

# ATTALA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2011

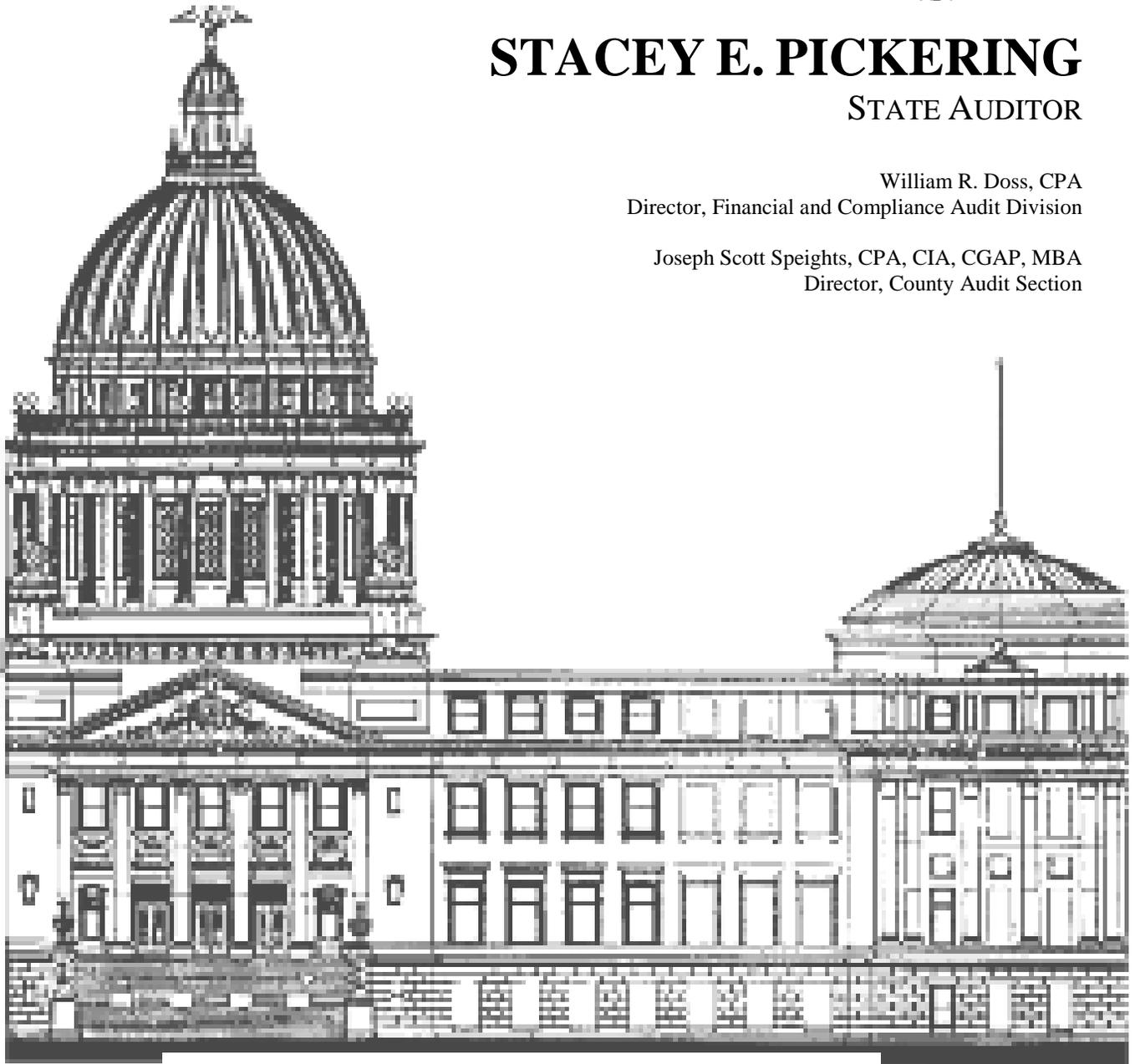


## STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA  
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

April 30, 2013

Members of the Board of Supervisors  
Attala County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2011 financial and compliance audit report for Attala County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering". The signature is fluid and cursive.

Stacey E. Pickering  
State Auditor



ATTALA COUNTY

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ATTALA COUNTY

FINANCIAL SECTION

ATTALA COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Attala County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, (the County), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. 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.

As discussed in Note 1, Attala County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

In our opinion, because of the omission of the discretely presented component unit, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles applicable to the County's cash basis of accounting, the cash basis financial position of the aggregate discretely presented component unit of Attala County, Mississippi, as of September 30, 2011, or the changes in cash basis financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2011, and the respective changes in cash basis financial position, thereof for the year then ended, in conformity with the basis of accounting described in Note 1.

As discussed in Note 2, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of October 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013, on our consideration of Attala County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Attala County, Mississippi's basic financial statements. The Budgetary Comparison Schedules, Schedule of Interfund Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt and corresponding notes are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

April 30, 2013

ATTALA COUNTY

FINANCIAL STATEMENTS

ATTALA COUNTY

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ATTALA COUNTY  
Statement of Net Assets - Cash Basis  
September 30, 2011

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 9,136,195
Total Assets	<u>9,136,195</u>
<b>NET ASSETS</b>	
Restricted:	
Expendable:	
General government	32,416
Public safety	204,178
Public works	3,685,852
Health and welfare	25,036
Economic development and assistance	839
Debt service	148,881
Unemployment compensation	48,673
Unrestricted	<u>4,990,320</u>
Total Net Assets	<u>\$ 9,136,195</u>

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

ATTALA COUNTY

Exhibit 2

Statement of Activities - Cash Basis  
For the Year Ended September 30, 2011

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,721,611	444,378	19,214	83,415	(3,174,604)
Public safety	1,898,336	334,903	65,753	2,099	(1,495,581)
Public works	3,171,096		796,690	152,008	(2,222,398)
Health and welfare	267,802		29,037		(238,765)
Culture and recreation	102,396				(102,396)
Education	510,996				(510,996)
Conservation of natural resources	85,757				(85,757)
Economic development and assistance	384,821			206,079	(178,742)
Debt service:					
Principal	337,738				(337,738)
Interest	92,455				(92,455)
Total Governmental Activities	\$ <u>10,573,008</u>	<u>779,281</u>	<u>910,694</u>	<u>443,601</u>	<u>(8,439,432)</u>
General receipts:					
Property taxes				\$ 6,872,159	
Road & bridge privilege taxes				230,134	
Grants and contributions not restricted to specific programs				454,929	
Unrestricted interest income				52,439	
Miscellaneous				989,768	
Proceeds from debt issuance				65,000	
Transfers in				160,839	
Transfers out				(160,839)	
Total General Receipts, Other Cash Sources and Transfers				<u>8,664,429</u>	
Changes in Net Assets					224,997
Net Assets - Beginning of year					<u>8,911,198</u>
Net Assets - End of year					\$ <u><u>9,136,195</u></u>

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

ATTALA COUNTY  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2011

Exhibit 3

	Governmental Funds			
	Major Funds			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 3,721,294	1,329,631	4,085,270	9,136,195
Total Assets	\$ 3,721,294	1,329,631	4,085,270	9,136,195
<b>FUND BALANCES</b>				
Restricted for:				
General government	\$		32,416	32,416
Public safety			204,178	204,178
Public works			3,685,852	3,685,852
Health and welfare			25,036	25,036
Economic development and assistance			839	839
Debt service			148,881	148,881
Unemployment compensation			48,673	48,673
Assigned to:				
General government		1,329,631		1,329,631
Unassigned	3,721,294		(60,605)	3,660,689
Total Fund Balances	\$ 3,721,294	1,329,631	4,085,270	9,136,195

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

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2011

	Governmental Funds			
	Major Funds			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>				
Property taxes	\$ 4,329,984	319,519	2,222,656	6,872,159
Road and bridge privilege taxes			230,134	230,134
Licenses, commissions and other receipts	258,842		5,254	264,096
Fines and forfeitures	204,097		6,601	210,698
Intergovernmental receipts	652,199	85,514	1,071,511	1,809,224
Charges for services	110,409		194,078	304,487
Interest income	25,691	6,112	20,636	52,439
Miscellaneous receipts	565,255	163,044	261,469	989,768
Total Receipts	<u>6,146,477</u>	<u>574,189</u>	<u>4,012,339</u>	<u>10,733,005</u>
<b>DISBURSEMENTS</b>				
General government	3,238,125	248,190	235,296	3,721,611
Public safety	1,609,867		288,469	1,898,336
Public works	142,104		3,028,992	3,171,096
Health and welfare	267,802			267,802
Culture and recreation	102,396			102,396
Education	510,996			510,996
Conservation of natural resources	85,757			85,757
Economic development and assistance	117,518		267,303	384,821
Debt service:				
Principal		40,348	297,390	337,738
Interest		1,046	91,409	92,455
Total Disbursements	<u>6,074,565</u>	<u>289,584</u>	<u>4,208,859</u>	<u>10,573,008</u>
Excess (Deficiency) of Receipts over Disbursements	<u>71,912</u>	<u>284,605</u>	<u>(196,520)</u>	<u>159,997</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from debt issuance			65,000	65,000
Transfers in			160,839	160,839
Transfers out	(160,839)			(160,839)
Total Other Cash Sources and Uses	<u>(160,839)</u>	<u>0</u>	<u>225,839</u>	<u>65,000</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	(88,927)	284,605	29,319	224,997
Cash Basis Fund Balances - Beginning of year	<u>3,810,221</u>	<u>1,045,026</u>	<u>4,055,951</u>	<u>8,911,198</u>
Cash Basis Fund Balances - End of year	\$ <u>3,721,294</u>	<u>1,329,631</u>	<u>4,085,270</u>	<u>9,136,195</u>

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

ATTALA COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2011

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>68,427</u>
Total Assets	\$ <u><u>68,427</u></u>
LIABILITIES	
Amounts held in custody for others.	\$ <u><u>68,427</u></u>

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

ATTALA COUNTY

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## ATTALA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

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

##### A. Financial Reporting Entity.

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

Management has chosen to omit from these financial statements the following component unit which has a significant operational or financial relationship with the county. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles applicable to the County's cash basis of accounting.

- Montfort Jones Memorial Hospital

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

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

## ATTALA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the county.

#### Fund Financial Statements:

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

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

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

The county reports the following major Governmental Funds:

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

Capital Projects Fund - This fund is used to account for and report all receipts and disbursements for various county projects including but not limited to improvements for the county courthouse.

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

#### FIDUCIARY FUND TYPE

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

#### D. Account Classifications.

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

## ATTALA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

#### 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 book value. However, the county did not invest in any governmental securities during the fiscal year.

#### F. Equity Classifications.

Government-wide Financial Statements:

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

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 regulations of other governments; or law through constitutional provisions or enabling legislation.

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

Fund Financial Statements:

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

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

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

*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 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 Chancery Clerk pursuant to 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 governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

## ATTALA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

#### G. Property Tax Receipts.

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

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

#### (2) Changes in Accounting Standards.

For the fiscal year ended September 30, 2011, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

#### (3) Change in Accounting Principle.

Prior to October 1, 2010, the county's financial statements were presented using the accrual basis of accounting. For the fiscal year ended September 30, 2011, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

#### (4) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2011, was \$9,204,622, and the bank balance was \$ 9,421,219. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. 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.

ATTALA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2011

(5) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2011:

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>160,839</u>

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

(6) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2011, to January 1, 2012. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(7) Contingencies.

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

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

(8) Joint Venture.

The county participates in the following joint venture:

Attala County is a participant with the City of Kosciusko in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport and is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The county has appropriated \$13,296 from the General Fund to the joint venture in fiscal year 2011. Financial statements are not available for the Attala County Airport Commission.

## ATTALA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

(9) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The county contributed \$559,929 for maintenance and support of the college in fiscal year 2011.

Mid-Mississippi Regional Library System operates in a district composed of the Counties of Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The county contributed \$223,504 for maintenance and support of the library in fiscal year 2011.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The county contributed \$50,000 for maintenance and support of the center in fiscal year 2011.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The county did not provide any support for the district in fiscal year 2011.

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints five of the 35 members of the board of directors. The county contributed \$47,518 for support of the district in fiscal year 2011.

(10) Defined Benefit Pension Plan.

Plan Description. Attala County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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, 2011, 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, 2011 was 12% 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, 2011, 2010 and 2009 were \$359,290, \$359,885 and \$357,819, respectively, equal to the required contributions for each year.

ATTALA COUNTY

OTHER INFORMATION

ATTALA COUNTY

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ATTALA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2011  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 4,349,490	4,329,984	4,329,984	
Licenses, commissions and other receipts	286,300	258,842	258,842	
Fines and forfeitures	209,450	204,097	204,097	
Intergovernmental receipts	428,800	652,199	652,199	
Charges for services	80,000	110,409	110,409	
Interest income	37,700	25,691	25,691	
Miscellaneous receipts	343,656	659,222	659,222	
Total Receipts	<u>5,735,396</u>	<u>6,240,444</u>	<u>6,240,444</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	2,930,328	3,261,321	3,261,321	
Public safety	1,537,260	1,609,867	1,609,867	
Public works	176,145	142,104	142,104	
Health and welfare	293,800	267,803	267,803	
Culture and recreation	113,658	102,396	102,396	
Education		510,996	510,996	
Conservation of natural resources	110,271	85,756	85,756	
Economic development and assistance	142,518	117,518	117,518	
Total Disbursements	<u>5,303,980</u>	<u>6,097,761</u>	<u>6,097,761</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>431,416</u>	<u>142,683</u>	<u>142,683</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Other financing uses	(29,008)	(231,610)	(231,610)	
Total Other Cash Sources and Uses	<u>(29,008)</u>	<u>(231,610)</u>	<u>(231,610)</u>	<u>0</u>
Net Change in Fund Balance	402,408	(88,927)	(88,927)	0
Fund Balances - Beginning	<u>3,788,019</u>	<u>3,809,921</u>	<u>3,810,221</u>	<u>300</u>
Fund Balances - Ending	<u>\$ 4,190,427</u>	<u>3,720,994</u>	<u>3,721,294</u>	<u>300</u>

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

ATTALA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Capital Projects Fund  
 For the Year Ended September 30, 2011  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$	319,519	319,519	
Intergovernmental receipts		85,514	85,514	
Interest income	6,000	6,112	6,112	
Miscellaneous receipts	108,734	163,044	163,044	
Total Receipts	<u>114,734</u>	<u>574,189</u>	<u>574,189</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	296,885	248,190	248,190	
Debt service:				
Principal		40,348	40,348	
Interest		1,046	1,046	
Total Disbursements	<u>296,885</u>	<u>289,584</u>	<u>289,584</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(182,151)</u>	<u>284,605</u>	<u>284,605</u>	<u>0</u>
Net Change in Fund Balance	(182,151)	284,605	284,605	0
Fund Balances - Beginning	<u>1,020,294</u>	<u>1,045,026</u>	<u>1,045,026</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 838,143</u>	<u>1,329,631</u>	<u>1,329,631</u>	<u>0</u>

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

Attala County  
Schedule of Interfund Advances  
For the Year Ended September 30, 2011  
UNAUDITED

The following is a summary of interfund balances at September 30, 2011:

Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	\$ <u>21,789</u>

The amount payable to the General Fund represents an amount transferred in a previous year to the Reappraisal Maintenance Fund to alleviate a cash deficit.

Attala County  
Schedule of Capital Assets  
For the Year Ended September 30, 2011  
UNAUDITED

Governmental activities:

	Balance				Balance
	Oct. 1, 2010	Additions	Deletions	Adjustments*	Sept. 30, 2011
Land	\$ 896,813				896,813
Construction in progress	786,032	281,960		(967,058)	100,934
Infrastructure	12,745,868			371,740	13,117,608
Buildings	8,484,107			595,318	9,079,425
Mobile equipment	6,364,617	118,507	53,847	337,968	6,767,245
Furniture and equipment	346,351	7,525			353,876
Leased property under capital leases	1,292,552	80,319		(337,968)	1,034,903
Total capital assets	\$ 30,916,340	488,311	53,847	0	31,350,804

\*Adjustments represent reclassifications from construction in progress to infrastructure and buildings, as well as reclassifications of leased property under capital lease to mobile equipment.

Attala County  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2011  
UNAUDITED

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2010</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2011</u>
Governmental Activities:							
A. General Obligation Bonds:							
Series 2005 Industrial bonds (Jack Post property)	02/2005	02/2020	4.88-5.50%	\$ 1,425,000		110,000	1,315,000
B. Capital Leases:							
2008 International fire truck	07/2008	07/2011	3.45%	40,348		40,348	0
2006 Caterpillar grader	12/2006	01/2012	4.38%	120,500		20,000	100,500
2006 Caterpillar grader	12/2006	01/2013	4.25%	62,602		27,665	34,937
2008 Case 580M backhoe	05/2008	01/2011	3.55%	11,116		11,116	0
140H Caterpillar motor grader	08/2008	07/2013	3.26%	92,670		30,890	61,780
140H Caterpillar motor grader	10/2008	07/2013	3.45%	82,200		27,400	54,800
Caterpillar 930G loader	04/2009	01/2013	3.00%	37,500		15,000	22,500
2009 Holland tractor & mower	10/2009	07/2011	2.85%	35,000		35,000	0
2010 John Deere 6430 tractor	06/2010	01/2014	4.50%	43,750		12,500	31,250
2010 John Deere 6330 tractor	02/2011	01/2015	3.50%		65,000	7,819	57,181
Total				\$ 1,950,686	65,000	337,738	1,677,948

ATTALA COUNTY

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ATTALA COUNTY

Notes to the Other Information  
For the Year Ended September 30, 2011  
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt information:

A. Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during 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, 2011, the amount of outstanding debt was equal to less than 1% of the latest property assessments.

B. Hospital Special Obligation Bond Contingencies - The county issues special obligation bonds to provide funds for constructing and improving capital facilities of the Montfort Jones Memorial Hospital. Special obligation bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the county remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the county is secondarily pledged in case of default by the hospital. The principal amount of hospital special obligation bonds outstanding at September 30, 2011, is \$6,500,000.

C. Subsequent Events.

Subsequent to September 30, 2011, the county issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
2/23/2012	2.49%	\$ 37,000	Capital lease	Ad valorem taxes
2/23/2012	2.74%	48,350	Capital lease	Ad valorem taxes
12/03/2012	2.20%	24,525	Capital lease	EMS grant
11/05/2012	2.23%	60,000	Capital lease	Ad valorem taxes

ATTALA COUNTY

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ATTALA COUNTY

SPECIAL REPORTS

ATTALA COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

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

Members of the Board of Supervisors  
Attala County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Attala County, Mississippi, (the County), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 30, 2013. Our report includes an adverse opinion on the discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. 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 Attala 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 the 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as 11-1, 11-2, 11-3 and 11-4 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Attala 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 the management of Attala County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated April 30, 2013, included within this document.

Attala County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Attala 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, 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.



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

April 30, 2013



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

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

Members of the Board of Supervisors  
Attala County, Mississippi

We have examined Attala 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, 2011. The Board of Supervisors of Attala 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 Attala County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Attala County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2011.

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

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

A handwritten signature in black ink that reads "Will-R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

April 30, 2013

ATTALA COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2011

Schedule 1

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

ATTALA COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2011

Schedule 2

Our test results did not identify any emergency purchases.

ATTALA COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2011

Schedule 3

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

ATTALA COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi for the year ended September 30, 2011, we considered Attala 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 Attala 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 April 30, 2013, on the financial statements of Attala County, Mississippi.

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

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Warrants should not be signed or delivered until sufficient money is in the fund.

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 which did not have sufficient money to pay the warrants. At September 30, 2011, the CDBG Grant-Business Incubator fund and the Payroll Clearing fund had negative cash balances of \$60,605 and \$101, respectively. The signing of warrants or the delivery of warrants without sufficient money in the fund upon which it is drawn to pay the same could result in loss or misuse of public funds.

Recommendation

The Board of Supervisors 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.

Board of Supervisors' Response.

We will follow the recommendations of the audit department.

Circuit Clerk.

2. All fees in excess of the fee cap should be settled to the County.

Finding

Section 9-1-43, Miss. Code Ann. (1972), limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. The Circuit Clerk amended her annual fee report to reduce the allowable expenses for employer retirement contributions on wages for the clerk by \$431. The reduction in expenses increased the amount due to the county by \$431. The Circuit Clerk has settled the additional \$431 to the county but only after it was brought to her attention by the auditors. Failure to settle all fees in excess of the fee cap could result in the loss of public funds.

Recommendation

The Circuit Clerk should ensure that changes to amounts on the annual report are carried through to the end of the report and fees in excess of the cap are settled to the county General Fund in a timely manner.

Circuit Clerk's Response.

The annual financial report was amended on July 23, 2012. A check in the amount of \$431 was issued to Attala County on July 24, 2012.

Auditor's Note

The Circuit Clerk paid \$431 to the General Fund on August 7, 2012 as evidenced by receipt number 2011-590.

Attala 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.



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

April 30, 2013

ATTALA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ATTALA COUNTY

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ATTALA COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2011

Section 1: Summary of Auditor’s Results

***Financial Statements:***

1.	Type of auditor’s report issued on the financial statements:	
	Governmental activities	Unqualified
	Aggregate discretely presented component unit	Adverse
	General Fund	Unqualified
	Capital Projects Fund	Unqualified
	Aggregate remaining fund information	Unqualified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified?	Yes
3.	Noncompliance material to the financial statements noted?	No

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Significant Deficiency

11-1. Credit card transactions should be reconciled.

Finding

An effective system of internal control over tax collections should include the maintenance and reconciliation of records documenting daily collections. As reported in the prior three years’ audit reports, the bookkeeper was unable to reconcile credit card transactions. Failure to implement adequate controls over the collection, recording and disbursement functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that records of the credit card transactions are properly maintained and reconciled to the bank accounts in a timely manner.

Tax Assessor-Collector’s Response

If you have the answers to this please share this with us. We have asked for help for the last three years.

Auditor’s Note

The Tax Assessor-Collector needs to obtain a detailed listing of all specific credit card amounts remitted to the bank in order to reconcile to the bank account.

ATTALA COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2011

Significant Deficiency

- 11-2. Transactions should be posted to the Tax Assessor-Collector's cash journal daily.

Finding

An effective system of internal control over cash includes the posting of daily collections and disbursements to the cash journal in a timely manner. The Tax Assessor-Collector prepared a cash journal but failed to post to the journal for one month prior to a cash count performed on August 6, 2012. Failure to post daily transactions to the cash journal in a timely manner could result in late or improper settlement of ad valorem taxes.

Recommendation

The Tax Assessor-Collector should post transactions to the cash journal daily.

Tax Assessor-Collector's Response

By the law settlement is not due to 20th of next month (August).

Auditor Note

The emphasis of this finding is in regard to the posting of transactions to the cash journal, not making monthly settlements.

Circuit Clerk.

Significant Deficiency

- 11-3. Separation of duties in the Circuit Clerk's office should be strengthened.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior two years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

I feel that a system for review is in place now. I do not agree with the finding because I do not make the deposits. I only write receipts when there is no other clerk available to do so at the time. All garnishment funds are receipted and disbursed by one of the deputy clerks. Most of the disbursements made in the office are made by the two deputy clerks.

ATTALA COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2011

Auditor's Note

Audit observation indicates no adequate segregation of duties. Receipt functions are performed by the Circuit Clerk as well as both deputies. The Circuit Clerk also posts the cash journal, reconciles bank statements and makes settlements as indicated in the Circuit Clerk's response to finding 11-4.

Significant Deficiency

- 11-4. Settlements in the Circuit Clerk's office should be made monthly.

Finding

An effective system of internal control over the accounting of revenues should include timely settlements of collections to the proper party. As reported in the prior two years' audit reports, the Circuit Clerk did not make timely settlements to the Chancery Clerk for several months during the audited fiscal year.

Recommendation

The Circuit Clerk should make monthly settlements of all collections.

Circuit Clerk's Response

I have been out of the office a great deal over the last two years because of illness and death in my family. Settlements were made as often as possible during this time. I will try to make monthly settlements.

ATTALA COUNTY

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