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TATE COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

TATE COUNTY

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TATE COUNTY

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Tate County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining information of Tate County, Mississippi, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Tate County, Mississippi, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2015, on our consideration of Tate County'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tate County, Mississippi's basic financial statements. The accompanying Schedule of Surety Bonds for County Officials is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedure applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

F.O. Givens & Co.

F.O. Givens & Co.

Certified Public Accountants

June 10, 2015

TATE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

INTRODUCTION

The discussion and analysis of Tate County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2012. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is qualified by more detailed information contained elsewhere in the County's financial statements, notes to the financial statements and accompanying materials. To the extent that this discussion contains any forward looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999.

Tate County is located in northwestern Mississippi. The population, according to the 2010 census, is 28,886. The local economic base is driven mainly by agriculture. Tate County's economy is also bolstered by being the home of Northwest Mississippi Community College.

FINANCIAL HIGHLIGHTS

Tate County remains financially stable. The County has committed itself to financial excellence for many years by using sound fiscal management to meet the challenges of the future.

Tate County's total property tax levy for the year ended September 30, 2012, was 149.25 mills, up from 144.21. Of that amount, the mills levied for the Tate County School District were 70.75, up from 68.21.

Total net assets increased \$1,475,905, an increase of approximately 4.5 %. The County's ending cash balance went from \$4,732,313 to \$4,348,717.

The County had \$15,796,713 in total revenues, compared to \$13,949,486 in the previous year. Property taxes of \$9,788,771 comprised 62% of total operating revenues.

Total operating expenses were \$14,320,808, compared to \$14,438,481 from the prior year.

Among major funds, the General Fund had \$9,570,728 in operating revenues and \$9,384,983 in operating expenses with other financial uses of \$135,673. The General Fund's balance increased by \$321,418.

The BMW Bond Fund collected \$378,005 and spent \$377,850, resulting in an ending fund balance of \$24,575, compared to \$24,420 the year before.

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

Long-term debt for governmental activities fell this year from \$11,725,751 to \$10,906,154, a decrease of 7%. This was due primarily to repayments on General Obligation Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses. The government-wide financial statements consist of the statement of net assets and the statement of activities. These statements are prepared on the accrual basis of accounting, which includes all assets and liabilities of the County, and can be found on pages 14 and 15 of this report.

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development, and interest on long term debt. The business-type activities of the County include solid waste management and garbage collection.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash, which provides a detailed short-term view of the County's operations. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented with governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 17 and 19, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 16 through 19 of this report.

Proprietary funds are maintained to account for enterprise activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for solid waste management and garbage disposal.

Fund financial statements for the proprietary funds provide the same type and basis of information as the business-type activities in the government-wide financial statements, only in more detail. The Solid Waste Management Fund is considered to be a major fund of the County. Data from the other enterprise fund is combined into a single, aggregated presentation.

The proprietary funds financial statements can be found on pages 20 through 22 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The County's fiduciary financial statements can be found on page 23 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 24 through 42 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the County's budget process. The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional governmental major fund. This required supplementary information can be found on pages 43 through 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets - Net Assets may serve over time as a useful indicator of government's financial position. In the case of Tate County, assets exceeded liabilities by \$33,709,527 as of September 30, 2012.

By far, the largest portion of the County's net assets (83%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

The following table presents a summary of the County's net assets for the fiscal years ended September 30, 2012 and 2011:

	2012		2011	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Current Assets	\$13,842,506	\$11,559	\$14,039,951	\$173,352
Other Assets	\$2,701,474	\$12,730	\$3,134,891	\$17,826
Capital Assets, Net	<u>\$38,677,124</u>	<u>\$90,839</u>	<u>\$37,255,269</u>	<u>\$192,939</u>
Total Assets	<u>\$55,221,104</u>	<u>\$115,128</u>	<u>\$54,430,111</u>	<u>\$384,117</u>
Current Liabilities	\$10,604,236	\$77,263	\$10,732,910	\$65,425
Long-term Debt Outstanding	<u>\$10,906,154</u>	<u>\$39,052</u>	<u>\$11,725,751</u>	<u>\$56,520</u>
Total Liabilities	<u>\$21,510,390</u>	<u>\$116,315</u>	<u>\$22,458,661</u>	<u>\$121,945</u>
Invested in capital assets, net of related debt	\$27,968,617	\$74,983	\$25,722,376	\$161,699
Restricted	\$1,766,637	\$ 0	\$2,067,157	\$100,473
Unrestricted	<u>\$3,975,460</u>	<u>\$(76,170)</u>	<u>\$4,181,917</u>	<u>\$ 0</u>
Total Net Assets	<u>\$33,710,714</u>	<u>\$(1,187)</u>	<u>\$31,971,450</u>	<u>\$262,172</u>

Changes in Net Assets - Tate County's total revenue for the fiscal year ended September 30, 2012 was \$14,766,271 for governmental activities and \$1,030,442 for business-type activities. The total cost for all services provided was \$ 13,027,007 for governmental activities and \$1,293,801 for business-type activities. The change in net assets was \$1,739,264 for governmental activities and \$(263,359) for business-type activities. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2012.

	2012	2011
	<u>Amount</u>	<u>Amount</u>
Governmental Activities		
Revenues:		
Program revenues		
Charges for services	\$1,547,051	\$1,374,308
State grants	\$796,568	\$793,395
Capital Grants & Contributions	\$1,667,424	\$733,568
General revenues		
Property taxes	\$9,788,771	\$9,445,464
Other	<u>\$966,457</u>	<u>\$586,599</u>
Total Revenues	\$14,766,271	\$12,933,334

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

Expenses:

General Government	\$3,893,636	\$4,227,308
Public Safety	\$5,248,507	\$5,003,035
Public Works	\$2,795,516	\$2,609,645
Health and Welfare	\$257,438	\$268,439
Culture and Recreation	\$168,000	\$168,000
Other Expenses	\$158,720	\$365,511
Interest and other expense on long-term debt	<u>\$505,190</u>	<u>\$603,984</u>
Total Expenses	<u>\$13,027,007</u>	<u>\$13,245,922</u>

Increase (Decrease) in Net Assets \$1,739,264 (\$312,588)

Property taxes increased due to an increase in millage and expenses were slightly lower, resulting in an increase in net assets for governmental activities of \$1,739,264.

Business-Type Activities:	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues		
Charges for services	\$997,952	\$991,746
Federal and State grants	10,716	11,538
Other	21,774	12,868
Total Revenues	<u>1,030,442</u>	<u>1,016,152</u>
Expenses:		
Solid Waste Disposal	1,087,849	998,288
Garbage Disposal	205,952	194,271
Total Expenses	<u>1,293,801</u>	<u>1,192,559</u>
Increase (Decrease) in Net Assets	<u>(\$263,359)</u>	<u>(\$176,407)</u>

Governmental Activities - The following table presents the cost of eight major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Conservation of natural resources, Economic Development, and Interest and other expenses on long-term liabilities. The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Tate County's taxpayers by each of these functions.

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

	2012		2011	
	<u>Total</u> <u>Costs</u>	<u>Net</u> <u>Costs</u>	<u>Total</u> <u>Costs</u>	<u>Net</u> <u>Costs</u>
General government	\$3,893,636	\$2,871,852	\$4,227,308	\$3,293,337
Public safety	\$5,248,507	\$4,279,405	\$5,003,035	\$4,190,791
Public works	\$2,795,516	\$796,387	\$2,609,645	\$1,670,502
Health and welfare	\$257,438	\$236,410	\$268,439	\$246,865
Economic Development	\$60,250	\$60,250	\$267,479	\$73,140
Culture and recreation	\$168,000	\$168,000	\$168,000	\$168,000
Conservation of natural resources	\$98,470	\$98,470	\$98,032	\$98,032
Interest and other expenses on long-term Liabilities	\$505,190	\$505,190	\$603,984	\$603,984

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds - At the close of the fiscal year, Tate County's governmental funds reported a combined fund balance of \$ 4,673,264, a slight decrease from the previous year's \$4,729,929.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$321,418. The primary reason for the increase was transfers into the General Fund from other governmental funds.

Business-type funds - The Enterprise Funds showed a loss for the year of \$ 263,359, primarily due to stagnant revenues and increased expenses. To steady the fund balances, a price increase was instituted in September, 2012.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Tate County revised its annual operating budget to more closely reflect actual revenues and expenses. A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2012, Tate County's total capital assets were \$100,647,393. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, and leased property under capital lease. This amount represents an increase from the previous year of \$2,142,191. The majority of this increase represents the construction expense for roads and bridges.

TATE COUNTY
Management's Discussion and Analysis
For the year ended September 30, 2012

Total accumulated depreciation as of September 30, 2012, was \$61,879,430, including \$869,111 of depreciation expense for the year. The balance in total net capital assets was \$38,767,963 at year-end.

Additional information on Tate County's capital assets can be found in Note 6 on page 34 of this report.

Debt Administration - At September 30, 2012, Tate County had \$10,945,206 in long-term debt outstanding. This includes general obligation bonds, loans from Mississippi Development Authority, capital leases, and accrued vacation pay. This total was down from \$11,782,271 the previous year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is currently at .81% of the latest property assessments, well below the debt limit.

Additional information on Tate County's long-term debt can be found in Note 10 on page 37 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

Tate County has no major items of impact that would materially affect these financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives.

If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P.O. Box 309, Senatobia, MS 38668.

TATE COUNTY

FINANCIAL STATEMENTS

TATE COUNTY
Statement of Net Assets
September 30, 2012

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 3,588,093	300	3,588,393
Property tax receivable	9,922,310	-	9,922,310
Accrued interest receivable	43,584	-	43,584
Accounts receivable, net of allowance for uncollectable accounts (\$333,584)	-	333,584	333,584
Fines receivable, net of allowance for uncollectable accounts (\$432,778)	288,519	-	288,519
Capital leases receivable	884,374	-	884,374
Intergovernmental receivable	615,816	6,565	622,381
Internal balances	322,325	(322,325)	-
Prepaid items	118,635	6,165	124,800
Restricted assets	760,324	-	760,324
Capital assets:			
Land and construction in progress	2,015,617	-	2,015,617
Other capital assets, net	36,661,507	90,839	36,752,346
Total Assets	55,221,104	115,128	55,336,232
LIABILITIES			
Claims payable	361,292	42,288	403,580
Intergovernmental payables	165,366	-	165,366
Accrued interest payable	25,048	-	25,048
Deferred revenue	9,965,894	-	9,965,894
Unearned revenue	-	34,975	34,975
Amounts held in custody for others	86,636	-	86,636
Long-term liabilities:			
Due within one year:			
Capital related debt	725,897	15,856	741,753
Non-capital debt	21,417	2,141	23,558
Due in more than one year:			
Capital related debt	9,982,610	-	9,982,610
Non-capital debt	176,230	21,055	197,285
Total Liabilities	21,510,390	116,315	21,626,705
NET ASSETS			
Invested in capital assets, net of related debt	27,968,617	74,983	28,043,600
Restricted net assets:			
Expendable:			
General government	543,767	-	543,767
Public safety	366,507	-	366,507
Public works	-	-	-
Debt service	808,005	-	808,005
Unemployment compensation	23,310	-	23,310
Unrestricted	4,000,508	(76,170)	3,924,338
Total Net Assets	\$ 33,710,714	(1,187)	33,709,527

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

TATE COUNTY
Statement of Activities
For the Year Ended September 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>						
General government	\$ 3,893,636	46,208	-	(2,871,852)	-	(2,871,852)
Public safety	5,248,507	274,016	127,428	(4,279,405)	-	(4,279,405)
Public works	2,795,516	455,316	1,539,996	(796,387)	-	(796,387)
Health and welfare	257,438	21,028	-	(236,410)	-	(236,410)
Culture and recreation	168,000	-	-	(168,000)	-	(168,000)
Conservation of natural resources	98,470	-	-	(98,470)	-	(98,470)
Economic development and assistance	60,250	-	-	(60,250)	-	(60,250)
Interest and other expenses on long-term debt	505,190	-	-	(505,190)	-	(505,190)
Total governmental activities	<u>13,027,007</u>	<u>1,547,051</u>	<u>1,667,424</u>	<u>(9,015,964)</u>	<u>-</u>	<u>(9,015,964)</u>
<u>Business-Type Activities</u>						
Solid waste disposal	1,087,849	10,716	-	-	(214,680)	(214,680)
Garbage disposal	205,952	-	-	-	(70,453)	(70,453)
Total business-type activities	<u>1,293,801</u>	<u>10,716</u>	<u>-</u>	<u>-</u>	<u>(285,133)</u>	<u>(285,133)</u>
Total primary government	<u>\$ 14,320,808</u>	<u>2,545,003</u>	<u>1,667,424</u>	<u>(9,015,964)</u>	<u>(285,133)</u>	<u>(9,301,097)</u>
<u>General Revenues</u>						
Property taxes	\$ 9,788,771	-	-	9,788,771	-	9,788,771
Road and bridge privilege taxes	42,014	-	-	42,014	-	42,014
Grants and contributions not restricted to specific programs	610,821	-	-	610,821	-	610,821
Unrestricted gifts and donations	200	-	-	200	-	200
Unrestricted investment income	33,427	66	-	33,493	66	33,493
Miscellaneous	295,147	21,708	-	316,855	21,708	316,855
Loss on disposal of capital assets	(15,152)	-	-	(15,152)	-	(15,152)
Total General Revenues	<u>10,755,228</u>	<u>21,774</u>	<u>-</u>	<u>10,777,002</u>	<u>21,774</u>	<u>10,777,002</u>
Changes in Net Assets	1,739,264	(263,359)	-	1,475,905	-	1,475,905
Net Assets-Beginning of Year	31,971,450	262,172	-	32,233,622	-	32,233,622
Net Assets-End of Year	<u>\$ 33,710,714</u>	<u>(1,187)</u>	<u>-</u>	<u>\$ 33,709,527</u>	<u>(1,187)</u>	<u>\$ 33,709,527</u>

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

TATE COUNTY
Balance Sheet - Governmental Funds
September 30, 2012

Exhibit 3

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	BMW GO Bond Fund		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,045,845	24,575	2,517,673	3,588,093
Accrued interest receivable	-	32,850	10,734	43,584
Property tax receivable	7,539,928	-	2,382,382	9,922,310
Fines receivable, net allowance for uncollectables of \$432,778	288,519	-	-	288,519
Capital lease receivable	-	725,000	159,374	884,374
Intergovernmental receivables	106,178	-	383,784	489,962
Due from other funds	545,021	-	33,016	578,037
Advances to other funds	116,707	-	-	116,707
Restricted Assets	760,324	-	-	760,324
Total Assets	<u>\$ 10,402,522</u>	<u>782,425</u>	<u>5,486,963</u>	<u>16,671,910</u>
<u>LIABILITIES</u>				
Claims payable	\$ 222,986	-	138,306	361,292
Intergovernmental payables	165,366	-	-	165,366
Due to other funds	62,330	-	184,235	246,565
Deferred revenue	7,828,447	757,850	2,552,490	11,138,787
Amounts held in custody for others	86,636	-	-	86,636
Total Liabilities	<u>8,365,765</u>	<u>757,850</u>	<u>2,875,031</u>	<u>11,998,646</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Advances	116,707	-	-	116,707
Restricted for:				
General government	399,273	-	144,494	543,767
Public safety	-	-	366,507	366,507
Debt service	760,324	-	72,729	833,053
Unemployment compensation	-	-	23,310	23,310
Assigned to:				
Public safety	-	-	(1,483)	(1,483)
Public works	-	-	2,010,095	2,010,095
Debt service	-	24,575	-	24,575
Capital projects	-	-	(3,720)	(3,720)
Unassigned	760,453	-	-	760,453
Total Fund Balances	<u>2,036,757</u>	<u>24,575</u>	<u>2,611,932</u>	<u>4,673,264</u>
Total Liabilities and Fund Balances	<u>\$ 10,402,522</u>	<u>782,425</u>	<u>5,486,963</u>	<u>16,671,910</u>

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

TATE COUNTY
 Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets
 September 30, 2012

Exhibit 3-1

	Amount
Total Fund Balance - Governmental Funds	\$ 4,673,264
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$61,245,809.</p>	38,677,124
<p>Adjustments to fines receivable reported as deferred revenue in funds and as revenue on the statement of activities</p>	288,519
<p>Deferred revenue-principal for capital lease receivables are not future income on the statement of activities</p>	884,374
<p>Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds.</p>	118,635
<p>Long-term liabilities not due and payable in the current period and therefore not reported in the funds:</p>	
Long-term liabilities	(10,906,154)
Accrued interest on bonds	(25,048)
	(10,931,202)
Net Assets of Governmental Activities	\$33,710,714

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

TATE COUNTY
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2012

Exhibit 4

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	BMW GO Bond Fund		
REVENUES				
Property taxes	\$ 7,491,549	-	2,297,222	9,788,771
Road and bridge privilege taxes	4,032	-	37,982	42,014
Licenses, commissions, and other revenues	715,583	-	47,923	763,506
Fines and forfeitures	374,033	-	8,597	382,630
Intergovernmental revenues	664,524	-	2,449,345	3,113,869
Charges for services	157,342	-	258,253	415,595
Interest	14,058	154	19,215	33,427
Miscellaneous	149,607	32,851	60,771	243,229
Total Revenues	9,570,728	33,005	5,179,308	14,783,041
EXPENDITURES				
Current:				
General government	3,716,496	-	15,896	3,732,392
Public safety	4,278,303	-	1,118,227	5,396,530
Public works	-	-	4,178,365	4,178,365
Health and welfare	217,575	-	-	217,575
Culture and recreation	168,000	-	-	168,000
Conservation of natural resources	95,663	-	-	95,663
Economic development and assistance	60,250	-	-	60,250
Debt service:				
Principal	355,000	345,000	349,149	1,049,149
Interest and fees	493,696	32,850	56,435	582,981
Total Expenditures	9,384,983	377,850	5,718,072	15,480,905
Excess of Revenues Over (Under) Expenditures	185,745	(344,845)	(538,764)	(697,864)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	-	-	224,763	224,763
Compensation for loss of assets	14,121	-	-	14,121
Transfers in	396,552	-	275,000	671,552
Transfers out	(275,000)	-	(396,552)	(671,552)
Lease principal collection	-	345,000	57,315	402,315
Total Other Financing Sources and Uses	135,673	345,000	160,526	641,199
Net Change in Fund Balances	321,418	155	(378,238)	(56,665)
Fund Balance - Beginning of Year	1,715,339	24,420	2,990,170	4,729,929
Fund Balance - End of Year	\$ 2,036,757	24,575	2,611,932	4,673,264

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

TATE COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2012

Exhibit 4-1

Net Change in Fund Balances - Total Governmental Funds	\$ (56,665)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$2,204,019 exceeded depreciation of \$767,011 in the current period.</p>	1,437,008
<p>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 assets differs from the change in fund balances by the amount of the loss of \$15,152 and the proceeds from the sale of \$0 in the current period.</p>	(15,152)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which repayments of \$1,049,149 in the current period exceeded proceeds of \$224,763.</p>	824,386
<p>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 assets differs from the change in fund balances by a combination of the following items:</p>	
Compensated absences	(4,789)
Change in accrued interest	77,790
Decrease in fines receivable	(15,737)
Prepaid insurance	(105,262)
<p>In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the Government Funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from the change in fund balances by the principal collections on the capital leases.</p>	(402,315)
Change in Net Assets of Governmental Activities	\$ 1,739,264

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

TATE COUNTY
Statement of Net Assets - Proprietary Funds
September 30, 2012

Exhibit 5

	Business-type Activities- Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Fund	Total Proprietary Funds
<u>ASSETS</u>			
Current Assets			
Cash	\$ 200	100	300
Accounts receivable, net of allowance for doubtful accounts \$333,584	333,584	-	333,584
Due from other funds	18,974	-	18,974
Prepaid Items	4,810	1,355	6,165
Total Current Assets	<u>357,568</u>	<u>1,455</u>	<u>359,023</u>
Noncurrent Assets			
Fixed assets, net of accumulated depreciation	69,603	21,236	90,839
Total Noncurrent Assets	<u>69,603</u>	<u>21,236</u>	<u>90,839</u>
Total Assets	<u>427,171</u>	<u>22,691</u>	<u>449,862</u>
<u>LIABILITIES</u>			
Current Liabilities			
Claims payable	36,766	5,522	42,288
Due to other funds	54,404	163,623	218,027
Advances from other funds	116,707	-	116,707
Unearned revenue	34,975	-	34,975
Capital lease payable-current portion	-	15,856	15,856
Compensated absences payable-current portion	1,643	498	2,141
Total Current Liabilities	<u>244,495</u>	<u>185,499</u>	<u>429,994</u>
Noncurrent Liabilities:			
Compensated absences payable	17,055	4,000	21,055
Total Noncurrent Liabilities	<u>17,055</u>	<u>4,000</u>	<u>21,055</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	69,603	5,380	74,983
Restricted for:			
Public works	96,018	-	96,018
Unrestricted	-	(172,188)	(172,188)
Total Net Assets	<u>\$ 165,621</u>	<u>(166,808)</u>	<u>(1,187)</u>

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

TATE COUNTY
Statement of Revenues Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2012

Exhibit 6

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Fund	Total Proprietary Funds
<u>OPERATING REVENUES</u>			
Charges for services	\$ 862,453	-	862,453
Charges for sales	-	135,499	135,499
Total Operating Revenues	862,453	135,499	997,952
<u>OPERATING EXPENSES</u>			
Personal services	481,859	131,128	612,987
Contractual services	173,691	25,390	199,081
Utilities	689	-	689
Repairs and maintenance	117,207	12,378	129,585
Other supplies and expenses	129,829	24,240	154,069
Insurance	8,943	3,547	12,490
Bad debt	81,841	-	81,841
Depreciation	93,790	8,310	102,100
Total Operating Expenses	1,087,849	204,993	1,292,842
Operating Income (Loss)	(225,396)	(69,494)	(294,890)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	66	-	66
Intergovernmental grants	10,716	-	10,716
Interest expense	-	(959)	(959)
Other income (expense)	9,808	11,900	21,708
Total Non-Operating Revenues (Expenses)	20,590	10,941	31,531
Change in Net Assets	(204,806)	(58,553)	(263,359)
Net Assets - Beginning of Year	370,427	(108,255)	262,172
Net Assets - End of Year	\$ 165,621	(166,808)	(1,187)

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

TATE COUNTY
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2012

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 826,236	135,499	961,735
Cash payments for goods and services	(407,605)	(65,574)	(473,179)
Cash payments to employees	(484,416)	(130,655)	(615,071)
Payments for insurance premiums	(5,772)	(1,626)	(7,398)
Net Cash Provided By (Used In) Operating Activities	<u>(71,557)</u>	<u>(62,356)</u>	<u>(133,913)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Intergovernmental grants received	10,716	-	10,716
Cash received from other funds:			
Loans from other funds	33,574	65,720	99,294
Interfund loan repayments	-	1,079	1,079
Cash paid to other funds:			
Loans made to other funds	(1,076)	-	(1,076)
Miscellaneous receipts	9,808	11,900	21,708
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>53,022</u>	<u>78,699</u>	<u>131,721</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on long-term debt	-	(15,384)	(15,384)
Interest paid on debt	-	(959)	(959)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>-</u>	<u>(16,343)</u>	<u>(16,343)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest on deposits	66	-	66
Net Cash Provided By (Used In) Investing Activities	66	-	66
Net Increase (Decrease) in Cash and Cash Equivalents	(18,469)	-	(18,469)
Cash and Cash Equivalents-Beginning of Year	18,669	100	18,769
Cash and Cash Equivalents-End of Year	<u>\$ 200</u>	<u>100</u>	<u>300</u>
Reconciliation of Operating Income to Net Cash Provided By (Used In)			
Operating Activities:			
Operating Income (Loss)	<u>\$ (225,396)</u>	<u>(69,494)</u>	<u>(294,890)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	93,790	8,310	102,100
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	44,031	-	44,031
(Increase) decrease in prepaid items	3,171	1,921	5,092
Increase (decrease) in proprietary compensated absences	(2,557)	473	(2,084)
Increase (decrease) in unearned revenue	1,593	-	1,593
Increase (decrease) in claims payable	13,811	(3,566)	10,245
Total adjustments	<u>153,839</u>	<u>7,138</u>	<u>160,977</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (71,557)</u>	<u>(62,356)</u>	<u>(133,913)</u>

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

TATE COUNTY
Statement of Fiduciary Assets and Liabilities
For the Year Ended September 30, 2012

Exhibit 8

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 213,538
Due from other funds	36,280
Total Assets	\$ <u>249,818</u>
<u>LIABILITIES</u>	
Other liabilities	\$ 81,119
Due to other funds	168,699
Total Liabilities	\$ <u>249,818</u>

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

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

Notes to Financial Statements

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity

Tate 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 Tate County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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
- Tax Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets 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 Assets 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 non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Assets 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

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

The County's Proprietary Funds apply all applicable Governmental Accounting Standards Board ("GASB") pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

the accounting period when they are both measureable 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.

BMW GO Bond Fund – This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing used for the development of the BMW development project.

The County reports the following major proprietary fund:

Solid Waste Management Fund – This fund is used to account for the County's activities of disposal of solid waste within the County

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for 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.

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

PROPRIETARY FUND TYPES

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

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

FIDUCIARY FUND TYPES

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

E. Deposits and Investments.

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

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

F. Receivables.

Receivables are reported net of allowance 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”. Noncurrent portions of interfund receivables and payables are reported as “advances to/from other funds”. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

H. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

items, such as prepaid insurance, are not reported for Governmental Fund Types since the cost of such items are accounted for as expenditures in the period of acquisition.

I. Restricted Assets.

General Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, and board resolutions have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

J. 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 asset, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

	<u>Capitalization</u> <u>Thresholds</u>	<u>Estimated</u> <u>Useful Life</u>
Land	\$ -	N/A
Infrastructure	-	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 assets	*	*

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

K. Long Term Liabilities

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund Statement of Net Assets.

L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowing attributed to the acquisition, constructions, or improvements of those assets.

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

Unrestricted assets – All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of unrelated debt.”

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

Fund Financial Statements:

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as principal balance of a permanent fund.

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

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the county administrator pursuant to the authorization established by the board of supervisors.

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 government funds if expenditures incurred for specific purposes exceed the amount restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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 which unrestricted (committed, assigned or unassigned) resources are available, and amounts in any of these 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.

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

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 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 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 measureable 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 collectability 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 measureable 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. Compensated Absences

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and the Proprietary Fund financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2012, was \$4,559,655, and the bank balance was \$4,982,152. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

established by the Mississippi State Legislature and is governed by Section 27-105-05, 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 the 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 failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. 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.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2012:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Agency Fund	\$ 155,748
General Fund	Solid Waste Management	51,375
General Fund	Other Enterprise Fund	155,622
General Fund	Other Governmental Funds	182,276
Other Governmental Funds	General Fund	29,659
Other Governmental Funds	Agency Fund	3,357
Solid Waste Management	Agency Fund	9,594
Solid Waste Management	Other Enterprise Funds	8,001
Solid Waste Management	General Fund	1,379
Agency Fund	General Fund	31,292
Agency Fund	Other Governmental Funds	1,959
Agency Fund	Solid Waste Management	3,029
 Total		 \$ <u><u>633,291</u></u>

All interfund loans were made to prevent borrowing from outside sources or due to tax revenue collected but not settled until October 2012. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Management	\$ 116,707
 Total		 \$ <u><u>116,707</u></u>

These funds represent unpaid indirect cost.

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

C. Transfers In/Transfers Out

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 275,000
General Fund	Other Governmental Funds	396,552
Total		<u>\$ 671,552</u>

All interfund transfers were made to prevent borrowing from an outside source.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2012, consist of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$ 106,178
State Aid Road Funds	215,354
Mississippi Emergency Management Agency	168,430
Net Due from Agency Funds	125,854
Total	<u>\$ 615,816</u>
Business-type Activities:	
Net Due from Agency Funds	\$ 6,565
Total	<u>\$ 6,565</u>

(5) Restricted Assets.

The balances of the restricted asset account in the General Fund is as follows:

Debt Service Reserve – Cash and Cash Equivalents	\$ <u>760,324</u>
Total restricted assets	\$ <u>760,324</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2012:

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

Governmental Activities:

	Balance at 9/30/2011	Additions	Deletions	Adjustments	Balance at 9/30/2012
<u>Non-depreciable capital assets:</u>					
Land	\$ 395,727	-	-	-	395,727
Construction in progress	403,927	1,465,278	-	(249,315)	1,619,890
Total non-depreciable capital assets	<u>799,654</u>	<u>1,465,278</u>	<u>-</u>	<u>(249,315)</u>	<u>2,015,617</u>
<u>Depreciable capital assets:</u>					
Infrastructure	71,662,609	-	-	249,315	71,911,924
Buildings	19,879,306	103,178	-	-	19,982,484
Improvements other than buildings	155,317	-	-	-	155,317
Mobile Equipment	4,606,756	411,858	(61,828)	35,830	4,992,616
Furniture and equipment	574,775	30,754	-	-	605,529
Leased equipment	102,325	192,951	-	(35,830)	259,446
Total depreciable capital assets	<u>96,981,088</u>	<u>738,741</u>	<u>(61,828)</u>	<u>249,315</u>	<u>97,907,316</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	49,826,345	128,900	-	-	49,955,245
Buildings	6,371,051	296,174	-	-	6,667,225
Improvements other than buildings	41,641	6,213	-	-	47,854
Mobile Equipment	3,741,293	268,556	(46,675)	25,798	3,988,972
Furniture and equipment	495,407	24,964	-	-	520,371
Leased equipment	49,736	42,204	-	(25,798)	66,142
Total accumulated depreciation	<u>60,525,473</u>	<u>767,011</u>	<u>(46,675)</u>	<u>-</u>	<u>61,245,809</u>
Total depreciable capital assets, net	<u>36,455,615</u>	<u>(28,270)</u>	<u>(15,153)</u>	<u>249,315</u>	<u>36,661,507</u>
Governmental activities capital assets, net	<u>\$ 37,255,269</u>	<u>1,437,008</u>	<u>(15,153)</u>	<u>-</u>	<u>38,677,124</u>

Business-type Activities:

	Balance at 9/30/2011	Additions	Deletions	Adjustments	Balance at 9/30/2012
<u>Depreciable capital assets:</u>					
Mobile Equipment	\$ 664,494	-	-	-	664,494
Furniture and equipment	13,800	-	-	-	13,800
Leased equipment	46,166	-	-	-	46,166
Total depreciable capital assets	<u>724,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>724,460</u>
<u>Less accumulated depreciation for:</u>					
Mobile Equipment	506,030	92,016	-	-	598,046
Furniture and equipment	8,871	1,774	-	-	10,645
Leased equipment	16,620	8,310	-	-	24,930
Total accumulated depreciation	<u>531,521</u>	<u>102,100</u>	<u>-</u>	<u>-</u>	<u>633,621</u>
Total depreciable capital assets, net	<u>192,939</u>	<u>(102,100)</u>	<u>-</u>	<u>-</u>	<u>90,839</u>

Adjustments to capital assets include transfers for completed capital projects to infrastructure and transfers of mobile equipment no longer under lease purchase agreements.

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

Depreciation expense was charged to the following functions:

		Amount
Governmental activities:		
General government	\$	98,849
Public safety		379,700
Public works		245,792
Health and welfare		39,863
Conservation of natural resources		2,807
Total depreciation expense, governmental activities	\$	767,011
Business-type activities:		
Solid Waste	\$	93,790
Other proprietary fund		8,310
Total depreciation expense, business-type activities	\$	102,100

Construction in progress balances are for road and bridge projects that are being paid by the Mississippi Office of State Aid Road Construction.

Commitments with respect to unfinished capital projects at September 30, 2012, consist of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date Of Completion
No commitments with respect to unfinished capital projects were noted		

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for the statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2012, to January 1, 2013. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

(8) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2012:

Classes of Property	Amount
Buildings	\$ 4,209,779
Total	\$ 4,209,779

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2012, are as follows:

Year Ended September 30	Principal	Interest
2013	414,394	28,149
2014	432,213	14,680
2015	37,767	755
	\$ 884,374	43,584

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2012:

Classes of Property	Governmental Activities	Business-type Activities
Mobile equipment	\$ 172,008	46,166
Furniture and equipment	87,438	
Total	259,446	46,166
Less: Accumulated Depreciation	66,142	24,930
Leased Property Under Capital Leases	\$ 193,304	21,236

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

The following is a schedule by years of the total payments due as of September 30, 2012:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 34,919	3,484	15,856	487
2014	36,001	2,398	-	-
2015	19,175	1,282	-	-
2016	12,424	693	-	-
2017	12,765	351	-	-
Total	\$ 115,284	8,208	15,856	487

(9) Short-term Debt and Liquidity.

There was no short-term borrowing during the fiscal year.

(10) Long-term Debt.

Debt outstanding as of September 30, 2012, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds			
Industrial Development Refunding	\$ 725,000	3.00	08/01/2014
Building Bond - 2002	168,000	5.20	02/01/2017
Health Department Bond	445,000	4.00	10/01/2021
Total General Obligation Bonds	\$ 1,338,000		
B. Capital Leases			
New Holland Backhoe	34,271	3.13	03/31/2014
Dodge Ram	20,513	3.63	02/10/2016
3 Cardiac Defibrillators	60,500	2.75	08/22/2017
Total Capital Leases	\$ 115,284		

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loans			
BMW CAP Loan	\$ 159,373	4.65	05/01/2015
Fire Truck Loan	43,721	3.00	06/01/2017
Fire Truck CAP Loan	100,581	2.00	09/21/2019
Fire Truck CAP Loan	139,494	2.00	05/01/2022
MPI CAP Loan - Coldwater	152,054	3.00	05/01/2026
Jail Phase I	4,705,000	Various	03/01/2029
Jail Phase II	3,955,000	Various	11/01/2030
 Total Other Loans	 \$ <u>9,255,223</u>		

Business-type Activities:

A. Capital Leases			
2007 Caterpillar Dozer	\$ <u>15,856</u>	3.07	09/01/2013
 Total Capital Leases	 \$ <u>15,856</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2013	387,000	39,354	303,978	405,401
2014	442,000	34,340	477,795	389,553
2015	79,000	19,824	469,452	373,257
2016	79,000	16,256	447,822	358,015
2017	81,000	12,636	461,794	341,969
2018-2022	270,000	28,000	2,467,746	1,431,687
2023-2027	-	-	2,931,636	823,094
2028-2032	-	-	1,695,000	115,894
 Total	 \$ <u>1,338,000</u>	 <u>150,410</u>	 <u>9,255,223</u>	 <u>4,238,870</u>

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

Legal Debt Margin – The amount of debt, excluding specific exempt debt, that can be incurred by the county is limited by state statute. Total outstanding debt during the 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, 2012, the amount of outstanding debt was equal to 0.81% of the latest property assessments.

The following is a summary of changes in long-term debt liabilities and obligations for the year ended September 30, 2012:

	Balance 10/01/2011	Additions	Reductions	Balance 09/30/2012	Amount due within one year
Governmental Activities:					
Compensated Absences	\$ 192,858	4,789	-	197,647	21,417
General Obligation Bonds	1,918,000	-	580,000	1,338,000	387,000
Capital Leases	55,694	81,013	21,423	115,284	34,919
Other Loans	9,559,199	143,750	447,726	9,255,223	303,978
Total	\$ 11,725,751	229,552	1,049,149	10,906,154	747,314
Business-type Activities:					
Compensated Absences	\$ 25,280	-	2,084	23,196	2,141
Capital Leases	31,240	-	15,384	15,856	15,856
Total	\$ 56,520	-	17,468	39,052	17,997

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, each District Road Fund, Solid Waste Management Fund, and the Garbage Disposal Fund.

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2012:

Fund	Deficit Amount
911 Fund	\$ 6,155
MPI CAP Loan E-911	10,123
2002 Refunding Bond	33,500
1997 County G O Bond	20,194
Coldwater L & P Project	3,719
Garbage Disposal	166,808
Total	\$ 240,499

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

(12) 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 on compliance with 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.

(13) Related Organizations.

The Tate County Board of Supervisors is responsible for appointing a voting majority of members of the board of the Tate County Economic Development Foundation, but the county's accountability for this organization does not extend beyond making appointments. During the year, the county appropriated \$40,000 to this organization.

(14) Joint Venture.

The county participates in the following joint venture:

The county is a participant with DeSoto, Lafayette, Panola, and Tunica Counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free public library services to the citizens of the respective counties. The First Regional Library is governed by a five member board appointed by the board of supervisors of the participating counties. By contractual agreement, the county's appropriations from the general fund this year to the joint venture amounted to \$168,000. Complete financial statements for the First Regional Library can be obtained from the main library office in Hernando or from the Tate County Chancery Clerk's office.

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica, and Yalobusha. The Tate County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated approximately \$807,156 for support and maintenance of the college in the 2012 fiscal year.

North Delta Planning and Development District operates in a district composed of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tate County Board of Supervisors appoints four of the 30 members of the board of directors, with two being appointed

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

from the business community. The county appropriated \$20,250 for support of the district in the 2012 fiscal year.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Tate County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county levied a .61 mill tax for the maintenance and support of the district in the 2012 fiscal year.

Mid-State Opportunity, Inc. operates in a district composed of the Counties of DeSoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tate County Board of Supervisors appoints one of the 30 members of the governing board. The county did not appropriate any funds for the support of the agency in the 2012 fiscal year.

Communicare operates in a district composed of the Counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate, and Yalobusha. The Tate County Board of Supervisors appoints one of the seven members of the board of commissioners. The county appropriated \$29,106 for support of the district in the 2012 fiscal year.

(16) Defined Benefit Pension Plan.

Plan Description. Tate County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiemployer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2012, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2012 was 14.26% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2012, 2011, 2010 were \$675,180, \$637,196 and \$617,676, respectively, equal to the required contributions for each year.

(17) Subsequent Events.

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition of disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Tate County evaluated the activity of the county through June 10, 2015, (the date the financial statements were available to be issued), and determined

TATE COUNTY
Notes to Financial Statements
For the year ended September 30, 2012

that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/16/2012	2.65%	\$85,000	Capital Lease	Ad valorem
03/20/2013	2.35%	\$48,000	Capital Lease	Ad valorem
12/31/2013	2.04%	\$373,920	Capital Lease	Solid waste receipts
05/05/2014	2.14%	\$44,000	Capital Lease	Ad valorem
08/13/2014	1.92%	\$153,000	Capital Lease	Ad valorem

TATE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

TATE COUNTY
 Budgetary Comparison Schedule –
 Budget and Actual (Non-GAPP Basis)
 General Fund
 For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes	\$ 7,328,708	7,490,603	7,494,635	4,032
Licenses, commissions and other revenue	706,000	684,550	717,332	32,782
Fines and forfeitures	333,000	369,859	375,427	5,568
Intergovernmental revenue	708,600	574,409	648,024	73,615
Charges for services	12,750	13,274	157,342	144,068
Use of money and property	68,500	61,654	72,505	10,851
Miscellaneous	120,050	364,855	105,063	(259,792)
Total Revenues	9,277,608	9,559,204	9,570,328	11,124
<u>EXPENDITURES</u>				
General government	5,197,840	3,674,733	3,671,016	3,717
Public safety	4,561,653	5,005,447	4,995,611	9,836
Health and welfare	231,972	238,920	238,918	2
Culture and recreation	168,000	168,000	168,000	-
Conservation of natural resources	104,133	95,960	95,958	2
Economic development and assistance	67,000	60,250	60,250	-
Total Expenditures	10,330,598	9,243,310	9,229,753	13,557
Excess of Revenues				
Over (Under) Expenditures	(1,052,990)	315,894	340,575	24,681
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in	-	396,552	396,552	-
Transfer out	(255,000)	(275,000)	(275,000)	-
Total Other Financing Sources (Uses)	(255,000)	121,552	121,552	-
Net Changes in Fund Balances	(1,307,990)	437,446	462,127	24,681
Fund Balance - Beginning of Year			1,787,193	
Fund Balance - End of Year			2,249,320	

The accompanying notes are an integral part of this schedule.

TATE COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule –
 Budget and Actual (Non-GAPP Basis)
 BMW General Obligation Bond
 For Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest	\$ -	-	154	154
Miscellaneous	377,850	377,850	377,851	1
Total Revenues	377,850	377,850	378,005	155
<u>EXPENDITURES</u>				
Debt service:				
Paying agent fees	750	750	750	-
Principal	345,000	345,000	345,000	-
Interest	32,100	32,100	32,100	-
Total Expenditures	377,850	377,850	377,850	-
Excess of Revenues				
Over (Under) Expenditures	-	-	155	155
Net Changes in Fund Balances	-	-	155	155
Fund Balance - Beginning of Year			24,420	
Fund Balance - End of Year			24,575	

The accompanying notes are an integral part of this schedule.

TATE COUNTY
Notes to the Required Supplementary Information
For the Year ended September 30, 2012

Notes to required Supplementary Information

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, 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 the 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 supplemental 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 each major Special Revenue Fund:

TATE COUNTY
Notes to the Required Supplementary Information
For the Year ended September 30, 2012

	Governmental Fund Types	
	General Fund	BMW G O Fund
Budget (Cash Basis)	\$ 462,127	155
Increase (Decrease)		
Net adjustments for revenue accruals	(1,133)	-
Net adjustments for expenditure accruals	(139,576)	-
GAAP Basis	\$ 321,418	155

D. Unbudgeted Funds.

None

TATE COUNTY

OTHER INFORMATION

TATE COUNTY
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2012

Name	Position	Company	Bond
Cameron Walker	Supervisor District 1	RLI Insurance Co.	\$100,000
James Campbell	Supervisor District 2	Travelers Insurance Co.	\$100,000
Tony Sandridge	Supervisor District 3	CNA Surety	\$100,000
William Saunders	Supervisor District 4	Travelers Insurance Co.	\$100,000
Joshua Meredith	Supervisor District 5	Western Surety Co.	\$100,000
Rufus Warren	County Administrator	Travelers Insurance Co.	\$100,000
Wayne Crockett	Chancery Clerk	Travelers Insurance Co.	\$100,000
Candace Laughter	Purchase Clerk	Travelers Insurance Co.	\$75,000
Rufus Warren	Assistant Purchase Clerk	Travelers Insurance Co.	\$50,000
Sandra Jones	Assistant Purchase Clerk	Travelers Insurance Co.	\$50,000
Phil Mock	Assistant Purchase Clerk	Travelers Insurance Co.	\$50,000
Curtis Taylor	Receiving Clerk	Travelers Insurance Co.	\$75,000
Stepidy Kimbell	Assistant Receiving Clerk	Travelers Insurance Co.	\$50,000
Kenda Blount	Assistant Receiving Clerk	Travelers Insurance Co.	\$50,000
Rosalind Reed	Assistant Receiving Clerk	Travelers Insurance Co.	\$50,000
Ernie Brents	Assistant Receiving Clerk	Travelers Insurance Co.	\$50,000
Dale Welch	Assistant Receiving Clerk	Travelers Insurance Co.	\$50,000
James Holts	Assistant Receiving Clerk	Travelers Insurance Co.	\$50,000
Troy Cobern	Inventory Control Clerk	Travelers Insurance Co.	\$75,000
Robert Brownlee, Jr.	Constable District 1	Travelers Insurance Co.	\$50,000
Michael Jones	Constable District 2	Travelers Insurance Co.	\$50,000
Pat Kizziah	Coroner	Travelers Insurance Co.	\$10,000
Edward Hadskey	Circuit Clerk	RLI Insurance Co.	\$100,000
William Lance	Sheriff	Travelers Insurance Co.	\$100,000
Cecil Cole, Jr.	Justice Court Judge	RLI Insurance Co.	\$50,000
Robert Taylor	Justice Court Judge	RLI Insurance Co.	\$50,000
Mary McAbee	Justice Court Clerk	Travelers Insurance Co.	\$50,000
Lou Ann Thompson	Deputy Justice Court Clerk	Travelers Insurance Co.	\$50,000
Stacey Suddoth	Deputy Justice Court Clerk	Travelers Insurance Co.	\$50,000
Victor Byrd	Deputy Justice Court Clerk	Travelers Insurance Co.	\$50,000
Ernie Brents	Tax Collector	Travelers Insurance Co.	\$100,000
Edward Taylor	Tax Assessor	Travelers Insurance Co.	\$50,000

TATE COUNTY

SPECIAL REPORTS

F. O. GIVENS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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W. BUFORD GIVENS
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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
Tate County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tate County, Mississippi, as of and for the year ended September 30, 2012, which collectively comprise the county's basic financial statements and have issued our report thereon dated June 10, 2015. 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.

Internal Control Over Financial Reporting

Management of the county is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Tate County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tate County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in the internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2012-1 through 2012-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tate County, Mississippi's financial statements are free of 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*.

However, we noted certain matters that we reported to management of Tate County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 10, 2015, included within this document.

Tate County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

F.O. Givens & Co.

F.O. Givens & Co.

Certified Public Accountants

June 10, 2015

F. O. GIVENS & COMPANY

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

Members of the Board of Supervisors
Tate County, Mississippi

We have examined Tate 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, 2012. The Board of Supervisors of Tate 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 Tate 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 risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

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

Inventory Control Clerk

1. Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to perform physical inventories and file inventory reports with the Board of Supervisors by October 1st with copies being forwarded to the Office of the State Auditor by October 15th. The Board of Supervisors and Office of the State Auditor did not receive the inventory report by the due date.

Recommendation

Implement procedures to ensure proper filing and due date requirements are met.

Response

We have made the appropriate changes and plan to fully comply.

Purchase Clerk

2. Finding

Section 31-7-103, Miss. Code Ann. (1972), requires a purchase requisition, purchase order and receiving report for all purchases over \$500, except for items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972). Of the items tested six purchases were made without proper requisitions and purchase orders as required by Section 31-7-103, Miss. Code Ann. (1972). The Board of Supervisors properly withheld payment from the vendor until a judgment was obtained by a court of competent jurisdiction.

Recommendation

The Board of Supervisors should establish corrective policy and procedures to ensure that all purchases are made in accordance with the central purchasing system laws.

Response

We have informed all parties of the regulatory requirements and anticipate that proper procedures will be followed in the future.

In our opinion, except for the noncompliance referred to in the preceding paragraphs, Tate County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2012.

The accompanying schedules (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 are aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

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

F.O. Givens & Co.

F.O. Givens & Co.

Certified Public Accountants

June 10, 2015

TATE COUNTY
Schedule of Purchases Not Made Form the Lowest Bidder
For the Year Ended September 30, 2012

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
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Our test results did not identify any purchases not made from the lowest bidder.

TATE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2012

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
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Our test results did not identify any emergency purchases.

TATE COUNTY
Schedule of Purchases Made Noncompetitively
From a Sole Source
For the Year Ended September 30, 2012

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
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Our tests did not identify any purchases made noncompetitively from a sole source.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tate County, Mississippi

In planning and performing our audit of the financial statements of Tate County, Mississippi for the year ended September 30, 2012, we considered Tate 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 Tate County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 10, 2015, on the financial statements of Tate 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 internal control that might be a weakness. 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

County Administrator.

1. Monthly report of expenditures and liabilities incurred against budget should be submitted to Supervisors.

Finding

Section 19-11-23, Miss. Code Ann. (1972), requires a monthly report of expenditures and liabilities incurred against each budget item for the preceding month and fiscal year to date, together with the

unexpended balance of each budget item in each fund, to be submitted to the Board of Supervisors. The clerk of the board did not submit the monthly report to the Board of Supervisors.

Recommendation

The County Administrator should submit the required monthly report.

County Administrator's Response

We plan to fully comply with this rule.

2. PERS 4B forms should be filed within five days of hire of a PERS retiree.

Finding

According to Section 25-11-127 of Miss. Code Ann. (1972), the Public Employees Retirement System (PERS) requires that it be notified within 5 days when any current retiree receiving retirement benefits from PERS is hired by the County as an employee. The County did not notify PERS when hiring all retirees receiving benefits or did not meet the five day deadline.

Recommendation

The County should ensure PERS is notified using proper forms and meet time deadlines when hiring retirees.

County Administrator's Response

We are making every effort to make sure that the reports are filed timely.

Chancery Clerk.

3. Collateral Reports should be filed and reconciled.

Finding

Section 27-105-5 (6) (b) Miss. Code Ann. (1972), states not later than thirty days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balances in those accounts, as of its fiscal year end. The Chancery Clerk did not send the required annual reports of deposit accounts to the State Treasurer's Office nor is the County reconciling the State Treasury Collateral Sufficiency reports to the County's cash balances. As a result, the collateral reserved by the State Treasurer may not be sufficient for Tate County's cash balances.

Recommendation

The Chancery Clerk should send an annual report of the County's accounts to the State Treasurer's Office no later than October 31st and should reconcile the State Treasury Collateral Sufficiency reports to the County's cash balances.

Chancery Clerk's Response

We plan to fully comply with this regulation.

4. Receipts for credit card usage should be obtained and monthly report should be filed with Supervisors

Finding

Section 19-3-68, Miss. Code Ann. (1972), specifies the requirements governing the use of a county credit card for travel. County credit cards can only be used for expenses incurred while on official travel status for the county. The Chancery Clerk or 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 other 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. An itemized list of expenditures is not being submitted to the board. Also, of the items selected for testing 2 credit card purchases made by the Sheriff's Department were made without the Chancery Clerk or Purchase Clerk obtaining a receipt for the purchase and 2 credit card purchases were made by the Sheriff's Department while not on official travel status. Failure to enforce these requirements could result in the misuse of the credit cards for unauthorized and unallowable expenses.

Recommendation

The Board of Supervisors should ensure that all receipts charged to the County's credit cards are submitted as required and credit cards are only used while on official travel status. They should also ensure that a monthly report itemizing the expenditures and use of the credit cards is submitted to the Board of Supervisors as required.

Chancery Clerk's Response

Receipts are required for every item charged to a County credit card. All cards are kept in a vault when not in use.

5. County signed warrants without sufficient money.

Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. Warrants were issued on funds that did not have sufficient money to pay the warrants. At various times during the year, the following funds had negative cash balances:

- (a) Garbage Disposal Fund
- (b) Solid Waste Management Fund
- (c) Emergency Generator Project Fund

Failure to have sufficient cash balances in county funds prior to writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.

Recommendation

The Chancery Clerk should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Chancery Clerk's Response

We will ensure that arrangements are made in order to fully comply with this code section.

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

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

F.O. Givens & Co.

F.O. Givens & Co.

Certified Public Accountants

June 10, 2015

TATE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

TATE COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2012

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|----------------------|
| 1. Type of auditors' report issued on the financial statements: | <u>Unqualified</u> |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | <u>Yes</u> |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | <u>None Reported</u> |
| 3. Noncompliance material to the financial statements noted? | <u>No</u> |

Section 2: Financial Statement Findings

Material Weaknesses:

2012-1 Inability to prepare financial statements and notes

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

Presently the County does not draft its own financial statements or notes. The process of drafting the financial statements includes making the necessary adjustments to bring the County's records from strictly cash receipts and disbursements to a modified accrual basis of accounting. The modified accrual basis of accounting must then be adjusted to a full accrual basis of accounting to be in accordance with Government Auditing Standards. The County does not presently employ an individual with the above abilities.

Cause:

Financial conditions prevent the County from hiring adequate staff to prepare financial statements.

Effect:

The financial statements could be materially misstated.

TATE COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2012

Recommendation:

The County should hire someone or contract with a CPA firm to prepare its financial statements.

Response:

We plan to retain the services of a CPA firm to prepare these statements.

2012-2 All bank accounts should be reconciled

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

The payroll clearing bank accounts are not being reconciled. The bank accounts act as a clearing account for payroll transactions of the County. In theory these accounts should have a zero balance once all outstanding checks have cleared. Due to voided checks and miscellaneous payroll transactions the bank balance less outstanding checks do not equal zero. Without reconciling this account the accumulation of cash in the payroll accounts cannot be properly recorded as liabilities and receivables between funds.

Cause:

The County has not developed proper procedures to insure all bank accounts are reconciled and adjustments made in a timely manner.

Effect:

The County's financial statements could become materially misstated.

Recommendation:

The County should develop procedures to ensure timely reconciliation and adjustments, if needed, in regard to all County bank statements.

Response:

We have hired an accounting clerk to reconcile the payroll clearing account on a monthly basis.

TATE COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2012

2012-3 Lack of Segregation of duties pertaining to the payroll process

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

There is not adequate separation of duties in the payroll process. The same individual generates the payroll, prints the checks, operates the check signing machine, and prepares the checks for delivery to various county departments.

Cause:

The County has not designed internal control procedures for appropriate separation of duties in the payroll process.

Effect:

Lack of separation of duties creates opportunity for improper disbursement of county funds.

Recommendation:

Internal control procedures should be developed to prevent a single individual from completing the payroll process from start to finish.

Response:

Due to limited resources, we have a small staff available for payroll functions.

2012-4 Lack of Segregation of duties pertaining to solid waste transactions

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

There is not adequate separation of duties in regard to solid waste transactions. The same individual prepares bills, mails bills, records cash receipts, posts adjustments, posts customers' payments, and prepares the bank deposit.

TATE COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2012

Cause:

The County has not designed internal control procedures for appropriate separation of duties in solid waste billing and cash receipt processes.

Effect:

One individual having responsibility for billing and cash receipt process from start to finish provides opportunity for loss of county assets.

Recommendation:

Internal control procedures should be developed and implemented for proper separation of duty.

Response:

As our financial resources improve, we will add the necessary staff to be able to segregate these duties.