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FRANKLIN COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2023



FRANKLIN COUNTY

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FRANKLIN COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Franklin County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi, (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on the Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions sections of our report, the accompanying financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Franklin County, Mississippi, as of September 30, 2023, or the changes in cash basis financial position for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions on Governmental Activities, Business-type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Franklin County, Mississippi, as of September 30, 2023, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data of those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component units on the aggregate discretely presented component units have not been determined.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedules, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025, on our consideration of Franklin 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 Franklin County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 21, 2025

FRANKLIN COUNTY

FINANCIAL STATEMENTS

FRANKLIN COUNTY
Statement of Net Position – Cash Basis
September 30, 2023

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 8,129,204	204,808	8,334,012
Total Assets	<u>8,129,204</u>	<u>204,808</u>	<u>8,334,012</u>
Net Position			
Restricted:			
Expendable:			
General government	985,926	-	985,926
Public safety	995,316	-	995,316
Public works	3,559,927	204,808	3,764,735
Health and welfare	1,322,480	-	1,322,480
Unemployment compensation	20,260	-	20,260
Unrestricted	<u>1,245,295</u>	<u>-</u>	<u>1,245,295</u>
Total Net Position	<u>\$ 8,129,204</u>	<u>204,808</u>	<u>8,334,012</u>

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

FRANKLIN COUNTY
Statement of Activities – Cash Basis
For the Year Ended September 30, 2023

Exhibit 2

Functions/Programs	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business Type Activities	
Primary government:						
Governmental activities:						
General government	\$ 2,175,132	292,074	892,561	(990,497)		(990,497)
Public safety	1,258,287	88,394	70,714	(1,099,179)		(1,099,179)
Public works	4,622,068	4,900	3,012,277	(1,604,891)		(1,604,891)
Health and welfare	148,214	-	11,126	(137,088)		(137,088)
Education	325,486	-	325,486	-		-
Conservation of natural resources	76,808	-	-	(76,808)		(76,808)
Economic development and assistance	5,302	-	-	(5,302)		(5,302)
Debt Service:						
Principal	410,400	-	-	(410,400)		(410,400)
Interest	14,064	-	-	(14,064)		(14,064)
Total Governmental Activities	9,035,761	385,368	4,312,164	(4,338,229)		(4,338,229)
Business-type activities:						
Sanitation and Waste Removal	1,366,339	658,103	4,005	-	(704,231)	(704,231)
Total Business-type Activities	1,366,339	658,103	4,005		(704,231)	(704,231)
Total Primary Government	\$ 10,402,100	1,043,471	4,316,169	(4,338,229)	(704,231)	(5,042,460)
General receipts:						
Property taxes				3,867,257	202,598	4,069,855
Road & bridge privilege taxes				120,465	-	120,465
Grants and contributions not restricted to specific programs				215,543	-	215,543
Unrestricted interest income				167,761	6,340	174,101
Miscellaneous				19,660	5,061	24,721
Proceeds from long-term debt issuance				662,585	446,310	1,108,895
Compensation for loss of county property				11,000	-	11,000
Total General Receipts and Other Cash Sources				5,064,271	660,309	5,724,580
Changes in Net Position				726,042	(43,922)	682,120
Net Position - Beginning				7,403,162	248,730	7,651,892
Net Position - Ending				8,129,204	204,808	8,334,012

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

FRANKLIN COUNTY**Exhibit 3****Statement of Cash Basis Assets and Fund Balances – Governmental Funds
September 30, 2023**

	Major Funds				
	General Fund	Hospital Contingency Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,245,295	1,322,480	873,196	4,688,233	8,129,204
Total Assets	<u>1,245,295</u>	<u>1,322,480</u>	<u>873,196</u>	<u>4,688,233</u>	<u>8,129,204</u>
FUND BALANCES					
Restricted for:					
General government	-	-	873,196	112,730	985,926
Public safety	-	-	-	995,316	995,316
Public works	-	-	-	3,559,927	3,559,927
Health and welfare	-	1,322,480	-	-	1,322,480
Unemployment compensation	-	-	-	20,260	20,260
Unassigned	<u>1,245,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,245,295</u>
Total Fund Balances	<u>1,245,295</u>	<u>1,322,480</u>	<u>873,196</u>	<u>4,688,233</u>	<u>8,129,204</u>

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

FRANKLIN COUNTY

Exhibit 4

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances –
Governmental Funds
September 30, 2023**

	Major Funds			Other	Total
	General	Hospital	American	Governmental	Governmental
	Fund	Contingency	Rescue Plan	Funds	Funds
	Fund	Fund	Fund		
RECEIPTS					
Property taxes	2,574,857	84,334	-	1,208,066	3,867,257
Road and bridge privilege taxes	-	-	-	120,465	120,465
Licenses, commissions and other receipts	121,881	-	-	4,520	126,401
Fines and forfeitures	166,738	-	-	4,135	170,873
Intergovernmental receipts	782,184	1,258	749,080	2,995,185	4,527,707
Charges for services	4,345	-	-	83,749	88,094
Interest income	24,362	26,462	21,308	95,629	167,761
Miscellaneous receipts	19,400	-	-	260	19,660
Total Receipts	3,693,767	112,054	770,388	4,512,009	9,088,218
DISBURSEMENTS					
General government	2,087,260	-	-	87,872	2,175,132
Public safety	1,087,189	-	25,000	146,098	1,258,287
Public works	-	-	112,042	4,510,026	4,622,068
Health and welfare	72,040	76,174	-	-	148,214
Education	325,486	-	-	-	325,486
Conservation of natural resources	76,808	-	-	-	76,808
Economic development and assistance	5,302	-	-	-	5,302
Debt service:					
Principal	-	-	180,000	230,400	410,400
Interest	-	-	1,578	12,486	14,064
Total Disbursements	3,654,085	76,174	318,620	4,986,882	9,035,761
Excess (Deficiency) of Receipts over (under) Disbursements	39,682	35,880	451,768	(474,873)	52,457
OTHER CASH SOURCES (USES)					
Proceeds from long-term debt issuance	-	-	-	662,585	662,585
Compensation for loss of county property	6,800	-	-	4,200	11,000
Transfers in	-	-	-	315,300	315,300
Transfers out	-	-	-	(315,300)	(315,300)
Total Other Cash Sources and Uses	6,800	-	-	666,785	673,585
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	46,482	35,880	451,768	191,912	726,042
Cash Basis Fund Balances- Beginning	1,198,813	1,286,600	421,428	4,496,321	7,403,162
Cash Basis Fund Balances- Ending	1,245,295	1,322,480	873,196	4,688,233	8,129,204

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

FRANKLIN COUNTY
Statement of Net Position – Cash Basis – Proprietary Fund
For the Year Ended September 30, 2023

Exhibit 5

		Business-Type Activities Enterprise Fund
		Sanitation and Waste Removal Fund
ASSETS		
Cash	\$	204,808
Total Assets		204,808
NET POSITION		
Restricted for:		
Public Works		204,808
Total Net Position	\$	204,808

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

**Statement of Cash Receipts, Disbursements and Changes in Net Position – Proprietary Fund
For the Year Ended September 30, 2023**

	Business-type Activities Enterprise Fund
	Sanitation and Waste Removal Fund
Operating Receipts	
Charges for services	\$ 658,103
Miscellaneous	5,061
Total Operating Receipts	<u>663,164</u>
Operating Disbursements	
Personnel services	471,483
Contractual services	151,576
Materials and supplies	97,141
Capital outlay	477,778
Total Operating Disbursements	<u>1,197,978</u>
Operating Income (Loss)	<u>(534,814)</u>
Nonoperating Receipts (Disbursements)	
Property tax	202,598
Interest income	6,340
Intergovernmental grants	4,005
Proceeds from long-term debt issuance	446,310
Principal paid on long-term debt	(161,234)
Interest paid on long-term debt	<u>(7,127)</u>
Net Nonoperating Receipts (Disbursements)	<u>490,892</u>
Change in Net Position	<u>(43,922)</u>
Net Position- Beginning	<u>248,730</u>
Net Position - Ending	<u><u>\$ 204,808</u></u>

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

FRANKLIN COUNTY
Statement of Fiduciary Net Position – Cash Basis
September 30, 2023

Exhibit 7

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 320,403
Total Assets	<u>320,403</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>320,403</u>
Total Net Position	<u>\$ 320,403</u>

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

FRANKLIN COUNTY**Exhibit 8****Statement of Changes in Fiduciary Net Position – Cash Basis
For the Year Ended September 30, 2023**

	<u>Custodial Funds</u>
CASH ADDITIONS	
Investment income:	
Interest	\$ 5,612
Intergovernmental receipts	5,265
Tax collections for other governments	352,678
Licenses and fees collected for State	<u>197,799</u>
Total Additions	<u><u>561,354</u></u>
CASH DEDUCTIONS	
Payments of tax to other governments	320,611
Payments of licenses and fees to State	<u>203,489</u>
Total Deductions	<u><u>\$ 524,100</u></u>
Net increase (decrease) in fiduciary net position	37,254
Net Position - Beginning	<u>283,149</u>
Net Position - Ending	<u><u>\$ 320,403</u></u>

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

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

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

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

- Franklin County Memorial Hospital
- Okhissa Lake Sewer District

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

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

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

Government-wide Financial Statements:

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

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

or program of the County's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program receipts 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 receipts not classified as program receipts, are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

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

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

The County reports the following major governmental funds:

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

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

American Rescue Plan Fund – This fund is used to account for the accumulation of financial resources from The American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications – The account 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 Associations.

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

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

F. Equity Classifications

Government-wide Financial Statements:

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

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

Unrestricted net position – All other net position not meeting the definition of “restricted.”

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Net Position Flow Assumption – When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned or unassigned) resources are available, and amounts in the unrestricted classification 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 amount that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

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

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

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

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

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

H. Changes in Accounting Standards – GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard are to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance, and consistency of information about SBITAs. These financial statements do not reflect SBITAs in accordance with GASB 96 as these financial statements were prepared using the cash basis of accounting.

NOTE 2 – DEPOSITS.

The carrying amount of the County's total deposits with financial institutions at September 30, 2023, was \$8,654,415, and the bank balance was \$9,305,168. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

NOTE 3 – INTERFUND TRANSFERS.

The following is a summary of interfund transfers at September 30, 2023:

Transfers In / Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	Other Governmental Funds	315,300
Total		\$ 315,300

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

NOTE 4 – CLAIMS AND JUDGMENTS.

Risk Financing.

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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, 2023, to January 1, 2024. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 5 – LEASES.

As Lessee:

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

The County has entered into certain leases which do not give rise to property rights. Total costs for such leases were \$34,788 for the year ended September 30, 2023. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2024	34,788
2025	34,788
2026	8,196
Total Minimum Payments Required	<u><u>77,772</u></u>

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

NOTE 6 – 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 disbursement of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

NOTE 7 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Copiah Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Franklin County Board of Supervisors appoints two of the 27 members of the College Board of Trustees. The County contributed \$185,759 for maintenance and support of the College in fiscal year 2023.

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Franklin County Board of Supervisors appoints four of the 40 members of the board of directors. The County contributed \$15,052 for support of the district in fiscal year 2023.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Franklin County Board of Supervisors appoints one of the ten members of the board of commissioners. The County contributed \$35,850 for support of the commission in fiscal year 2023.

Southwest Mississippi Partnership operates in a District comprised of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The entity is governed by ten members appointed by each County's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The County contributed \$1,535 for its support in fiscal year 2023.

Scenic Rivers Development Authority Alliance operates in a district composed of the Counties of Amite, Franklin, Pike, and Walthall, as well as the City of McComb, the Board of Wilkinson County Industrial Development Authority, and the Pike County Economic Development District. The Franklin County Board of Supervisors appoints two of the 16-member board of trustees. The County contributed \$65,306 for its support in fiscal year 2023.

NOTE 8 – DEFINED BENEFIT PENSION PLAN.

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

FRANKLIN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Funding Policy. At September 30, 2023, 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, 2023, was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2023, 2022 and 2021 were \$401,346, \$366,052, and \$351,097, respectively, equal to the required contributions for each year.

These financial statements do not reflect pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources in accordance with GASB 67, 68 and 71 as these financial statements were prepared using the cash basis of accounting.

FRANKLIN COUNTY

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Agency/ Pass-Through Entity/ Program Title or Cluster	Federal Assistance Listing Number	Federal Agency/ Pass-through Entity Identifying Number	Federal Expenditures
United States Department of Agriculture - Forest Service			
Passed-through Mississippi State Treasurer's Office			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to States	*	10.665	None
Total Forest Service Schools and Roads Cluster			650,972
			650,972
Emergency Watershed Protection Program	10.923	N/A	43,961
Total United States Department of Agriculture			694,933
United States Department of Justice			
Passed-through Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant	16.738	None	4,133
Total United States Department of Justice			4,133
United States Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	318,620
COVID-19 Local Assistance and Tribal Consistency Fund	21.032	N/A	375,665
Total United States Department of Treasury			694,285
United States Department of Homeland Security			
Passed- through Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	None	250
Emergency Management Performance Grants	97.042	None	14,759
Total United States Department of Homeland Security			15,009
Total for All Federal Awards			\$ 1,408,360
* Denotes Major Federal Award Program			

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Franklin County under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Franklin County it is not intended to and does not present the financial position, changes in net position or cash flows of Franklin County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Franklin County has elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note D - Schools and roads - grants to states

Of the federal expenditures presented in the Schedule, the County provided federal awards totaling \$325,486 to subrecipients during the year ended September 30, 2023.

FRANKLIN COUNTY

OTHER INFORMATION

FRANKLIN COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2023

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,508,650	2,574,857	2,574,857	-
Licenses, commissions and other receipts	91,000	121,881	121,881	-
Fines and forfeitures	152,700	166,738	166,738	-
Intergovernmental receipts	414,700	782,184	782,184	-
Charges for services	4,000	4,345	4,345	-
Interest income	13,000	24,362	24,362	-
Miscellaneous receipts	5,700	19,400	19,400	-
Total Receipts	3,189,750	3,693,767	3,693,767	-
DISBURSEMENTS				
General government	2,097,033	2,087,260	2,087,260	-
Public safety	1,333,646	1,087,189	1,087,189	-
Health and welfare	80,392	72,040	72,040	-
Education	-	325,486	325,486	-
Conservation of natural resources	81,394	76,808	76,808	-
Economic Development	5,302	5,302	5,302	-
Total Disbursements	3,597,767	3,654,085	3,654,085	-
Excess of Receipts over (under) Disbursements	(408,017)	39,682	39,682	-
OTHER CASH SOURCES (USES)				
Sources	-	6,800	6,800	-
Uses	-	-	-	-
Total Other Cash Sources and Uses	-	6,800	6,800	-
Net Change in Cash Basis Fund Balance	(408,017)	46,482	46,482	-
Cash Basis Fund Balance - Beginning	767,130	713,770	1,198,813	485,043
Cash Basis Fund Balance - Ending	\$ 359,113	760,252	1,245,295	485,043

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

FRANKLIN COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Hospital Contingency Fund
For the Year Ended September 30, 2023

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 79,500	84,334	84,334	-
Intergovernmental receipts	800	1,258	1,258	-
Interest income	18,000	26,462	26,462	-
Miscellaneous receipts	-	-	-	-
Total Receipts	98,300	112,054	112,054	-
DISBURSEMENTS				
Health and welfare	76,500	76,174	76,174	-
Debt service	-	-	-	-
Total Disbursements	76,500	76,174	76,174	-
Excess of Receipts over (under) Disbursements	21,800	35,880	35,880	-
OTHER CASH SOURCES (USES)				
Sources	-	-	-	-
Uses	-	-	-	-
Total Other Cash Sources and Uses	-	-	-	-
Net Change in Cash Basis Fund Balance	21,800	35,880	35,880	-
Cash Basis Fund Balance - Beginning	1,309,255	1,181,066	1,286,600	105,534
Cash Basis Fund Balance - Ending	\$ 1,331,055	1,216,946	1,322,480	105,534

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

FRANKLIN COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
American Rescue Plan Fund
For the Year Ended September 30, 2023

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	-	749,080	749,080	-
Interest income	-	21,308	21,308	-
Total Receipts	-	770,388	770,388	-
DISBURSEMENTS				
Public Safety		25,000	25,000	-
Public Works		112,042	112,042	-
Debt Service	-	181,578	181,578	-
Total Disbursements	-	318,620	318,620	-
Excess of Receipts over (under) Disbursements	-	451,768	451,768	-
OTHER CASH SOURCES (USES)				
Sources (Uses)	-	-	-	-
Total Other Cash Sources and Uses	-	-	-	-
Net Change in Cash Basis Fund Balance	-	451,768	451,768	-
Cash Basis Fund Balance - Beginning	-	421,428	421,428	-
Cash Basis Fund Balance - Ending	\$ -	873,196	873,196	-

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

FRANKLIN COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2023
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2022	Additions	Deletions	Adjustments*	Balance Sept. 30, 2023
Non-depreciable capital assets:					
Land	\$ 356,614	3,200	-	-	359,814
Construction in progress	2,515,310	1,706,271	-	(3,234,649)	986,932
Infrastructure	12,427,847	-	-	3,234,649	15,662,496
Buildings	1,383,308	-	-	-	1,383,308
Improvements other than buildings	332,052	-	-	-	332,052
Mobile equipment	5,676,034	1,473,611	5,100	(108,000)	7,036,545
Furniture and equipment	1,376,353	-	13,444	-	1,362,909
Total capital assets	\$ 24,067,518	3,183,082	18,544	(108,000)	27,124,056

Business-type activities:

	Balance Oct. 1, 2022	Additions	Deletions	Adjustments*	Balance Sept. 30, 2023
Non-depreciable capital assets:					
Land	\$ 1,516	-	-	-	1,516
Mobile equipment	644,224	499,577	45,000	108,000	1,206,801
Total capital assets	\$ 645,740	499,577	45,000	108,000	1,208,317

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

* Adjustments are to reclassify a prior year asset item of \$108,000 from Governmental Activities that should have been in Business Type Activities, and to reclassify completed construction in progress to infrastructure.

Franklin County
Schedule of Changes in Long-Term Debt
FYE 9/30/23
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2023:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Issue Amount	Balance 10/01/22	Issued	Principal Payments	Balance 09/30/23
Governmental Activities:								
A. Loans								
District 5 - Road Equipment - Grader	7/6/2020	Jul-23	1.75%	154,576	43,730	-	43,730	-
District 1 - John Deere Tractor	7/7/2022	Jul-25	2.37%	80,173	75,939	-	26,215	49,724
District 2 - John Deere Backhoe	6/28/2022	Jul-25	2.99%	111,215	105,369	-	36,163	69,206
District 3 - John Deere Tractor	7/7/2022	Jul-25	2.37%	80,173	75,939	-	26,215	49,724
District 1 - Dump Truck	8/1/2023	Aug-28	5.57%	180,000	-	180,000	62,609	117,391
District 2 - Dump Truck	7/17/2023	Jul-28	5.61%	160,000	-	160,000	64,692	95,308
District 3 - Dump Truck	8/1/2023	Aug-28	5.57%	180,000	-	180,000	62,609	117,391
District 4 - John Deere Backhoe	8/16/2023	Aug-28	5.51%	142,585	-	142,585	2,070	140,515
Total Loans				1,088,722	300,977	662,585	324,303	639,259
B. Financed Purchases								
District 4 - John Deere 310SL Backhoe 2390	3/18/2020	Mar-23	3.19%	83,000	58,912	-	58,912	-
District 4 - John Deere 310SL Backhoe Loader 2391	3/18/2020	Mar-25	3.37%	155,000	118,006	-	15,680	102,326
District 5 - Caterpillar 416 Backhoe Loader	6/21/2021	Jun-24	2.99%	83,805	69,773	-	11,505	58,268
Total Financed Purchases				321,805	246,691	-	86,097	160,594
Total Long-term Liabilities - Governmental Activities				1,410,527	547,668	662,585	410,400	799,853
Business Type Activities:								
A. Loans								
Solid Waste Trucks	12/23/2022	Dec-25	4.65%	223,155	-	223,155	52,827	170,328
Solid Waste Trucks	10/7/2022	Oct-25	3.95%	223,155	-	223,155	108,407	114,748
Total Long-term Liabilities - Business Type Activities				446,310	-	446,310	161,234	285,076

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

FRANKLIN COUNTY
Schedule of Surety Bonds for County Officials
September 30, 2023
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Ronald Hunt	Supervisor District 1	Western Surety	100,000
Henry E. Stebbins	Supervisor District 2	FCCI	100,000
Mike Hunt	Supervisor District 3	Western Surety	100,000
Pat Larkin	Supervisor District 4	FCCI	100,000
Jimmie Bass	Supervisor District 5	FCCI	100,000
Jill Gilbert	Chancery Clerk	FCCI	100,000
Erica Havard	Purchase Clerk	FCCI	100,000
Jill Gilbert	Assistant Purchase Clerk	FCCI	50,000
Melanie Harrell	Receiving Clerk	FCCI	75,000
Lawrence Foley	Assistant Receiving Clerk	FCCI	50,000
Mary Russell	Assistant Receiving Clerk	FCCI	50,000
Thomas Sullivan	Assistant Receiving Clerk	FCCI	50,000
Heath Woodcock	Assistant Receiving Clerk	FCCI	50,000
Kenneth Bethley	Assistant Receiving Clerk	Western Surety	50,000
Lawrence Morgan	Assistant Receiving Clerk	FCCI	50,000
Daniel Sullivan	Assistant Receiving Clerk	Western Surety	50,000
Tonya Blackwell	Inventory Control Clerk	FCCI	75,000
Charles Brown	Constable	FCCI	50,000
Dewayne Wetstone	Constable	FCCI	50,000
Warren Walker	Circuit Clerk	FCCI	100,000
Hannah Duncan	Deputy Circuit Clerk	FCCI	50,000
Melissa Bates	Deputy Circuit Clerk	Western Surety	10,000
Gregory T. Tindle	Sheriff	FCCI	100,000
Otis Dyer	Sheriff Deputy (under § 45-5-9)	FCCI	50,000
Gordon Dover	Sheriff Deputy (under § 45-5-9)	FCCI	50,000
Roger Causey	Sheriff Deputy (under § 45-5-9)	FCCI	50,000
Jyles Lee	Sheriff Deputy (under § 45-5-9)	Western Surety	50,000
Josh Evans	Sheriff Deputy (under § 45-5-9)	Travelers	50,000
Bubba Gabbert	Sheriff Deputy (under § 45-5-9)	FCCI	50,000
Ricky O'Quinn	Justice Court Judge	Western Surety	50,000
George L. Wallace	Justice Court Judge	FCCI	50,000
Gladys Wilcher	Justice Court Clerk	FCCI	50,000
Jennifer Wallace	Deputy Justice Court Clerk	FCCI	50,000
Talina Matthews	Tax Assessor-Collector	FCCI	100,000
Elshekita Dyer	Deputy Tax Collector	Western Surety	50,000
Sharon Davis	Deputy Tax Collector	Western Surety	50,000
Billy Gill	Coroner	FCCI	2,000

**FRANKLIN COUNTY, MISSISSIPPI
NOTES TO OTHER INFORMATION
For the Year Ended September 30, 2023**

UNAUDITED

NOTE 1 – BUDGETARY COMPARISON INFORMATION.

Budgetary Comparison Schedule

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 Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

NOTE 2 – LONG-TERM DEBT INFORMATION.

A. Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the County is limited to state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of taxable property within the County, according to the 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, 2023, the amount of outstanding debt was less than one percent of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2023, 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>
10/31/2024	4.79	486,000	Other Loan	Advalorem Taxes

FRANKLIN COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Franklin County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Franklin County, Mississippi (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 21, 2025. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Report on Internal Control Over Financial Reporting

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We noted certain matters, which we have reported to the management of Franklin County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated January 21, 2025, included within this document.

Franklin County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Franklin County, Mississippi's response to the finding identified in our audit and described in the accompanying Auditee's Corrective Action Plan. Franklin County's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 21, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Members of the Board of Supervisors
Franklin County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Franklin County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Franklin County, Mississippi's major federal program for the year ended September 30, 2023. Franklin County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Franklin County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Franklin County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Franklin County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Franklin County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Franklin County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Franklin County, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Franklin County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Franklin County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Franklin County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a

federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
January 21, 2025

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**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Franklin County, Mississippi

We have examined Franklin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972)* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Miss. Code Ann. (1972)* during the year ended September 30, 2023. The Board of Supervisors of Franklin County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

Because of inherent limitations in any central purchasing system and inventory 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, Franklin County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2023.

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

This report is intended for use in evaluating Franklin 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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 21, 2025

FRANKLIN COUNTY**Schedule 1****Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2023**

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for accepting other than Low Bid</u>
4/5/2023	Cat 416 Backhoe	\$ 142,585.00	Stribling	\$ 114,077.00	Better buy back incentive by \$22,500

FRANKLIN COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2023

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
11/28/2022	60' x 50' Culvert	9,750	Dial, Inc.	Road washed out on bus route. Only one way into location. Board order.

FRANKLIN COUNTY**Schedule 3****Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2023**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount</u>	<u>Vendor</u>
12/5/2022	CAD System Maintenance	\$135.60 per month	Franklin Telephone Co.
6/14/2023	F-500 Fire Suppresant	\$ 7,765	Hazard Control Technologies, Inc.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Franklin County, Mississippi

In planning and performing our audit of the cash basis financial statements of Franklin County, Mississippi for the year ended September 30, 2023, we considered Franklin County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Franklin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 21, 2025, on the financial statements of Franklin County, Mississippi.

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

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

Board of Supervisors.

1. Public officials should Ensure Compliance with State Law over Credit Card Use.

Repeat Finding	Yes; 2021, 2022
Criteria	<i>Section 19-3-68, Mississippi Code Annotated (1972)</i> , states, "The board of supervisors of any county may acquire one or more credit cards which may be used by members of the board of supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties. The chancery clerk or county purchase clerk shall maintain complete records of all credit card numbers and all receipts and other documents relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the chancery clerk or purchase clerk who shall submit a written report monthly to the board of supervisors. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket. The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county."
Condition	During the course of our audit, we noted multiple instances where the County credit card was utilized for purchases other than those allowed by statute. These purchases totaled \$28,337.67 .
Cause	The County did not comply with state law regarding credit card usage.
Effect	The County is not in compliance with the State's credit card purchasing law, and this may result in the misuse or misappropriation of public funds.
Recommendation	The Board should adopt a credit card policy that ensures expenditures will be made only for statutorily allowed purchases and that the Purchase Clerk presents a monthly report of credit card expenditures to the Board.
Response	We are currently in compliance, and we use credit card for travel purposes only.
2.	<u>Interfund transfers should be spread upon the minutes of the Board of Supervisors.</u>
Repeat Finding	Yes; 2019, 2020, 2021, 2022
Criteria	<i>Section 19-3-27, Mississippi Code Annotated (1972)</i> , requires a complete and correct record to be maintained for all proceedings of the Board of Supervisors.
Condition	During the course of our audit, we noted that interfund transfers were made without a board order spread upon the minutes.
Cause	The County did not comply with state law.
Effect	Failure to obtain board approval for all interfund transfers could result in erroneous amounts being reported and increases the possibility of the loss or misuse of public funds.

Recommendation	The Board should spread complete orders upon the minutes for all interfund transfers authorized.
Response	We will comply.
3.	<u>All Supervisors must Inspect the Roads and Bridges and Attest to the Clerk of the Board for having done so.</u>
Repeat Finding	No
Criteria	<p><i>Section 65-7-117, Mississippi Code Annotated (1972), states that, “[With regard to any county which is exempt from the provisions of Section 19-2-3, this section shall read as follows:]</i></p> <p>Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful, which reports shall be presented to the board of supervisors and kept on file for three (3) years.”</p>
Condition	During the course of our audit, we noted that the Board of Supervisors had inspected the roads and bridges but no certifications on the minutes or affidavits from the supervisors were filed to document that they had examined the roads and bridges annually.
Cause	Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done.
Effect	Failure to complete annual inspections of roads and bridges and to file an affidavit of said inspection can lead to failure to identify and to complete necessary improvements in a timely manner.
Recommendation	The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and certify this upon the minutes or file an affidavit with the Clerk of the Board for inclusion upon the minutes.
Response	Annual inspections will be done.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 21, 2025

FRANKLIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FRANKLIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements | |
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| Hospital Contingency Fund | Unmodified |
| American Rescue Plan Fund | Unmodified |
| Sanitation and Waste Removal Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified? | None reported |
| 3. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding disclosed that is required to be reported in accordance with CFR 200.516 (a)? | No |
| 7. Identification of major federal programs: | |
| a. ALN # 10.665, Forest Service Schools and Roads Cluster | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low risk auditee? | No |
| 10. Prior fiscal year findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511 (b)? | No |

FRANKLIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section 2: Financial Statement Findings

Material Weakness

Board of Supervisors.

2023-001. Component units should be included in the financial statements.

Repeat Finding No

Criteria Accounting principles applicable to the County's cash basis of accounting require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units.

Condition The financial statements do not include the financial data for the county's legally separate component units.

Cause The County did not include the audited financial statements of the component units.

Effect The failure to properly follow accounting principles applicable to the cash basis of accounting resulted in an adverse opinion on the discretely presented component units.

Recommendation The Board of Supervisors should provide audited financial data for its discretely presented component units for inclusion in the County's financial statements.

View of Responsible Officials See attached Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.

FRANKLIN COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN



Franklin County Board of Supervisors

P. O. Box 297 36 Main Street East

Meadville, MS 39653

Phone: 601-384-2330

Fax: 601-384-5864

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
3528 Manor Drive
Vicksburg, Mississippi 39180

To Whom It May Concern:

Franklin County respectfully submits the following corrective action plan for the year ended September 30, 2023.

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Section 1: Summary of Auditor's Results does not include findings and is not addressed.

2023-001.

Corrective Action Planned:

We believe that the cost of compliance with the requirement to provide audited financial data for the County's component units outweighs the benefits to the County. Therefore, we will not provide audited financial data for the component units for inclusion in the County's financial statements.

Anticipated Completion Date:

Not applicable

Name and Contact Person Responsible for Corrective Action:

Jill Jordan Gilbert
Chancery Clerk
Phone #601-384-2330