recent list compiled by the Office of the State Auditor shall provide administrative services related to cafeteria plans of local entities.

Condition During our audit, we noted that the County contracted with a cafeteria plan provider that is not on the Office of the State Auditor's prescribed listing for the fiscal year 2021.

Cause The County did not have the necessary controls in place to ensure compliance with state laws.

Effect Failure to use approved cafeteria plan providers could result in the misuse of public funds.

Recommendation The Board of Supervisors should consult the most recent list of cafeteria plan providers compiled by the Office of the State Auditor and select an approved plan provider to administer the County's cafeteria plan.

Views of Responsible Official(s) The sponsor of the County's cafeteria plan has recently been changed, and we are in the process of verifying this company is on the approved list.

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

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity, 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

February 21, 2024

MARION COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

MARION COUNTY

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MARION COUNTY

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

Section 1: Summary of Auditor's Results

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component unit | Adverse |
| General Fund | Unmodified |
| ARPA Coronavirus Fund | Unmodified |
| Marion/Walthall Correctional Facility Fund | Unmodified |
| Garbage and Solid Waste Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2021-001. Cash collections and general ledger maintenance functions are not adequately segregated.

Repeat Finding Yes

Criteria An effective system of internal controls should include an adequate segregation of duties.

Condition As reported in the prior year's audit report, we noted that cash collections and general ledger maintenance functions are not adequately segregated for effective internal control. The Payroll Clerk receipts funds, prepares all deposits, reconciles the County's bank statements and posts the receipts to the general ledger.

Cause The County lacks the necessary internal controls over cash collections and general ledger maintenance functions.

Effect Failure to have adequate segregation of duties could result in the loss of public funds.

Recommendation The Board of Supervisors should implement effective internal control policies that allow for the proper segregation of duties for the cash collections and general ledger maintenance functions.

Views of Responsible Official(s) The Board of Supervisors is currently evaluating all duties of the office and will soon develop and implement a plan that addresses the requirements of segregation of duties.

MARION COUNTY

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

Material Weakness

2021-002.	<u>Processing of payroll and other payroll duties not adequately segregated.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate segregation of duties.
Condition	As reported in the prior year's audit report, we noted that the maintenance of the general ledger, processing payroll and other payroll duties are not adequately segregated for effective internal control. The Payroll Clerk maintains the general ledger, prepares payroll, and reconciles the County's payroll bank statements.
Cause	The County lacks the necessary controls over the processing of payroll and other payroll duties.
Effect	Failure to have an adequate segregation of duties could result in the loss of public funds.
Recommendation	The Board of Supervisors should implement a system of internal control that will ensure that proper segregation of duties exists with respect to control of the general ledger, the processing of payroll and other payroll duties.
Views of Responsible Official(s)	The Board of Supervisors is currently evaluating all duties of the office and will soon develop and implement a plan that addresses the requirements of segregation of duties.