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TALLAHATCHIE COUNTY, MISSISSIPPI

AUDITED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2012

**TALLAHATCHIE COUNTY, MISSISSIPPI  
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SEPTEMBER 30, 2012**

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**INDEPENDENT AUDITORS' REPORT**

Members of the Board of Supervisors  
Tallahatchie County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of and for the year ended September 30, 2012, which collectively comprise the basic financial statements of the county's primary government 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.

Except as discussed, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we express no such opinion. 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.

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

As discussed in Note 13, to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, the business-type activities, and the Solid Waste Fund and, accordingly has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net assets and change the expense of the governmental activities, the business-types activities and the Solid Waste Fund. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities, the business-type activities and the Solid Waste Fund is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Tallahatchie County, Mississippi, as of September 30, 2012, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the effects of the matters discussed in the fourth paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the

governmental activities, the business-type activities and the Solid Waste Fund, of Tallahatchie 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.

Also, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of September 30, 2012, and the respective changes in financial position, 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 a report dated April 26, 2016 on our consideration of Tallahatchie County, Mississippi's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Tallahatchie County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that 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.

Tallahatchie County, Mississippi, has omitted the Schedule of Funding Progress – Other Postemployment Benefits that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tallahatchie County, Mississippi's basic financial statements. The accompanying Schedule of Surety Bonds for County Officials is presented for purposes of additional analysis and is 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 it.

*Brewer, VanStory & Co. P.A*

June 10, 2016  
Booneville, Mississippi

TALLAHATCHIE COUNTY, MISSISSIPPI  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2012

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash	\$ 4,201,881	37,592	4,239,473
Property tax receivable	6,384,031	-	6,384,031
Fines receivable (net allowance for bad debt)	626,055	-	626,055
Accounts receivable (net allowance for bad debt)	-	413,261	413,261
Other receivables	23,910	-	23,910
Intergovernmental receivables	234,389	-	234,389
Prepaid expense	24,327	-	24,327
Capital assets			
Land and construction in progress	1,430,782	-	1,430,782
Other Capital assets, net	15,222,990	140,289	15,363,279
<b>Total Assets</b>	<b>28,148,365</b>	<b>591,142</b>	<b>28,739,507</b>
<b>LIABILITIES</b>			
Claim payable	380,168	25,948	406,116
Intergovernmental payables	60,894	-	60,894
Funds held in custody	68,951	-	68,951
Accrued interest payable	22,486	783	23,269
Deferred revenue	6,384,031	26,146	6,410,177
Internal Balance	(204,283)	204,456	173
Long term liabilities			
Due within one year:			
Capital related debt	386,063	64,415	450,478
Non-capital debt	347,379	-	347,379
Due in more than one year:			
Capital related debt	2,049,846	61,983	2,111,829
Non-capital debt	381,383	7,025	388,408
<b>Total Liabilities</b>	<b>9,876,918</b>	<b>390,756</b>	<b>10,267,674</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	14,217,863	13,891	14,231,754
Restricted Net Assets			
Expendable:			
General government	341,331	-	341,331
Public safety	190,147	-	190,147
Public works	698,199	186,495	884,694
Capital projects	329,365	-	329,365
Unrestricted	2,494,542	-	2,494,542
<b>Total Net Assets</b>	<b>\$ 18,271,447</b>	<b>200,386</b>	<b>18,471,833</b>

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 3,057,425	437,387	-	-	(2,620,038)	-	(2,620,038)
Public safety	3,019,988	406,930	179,880	-	(2,433,178)	-	(2,433,178)
Public works	2,637,277	-	1,043,147	-	(1,594,130)	-	(1,594,130)
Health and welfare	219,564	-	28,113	-	(191,451)	-	(191,451)
Culture and recreation	121,256	-	-	-	(121,256)	-	(121,256)
Conservation of natural resources	91,824	-	-	-	(91,824)	-	(91,824)
Capital projects	108,052	-	-	166,280	58,228	-	58,228
Economic development and assistance	79,309	-	-	-	(79,309)	-	(79,309)
Interest on long-term liabilities	108,729	-	-	-	(108,729)	-	(108,729)
<b>Total Governmental Activities</b>	<b>9,443,424</b>	<b>844,317</b>	<b>1,251,140</b>	<b>166,280</b>	<b>(7,181,687)</b>	<b>-</b>	<b>(7,181,687)</b>
<b>Business-type activity</b>							
Solid Waste	502,779	450,343	-	-	-	(52,436)	(52,436)
<b>Total Primary Government</b>	<b>\$ 9,946,203</b>	<b>1,294,660</b>	<b>1,251,140</b>	<b>166,280</b>	<b>(7,181,687)</b>	<b>(52,436)</b>	<b>(7,234,123)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes					6,195,127	-	6,195,127
Road and bridge privilege taxes					219,141	-	219,141
Grants and contributions not restricted to specific programs					148,288	-	148,288
Unrestricted investment income					31,918	196	32,114
Gain on sale of capital assets					18,927	-	18,927
Miscellaneous					1,632,875	80,799	1,713,674
<b>Total General Revenues</b>					<b>8,246,276</b>	<b>80,995</b>	<b>8,327,271</b>
<b>Change in Net Assets</b>					<b>1,064,589</b>	<b>28,559</b>	<b>1,093,148</b>
<b>Net Assets-Beginning, As Originally Reported</b>					<b>17,362,194</b>	<b>171,827</b>	<b>17,534,021</b>
<b>Prior Period Adjustment</b>					<b>(155,336)</b>	<b>-</b>	<b>(155,336)</b>
<b>Net Assets-Beginning, Restated</b>					<b>17,206,858</b>	<b>171,827</b>	<b>17,378,685</b>
<b>Net Assets - Ending</b>					<b>\$18,271,447</b>	<b>\$ 200,386</b>	<b>\$18,471,833</b>

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2012

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	County-Wide Road Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash	\$ 2,849,008	553,091	799,782	4,201,881
Property tax receivable	6,384,031	-	-	6,384,031
Fines receivable (Net of allowance for uncollectibles)	626,055	-	-	626,055
Intergovernmental receivables	51,088	129,210	25,055	205,353
Other receivables	15,435	-	8,475	23,910
Due from other funds	55,782	25,147	1,303	82,232
Advances to other funds	236,915	-	-	236,915
<b>Total Assets</b>	<u>10,218,314</u>	<u>707,448</u>	<u>834,615</u>	<u>11,760,377</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Claim payable	192,864	26,446	160,858	380,168
Funds held in custody	60,894	-	-	60,894
Intergovernmental payables	68,951	-	-	68,951
Due to other funds	82,232	-	-	82,232
Advances from other funds	-	173	32,459	32,632
Deferred revenue	7,010,086	-	-	7,010,086
<b>Total Liabilities</b>	<u>7,415,027</u>	<u>26,619</u>	<u>193,317</u>	<u>7,634,963</u>
<b>Fund Balances:</b>				
Nonspendable				
Advances	236,915	-	-	236,915
Restricted				
General Government	-	-	104,416	104,416
Public Safety	-	-	190,147	190,147
Public Works	-	680,829	17,370	698,199
Capital Projects	-	-	329,365	329,365
Unassigned	2,566,372	-	-	2,566,372
<b>Total Fund Balances</b>	<u>2,803,287</u>	<u>680,829</u>	<u>641,298</u>	<u>4,125,414</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,218,314</u>	<u>707,448</u>	<u>834,615</u>	<u>11,760,377</u>

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

**TALLAHATCHIE COUNTY, MISSISSIPPI**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets**  
**September 30, 2012**

Exhibit 3-1

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 4,125,414
Amounts reported for governmental services in the Statement of Net Assets (Exhibit 1)	
Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, \$23,456,636, net of depreciation of \$6,802,864	16,653,772
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds.	
Fines Receivable, net	626,055
Prepaid insurance	24,327
Intergovernmental receivable	29,036
Long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.	
Long-term liabilities	(3,164,671)
Accrued interest is not due and payable in the current period and, therefore is not reported in the funds.	<u>(22,486)</u>
Total net assets - governmental activities (Exhibit 1)	<u><u>\$ 18,271,447</u></u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
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	County-Wide Road Fund		
<b>REVENUES</b>				
Property taxes	\$ 4,071,670	1,983,675	139,782	6,195,127
Road and bridge privilege taxes	-	219,141	-	219,141
Licenses, commissions and other revenue	101,519	-	97,797	199,316
Fines and forfeitures	95,813	-	173	95,986
Intergovernmental revenues	410,934	1,043,147	124,351	1,578,432
Charges for services	406,930	-	-	406,930
Interest income	24,538	3,434	3,946	31,918
Miscellaneous revenue	1,514,352	79,339	81,231	1,674,922
<b>Total Revenues</b>	<b>6,625,756</b>	<b>3,328,736</b>	<b>447,280</b>	<b>10,401,772</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,087,475	-	2,487	3,089,962
Public safety	2,290,283	-	550,803	2,841,086
Public works	-	2,343,759	-	2,343,759
Health and welfare	213,112	-	-	213,112
Culture and recreation	118,420	-	-	118,420
Capital projects	-	-	108,052	108,052
Conservation of natural resources	91,824	-	-	91,824
Economic development	48,209	-	-	48,209
Debt service:				
Principal	225,890	505,476	75,822	807,188
Interest	24,140	82,221	16,614	122,975
<b>Total Expenditures</b>	<b>6,099,353</b>	<b>2,931,456</b>	<b>753,778</b>	<b>9,784,587</b>
<b>Excess (deficiency) of Revenues over(under) expenditures</b>	<b>526,403</b>	<b>397,280</b>	<b>(306,498)</b>	<b>617,185</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Compensation for loss of assets	-	2,767	-	2,767
Long term capital debt issued	-	23,390	-	23,390
Sale of property	-	16,160	-	16,160
Transfers in	73,189	80,000	177,173	330,362
Transfers out	(177,173)	-	(153,189)	(330,362)
<b>Total Other Financing Sources (Uses)</b>	<b>(103,984)</b>	<b>122,317</b>	<b>23,984</b>	<b>42,317</b>
<b>Net change in fund balance</b>	<b>422,419</b>	<b>519,597</b>	<b>(282,514)</b>	<b>659,502</b>
<b>Fund Balances - Beginning</b>	<b>2,380,868</b>	<b>161,232</b>	<b>923,812</b>	<b>3,465,912</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,803,287</b>	<b>680,829</b>	<b>641,298</b>	<b>4,125,414</b>

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

TALLAHATCHIE COUNTY, MISSISSIPPI

Exhibit 4-1

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

Net changes in fund balances - total governmental funds (Exhibit 4) \$ 659,502

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported in depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$925,599 exceeded capital outlay of \$561,502. (364,097)

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 net gain of \$18,927 and proceeds from the sale of in the current period. (92,256)

Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. 100,038

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:  
Intergovernmental revenue (12,724)

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. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments \$807,188 exceeds debt proceeds \$23,390. 783,798

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 bases, 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 accrued. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:

The amount of decrease in prepaid insurance	(15,713)
The amount of decrease in accrued interest payable.	14,246
The amount of increase in compensated absences	(8,205)
Change in assets of governmental activities	<u>\$ 1,064,589</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
 STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
 September 30, 2012

Exhibit 5

	Business Type Activities Enterprise Fund Solid Waste Fund
<b>ASSETS</b>	
Current assets:	
Cash	\$ 37,592
Accounts receivable, (net of allowance for uncollectibles)	413,261
<b>Total Current Assets</b>	<b>450,853</b>
Noncurrent assets:	
Capital asset, net	140,289
<b>Total Noncurrent Assets</b>	<b>140,289</b>
<b>Total Assets</b>	<b>591,142</b>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	25,948
Advances from other funds	204,456
Accrued interest payable	783
Deferred revenue	26,146
Capital debt:	
Capital leases payable	64,415
<b>Total Current Liabilities</b>	<b>321,748</b>
Noncurrent liabilities:	
Capital-related debt:	
Capital leases payable	61,983
Non-capital debt:	
Compensated absences payable	7,025
<b>Total Noncurrent Liabilities</b>	<b>69,008</b>
<b>Total Liabilities</b>	<b>390,756</b>
<b>NET ASSETS</b>	
Restricted Net Assets:	
Public Works	200,386
<b>Total Net Assets</b>	<b>\$ 200,386</b>

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

**TALLAHATCHIE COUNTY, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUND**  
**For the Year Ended September 30, 2012**

Exhibit 6

	Business Type Activities Enterprise Fund Solid Waste Fund
<b>Operating Revenues</b>	
Charges for services	\$ 450,343
<b>Total Operating Revenues</b>	<u>450,343</u>
<b>Operating Expenses</b>	
Personal services	172,685
Contractual services	151,113
Materials and supplies	132,282
Depreciation expense	41,619
<b>Total Operating Expense</b>	<u>497,699</u>
<b>Operating Income (Loss)</b>	<u>(47,356)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental revenue	6,000
Miscellaneous revenue	74,799
Interest income	196
Interest expense	(5,080)
<b>Net Nonoperating Revenue (Expense)</b>	<u>75,915</u>
<b>Changes in Net Assets</b>	<u>28,559</u>
<b>Net Assets - Beginning</b>	<u>171,827</u>
<b>Net Assets - Ending</b>	<u>\$ 200,386</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Exhibit 7

	Business Type Activities Enterprise Fund Solid Waste Fund
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 444,734
Payments to suppliers	(134,747)
Payments to employees	(169,866)
Payments for contractual	(142,824)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(2,703)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Intergovernmental revenue	6,000
Principal paid on long-term debt	(73,296)
Interest paid on debt	(5,711)
Miscellaneous revenue	74,799
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>1,792</u>
<b>Cash Flows From Investing Activities</b>	
Interest on Investments	196
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>196</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<u>(715)</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>38,307</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>37,592</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>(47,356)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	41,619
Bad debts expense	12,428
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(14,509)
Increase (decrease) in claims payables	5,823
Increase (decrease) in compensated absences payable	(708)
Total Adjustments	<u>44,653</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (2,703)</u>

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

**TALLAHATCHIE COUNTY, MISSISSIPPI  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 14,202
Advances to other funds	<u>173</u>
Total Assets	<u><u>14,375</u></u>
<b>LIABILITIES</b>	
Intergovernmental payables	<u>14,375</u>
Total Liabilities	<u><u>\$ 14,375</u></u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

1. Significant Accounting Policies

A. Financial Reporting Entity

Tallahatchie 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 Tallahatchie County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Tallahatchie County Hospital
- Tallahatchie County Library System
- Tallahatchie Fire Districts

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 and a Statement of Activities and 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 nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

B. Basis of Presentation – continued

Government-wide Financial Statements – continued

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 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. Nonmajor funds are aggregated and presented as other governmental funds in a single column.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary funds and fiduciary fund (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.

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

1. Summary of Significant Accounting Policies – continued

C. Measurement Focus and Basis of Accounting – continued

The county reports the following major Governmental Funds:

**General Fund** – This fund is used to account for all activities of the general government for which a separate fund has not been established.

**County Wide Road Fund** – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

The county reports the following major Proprietary Fund:

**Solid Waste 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 expenditures for specified purposes other than debt service or capital projects. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

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

**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.

**FIDUCIARY FUND TYPES**

**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.

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.

TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

I. Summary of Significant Accounting Policies - continued

F. Receivables

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

G. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements, and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." 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 items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

I. 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 historical records exist. The extent of which capital assets cost 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.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Tallahatchie County meets these criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

1. Summary of Significant Accounting Policies - continued

I. Capital Assets - continued

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

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

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

J. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligations 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.

K. 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 attributable 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 or regulation of other governments; or law through constitutional provisions or enabling legislation.

TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

I. Summary of Significant Accounting Policies - continued

K. Equity Classifications - continued

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

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

*Nonspendable fund balance* includes amount 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 a 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.

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

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

L. 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 the 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.

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

1. Summary of Significant Accounting Policies – continued

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

M. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the “available” criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

N. 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. Prior Period Adjustments

A summary of significant fund equity adjustment(s) is as follows:

<u>Explanation</u>	<u>Amount</u>
An adjustment was made to correct capital assets	\$(155,336)

3. Deposits

Deposits:

The carrying amount of the county’s total deposits with financial institutions at September 30, 2012, was \$ 4,253,675 and the bank balance was \$ 4,568,125. The collateral for public entities’ deposit 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.

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

5. Interfund Transactions and Balances:

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
Governmental Funds:			
General Fund	General Fund	\$ 55,782	
County Wide Road Fund	General Fund	25,147	Temporary Loans
Other Governmental Funds	General Fund	1,303	Temporary Loans
Total		<u>\$ 82,232</u>	

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Other Governmental	\$ 7,459	Funds loaned for expenses
General Fund	Other Governmental	25,000	Funds loaned for expenses
General Fund	Proprietary Fund	204,456	Indirect cost due General Funds
		<u>236,915</u>	
Fiduciary Fund	County Wide Road Fund	173	
Total		<u>\$ 237,088</u>	

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	
General Fund	Other Governmental	\$ 73,189	Reimbursement
County Wide Road	Other Governmental	80,000	Road use
Other Governmental	General Fund	177,173	Support
Total		<u>\$ 330,362</u>	

6. Intergovernmental Receivables

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

<u>Description</u>	<u>Amount</u>
Legislature Tax Credit	\$ 41,811
State of Mississippi	108,457
Federal Sources	5,904
Local Sources	49,181
Total Governmental Activities	205,353
State of Mississippi	29,036
Total Statement of Net Assets	<u>\$ 234,389</u>

Governmental Activities:

TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

7. Capital Assets

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

	Balance October 1, 2011	Additions	Deletions	Transfers/ Adjustments	Balance Sept 30, 2012
<b>Non-depreciable capital assets:</b>					
Land	\$ 1,047,318	13,100	-	-	1,060,418
Construction in Progress	231,629	341,072	-	(202,337)	370,364
Total non-depreciable assets	<u>1,278,947</u>	<u>354,172</u>	<u>-</u>	<u>(202,337)</u>	<u>1,430,782</u>
<b>Depreciable capital assets</b>					
Buildings	6,519,876	100,348	-	-	6,620,224
Mobile equipment	2,334,188	106,982	(370,247)	106,677	2,177,600
Furniture and equipment	305,444	-	(8,970)	-	296,474
Leased property under capital leases	2,650,019	-	(136,445)	-	2,513,574
Roads and bridges	10,472,555	-	-	(54,573)	10,417,982
Total depreciable capital assets	<u>22,282,082</u>	<u>207,330</u>	<u>(515,662)</u>	<u>52,104</u>	<u>22,025,854</u>
<b>Less accumulated depreciation for:</b>					
Buildings	2,772,016	115,787	-	-	2,887,803
Mobile equipment	1,672,163	206,508	(330,674)	67,055	1,615,052
Furniture and equipment	204,883	15,549	(8,098)	-	212,334
Leased property under capital leases	590,602	313,525	(84,634)	-	819,493
Roads and bridges	1,055,904	274,230	-	(61,952)	1,268,182
Total accumulated depreciation	<u>6,295,568</u>	<u>925,599</u>	<u>(423,406)</u>	<u>5,103</u>	<u>6,802,864</u>
Total depreciable capital assets, net	<u>15,986,514</u>	<u>(718,269)</u>	<u>(92,256)</u>	<u>47,001</u>	<u>15,222,990</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 17,265,461</u>	<u>(364,097)</u>	<u>(92,256)</u>	<u>(155,336)</u>	<u>16,653,772</u>
<b>Business Type Activities:</b>					
Mobile equipment	\$ 138,953	-	-	31,000	169,953
Leased property under capital leases	231,214	-	-	(31,000)	200,214
Total depreciable capital assets	<u>370,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,167</u>
<b>Less accumulated depreciation for:</b>					
Mobile equipment	125,058	5,580	-	16,740	147,378
Leased property under capital leases	63,201	36,039	-	(16,740)	82,500
Total accumulated depreciation	<u>188,259</u>	<u>41,619</u>	<u>-</u>	<u>-</u>	<u>229,878</u>
Business type capital assets, net	<u>\$ 181,908</u>	<u>(41,619)</u>	<u>-</u>	<u>-</u>	<u>140,289</u>

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

7. Capital Assets - continued

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental Activities:</b>	
General government	\$ 55,698
Public safety	200,314
Public works	629,199
Culture and Recreation	2,836
Health and welfare	6,452
Economic development	31,100
Total governmental activities depreciation expense	\$ 925,599
<b>Business Type Activities:</b>	
Public works	41,619
Total business type activities	\$ 41,619

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

	Financial Commitment	Expected Date of Completion	
Multipurpose Building	Unknown	Unknown	1
LSBP 68 (11)	Unknown	Unknown	2

1. Architect Fees Only.
2. Engineer and State Aid

8. 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, 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.

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

9. Loans Receivable

Loan receivable balances are as follows:

	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Kirkland Boats	4/1/2003	3.00%	4/1/2013	\$ 135,884
Tallahatchie Wood Products, Inc.	4/26/2004	3.00%	9/30/2014	128,230
				<u>264,114</u>
Less Allowance for Bad Debts				264,114
Total Loans Receivable				<u>\$ -</u>

An allowance for bad debts had been established in prior years. Kirkland Boats is never expected to be collected. Tallahatchie Wood Products, Inc. paid \$41,788 on their debt in 2011.

10. Operating Leases

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$102,972 for the year ended September 30, 2012. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2012	\$ 118,610
2013	90,521
2014	15,818
2015	15,818
2016	15,818
2017-2019	42,181
Total	<u>\$ 298,766</u>

11. Capital Leases

As Lessee:

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

<u>Class of Property</u>	<u>Governmental Activities</u>	<u>Enterprise Activities</u>
Leased Property	\$ 2,513,574	\$ 200,214
Less: Accumulated depreciation	<u>(819,493)</u>	<u>(82,500)</u>
Leased Property Under Capital Leases	<u>\$ 1,694,081</u>	<u>\$ 117,714</u>

TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

11. Capital Leases (continued)

The following is a schedule by years of the total payments due as of September 30, 012:

Year Ending September 30, 2012	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2013	\$ 386,063	101,871	64,415	3,575
2014	335,100	45,474	61,983	1,742
2015	265,222	33,306	-	-
2016	257,407	29,934	-	-
2017	670,486	1,514	-	-
Total	\$ 1,914,278	212,099	126,398	5,317

12. Long-Term Debt

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities</b>			
Capital Leases:			
2008 Chip Spreader	\$ 34,306	3.29	9/13
Asphalt Distribution Truck	52,891	3.90	12/13
Equipment from Levee Board	26,223	3.28	1/13
JD Tractor with boom mower	34,566	3.19	2/14
3 Case Tractors	31,296	3.19	4/14
2 Case Tractors	20,863	3.19	7/14
Pneumatic Roller	20,407	3.30	12/14
2004 Mack Truck	12,376	3.18	5/14
6 Road Graders	1,143,123	2.71	10/16
4 - 2011 & 1 - 2012 Mack Trucks	498,903	2.96	6/16
2011 Chevrolet 1500 Pickup	15,934	3.19	6/16
2012 Ford F150	23,390	1.94	10/15
Total Capital Leases	\$ 1,914,278		
<b>Business Activities</b>			
Capital Leases:			
2008 Ford F150 Crew Cab	\$ 4,125	3.39	7/13
2011 Mack Garbage Truck	122,273	2.81	7/14
Total Capital Leases	\$ 126,398		

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

12. Long-Term Debt (continued)

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
Other Loans:			
Capital Improvements	\$ 55,165	4.55%	8/15
CAP Loan - Due West	111,446	5.66%	5/15
CAP Loan - Due West	255,911	5.00%	7/22
Industrial Development	19,000	3.00%	4/13
Industrial Development	114,216	3.00%	7/20
Industrial Development	86,229	3.00%	9/14
Capital Project Note	71,248	4.60%	8/14
Wong Building	29,323	3.70%	10/13
Multi Purpose Building	115,095	3.20%	6/15
Road Work	309,682	3.30%	10/14
Total Loans	<u>\$ 1,167,315</u>		

Annu

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

Year Ending September 30,	Other Loans	
	Principal	Interest
2013	\$ 347,379	25,606
2014	336,938	17,101
2015	224,848	9,772
2016	39,619	7,197
2017	40,824	5,991
2018 - 2022	177,707	11,813
Total	<u>\$ 1,167,315</u>	<u>77,480</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever 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 1.55 % of the latest property assessment.

-TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

12. Long-Term Debt – Continued

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

	Balance 10-01-11	Additions	Reductions	Adjustments	Balance 9-30-12	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 74,873	8,205	-	-	83,078	-
Capital leases	2,334,467	23,390	443,579	-	1,914,278	386,063
Other loans	1,530,924	-	363,609	-	1,167,315	347,379
<b>Total</b>	<b>\$ 3,940,264</b>	<b>31,595</b>	<b>807,188</b>	<b>-</b>	<b>3,164,671</b>	<b>733,442</b>
<b>Business Type Activities:</b>						
Compensated absences	\$ 4,205	2,820	-	-	7,025	-
Capital leases	199,695	-	73,297	-	126,398	64,415
<b>Total</b>	<b>\$ 203,900</b>	<b>2,820</b>	<b>73,297</b>	<b>-</b>	<b>133,423</b>	<b>64,415</b>

13. Other Postemployment Benefits

Plan Description

The Tallahatchie County Board of Supervisors administers the county's health insurance plan which is authorized by Sections 25-15-101 et seq., Miss. Code Ann. (1972). The county's health insurance plan may be amended by the Tallahatchie County Board of Supervisors. The county purchases health insurance coverage from a commercial insurance company and offers health insurance benefits coverage through the county's health insurance plan. Since retirees may obtain Cobra health insurance by participating in a group with active employees and consequently receive health insurance premium rate differential, the county has a postemployment health care benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. However, the county has not recorded a liability for other postemployment benefits nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The county does not issue a publicly available financial report for the Plan. The county believes that any liability associated with the Plan would be immaterial to the financial statements.

14. Contingencies

Federal Grants – The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance by the grantor agency could result in a liability of the county, but ultimate resolution cannot presently be determined. Accordingly, 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 county.

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

14. Contingencies (continued)

Debt Contingencies – In July 2009, Mississippi Development Bank issued \$5,748,200 of United States Department of Agriculture Rural Development Insured Bonds. These bonds are to provide funds for constructing and improving capital facilities of the Tallahatchie General Hospital. Such debt is being retired from pledged resources of that entity and therefore, is reported as a liability of that entity. However, because the Special Obligation Bonds are backed by the full faith, credit and taxing power of the county, the county remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

	Balance at September 30, 2012
Mississippi Development Bank Special Obligation Bond, USDA - Insured Mortgage Bonds, R-1 Series, with final maturity July 2044 with interest of 4.25%.	\$ 4,810,345
Mississippi Development Bank Special Obligation Bond, USDA - Insured Mortgage Bonds, R-2 Series, with final maturity July 2044 with interest of 4.38%.	778,238
Total	\$ 5,588,583

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 Tallahatchie County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated \$ 115,431 for maintenance and support of the college in fiscal year 2012.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the 12 members of the college board of trustees. The county appropriated \$95,401 for the maintenance and support of the district in fiscal year 2012.

The 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 Tallahatchie County Board of Supervisors appoints one of the 21 members of the board of commissioners. The county appropriated \$40,967 to help finance the operations of the district in fiscal year 2012.

Mid-State Opportunity, Inc. operates in a district composed of the Counties of Desoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tallahatchie County Board of Supervisors appoints two of the 30 board members. The counties appropriate \$12,000 funds for support of the agency in fiscal year 2012.

The Region 1 Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the four members of the board of commissioners. The county appropriated \$18,700 for support of the center in fiscal year 2012.

North Delta Planning and Development District is composed of the Counties of Coahoma, Desoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tallahatchie County Board of Supervisors appoints four of the 30 members of the board of directors. The county appropriated \$20,000 for the operation of the district in fiscal year 2012.

TALLAHATCHIE COUNTY, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

16. Defined Benefit Pension Plan

Plan Description – Tallahatchie 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 - PERS members are required to contribute 9.00% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The current rate is 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, and 2010, were \$386,812, \$350,936 and \$330,365, 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 or 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 Tallahatchie County evaluated the activity of the County through June 10, 2016 and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

During the 2014 fiscal year, a former employee of the tax assessor-collector's office is alleged to have misappropriated approximately \$19,245. The former employee has repaid \$18,113 leaving \$1,132 due to the County. The Office of the State Auditor has conducted an investigation in this matter.

The following debt was issued by the County.

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10-8-12	1.94	\$ 302,000	Lease Purchase	Bancorpsouth

**TALLAHATCHIE COUNTY, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30,2012**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,146,164	4,079,157	4,079,157	-
Licenses, commissions and other revenue	110,775	100,689	100,689	-
Fines and forfeitures	92,000	77,325	77,325	-
Intergovernmental revenues	368,575	406,420	406,420	-
Charges for services	457,700	450,002	450,002	-
Interest Income	15,000	15,301	15,301	-
Miscellaneous	1,452,697	1,512,752	1,512,752	-
<b>Total Revenues</b>	<u>6,642,911</u>	<u>6,641,646</u>	<u>6,641,646</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,108,653	3,090,878	3,090,878	-
Public safety	2,487,996	2,253,836	2,253,836	-
Health and welfare	209,728	212,192	212,192	-
Culture and recreation	148,041	120,588	120,588	-
Conservation of natural resources	76,874	75,629	75,629	-
Economic development and assistance	19,500	48,209	48,209	-
Debt service	250,932	228,201	228,201	-
<b>Total Expenditures</b>	<u>6,301,724</u>	<u>6,029,533</u>	<u>6,029,533</u>	<u>-</u>
<b>Excess (deficiency) of Revenues over (under) expenditures</b>	<u>341,187</u>	<u>612,113</u>	<u>612,113</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds Long-Term Debt				
Transfers in	-	164,032	164,032	-
Transfers out	(116,676)	(268,121)	(268,121)	-
<b>Total other financing sources and uses</b>	<u>(116,676)</u>	<u>(104,089)</u>	<u>(104,089)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>224,511</u>	<u>508,024</u>	<u>508,024</u>	<u>-</u>
<b>Fund Balances - Beginning</b>	<u>-</u>	<u>-</u>	<u>2,226,119</u>	<u>2,226,119</u>
<b>Fund Balances - Ending</b>	<u>\$ 224,511</u>	<u>508,024</u>	<u>2,734,143</u>	<u>2,226,119</u>

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

**TALLAHATCHIE COUNTY, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
COUNTY WIDE ROAD FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,450,820	1,984,511	1,984,511	-
Road & bridge privilege tax	-	124,928	124,928	-
Intergovernmental revenues	696,255	691,226	691,226	-
Interest income	2,800	3,434	3,434	-
Miscellaneous	67,508	400,265	400,265	-
Total Revenues	<u>3,217,383</u>	<u>3,204,364</u>	<u>3,204,364</u>	-
<b>EXPENDITURES</b>				
Public works	2,344,808	2,087,992	2,087,992	-
Debt service	582,624	889,697	889,697	-
Total Expenditures	<u>2,927,432</u>	<u>2,977,689</u>	<u>2,977,689</u>	-
Excess (deficiency) of Revenues over (under) expenditures	<u>289,951</u>	<u>226,675</u>	<u>226,675</u>	-
Net change in fund balance	<u>289,951</u>	<u>226,675</u>	<u>226,675</u>	-
Fund Balances - Beginning	-	-	(253,817)	(253,817)
Fund Balances - Ending	<u>\$ 289,951</u>	<u>226,675</u>	<u>(27,142)</u>	<u>(253,817)</u>

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

**TALLAHATCHIE COUNTY, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

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

B. Basis of Presentation

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

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).

Budget/GAAP Reconciliation

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue

	Governmental Fund Types	
	General Fund	County Wide Road Fund
Budget (Cash Basis)	\$ 508,024	226,675
Increase (Decrease)		
Net adjustments for revenue accruals	(15,890)	124,732
Net adjustments for expenditures accruals	(69,820)	46,233
Net adjustment for other financing sources (uses)	105	122,317
GAAP Basis	\$ 422,419	519,957

fund:

**Tallahatchie County**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2012**  
**UNAUDITED**

Name	Position	Company	Bond
Kenneth Haven	Supervisor District 1	Westers Surety	\$ 100,000
Johnny Goodwin	Supervisor District 2	Western Surety	100,000
Sondra Ethridge	Supervisor District 3	Western Surety	100,000
Larry Cole	Supervisor District 3	Western Surety	100,000
Bobby Banks	Supervisor District 4	Berkley Surety	100,000
Marcus Echols	Supervisor District 4	Western Surety	100,000
Jerome Little	Supervisor District 5	Western Surety	100,000
Carey Hayes	Supervisor District 5	Western Surety	100,000
Anita Greenwood	County Administrator	RLI Insurance	100,000
Maura A. Melton	County Administrator	RLI Insurance	100,000
Anita Greenwood	Chancery Clerk	Western Surety	100,000
Anita Greenwood	Purchase Clerk	RLI Insurance	75,000
Julia Jennings	Depty Purchasing Clerk	Western Surety	50,000
James Curtis	Road Manager	Western Surety	50,000
Timothy Rideout	Road Manager	Western Surety	50,000
Yolanda Hudson	Receiving Clerk	Western Surety	75,000
Glenda Standridge	Receiving Clerk	Western Surety	75,000
Timothy Rideout	Assistant Receiving Clerk	RLI Insurance	50,000
Mamie Crowder	Assistant Receiving Clerk	RLI Insurance	50,000
Patrick Holmes	Assistant Receiving Clerk	RLI Insurance	50,000
Martha McMullen	Assistant Receiving Clerk	Western Surety	50,000
Maura A. Melton	Inventory Control Clerk	Western Surety	95,000
Jimmy Manues	Constable	RLI Insurance	50,000
Clifton Bailey	Constable	RLI Insurance	50,000
Stephanie Sims	Circuit Clerk	Western Surety	100,000
William Brewer, Jr	Sheriff	Western Surety	100,000
Steve Ross	Justice Court Judge	RLI Insurance	50,000
Denise Washington	Justice Court Judge	FCCI Ins. Co.	50,000
Bobby Kennedy	Justice Court Judge	RLI Insurance	50,000
Debbie F. Morrow	Justice Court Judge	Western Surety	50,000
Ann Kilhni	Depty Justice Court Clerk	RLI Insurance	50,000
Mona Herring	Depty Justice Court Clerk	Western Surety	100,000
Dorothy Martin	Tax Assessor / Collector	Western Surety	100,000
Leslie Washington	Solid Waste Coordinator	Western Surety	100,000



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INDEPENDENT AUDITORS' 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
Tallahatchie 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 Tallahatchie 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, 2016. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented units which are required by accounting principles generally accepted in the United States of America to be reported with the reporting entity that include the financial data of the county's component units.. The report is qualified on the Proprietary Fund Solid Waste because the software does not provide all of the components of collections to determine that collections are properly balanced and recorded. 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 Tallahatchie 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.

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 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 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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2012-1 thru 2012-11, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tallahatchie 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 Tallahatchie County, Mississippi, in the Independent Auditor's Report in the Limited Internal Control and Compliance Review Management Report dated June 10, 2016 included within this document.

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.

*Pyrawner, Vanstony & Co. P.A.*

June 10, 2016  
Booneville, Mississippi



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INDEPE

INDEPENDENT ACCOUNTANTS' 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  
Tallahatchie County, Mississippi

We have examined Tallahatchie County, Mississippi's 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 Tallahatchie 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 examinations 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 Tallahatchie 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 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,, Tallahatchie 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 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 Tallahatchie 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.

*Brawner Vanstory & Co. P.A.*  
June 10, 2016  
Booneville, Mississippi

**TALLAHATCHIE COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES NOT MADE  
FROM THE LOWEST BIDDER  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Schedule 1

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

**TALLAHATCHIE COUNTY, MISSISSIPPI  
SCHEDULE OF EMERGENCY PURCHASES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Schedule 2

There were no Emergency Purchases to Report.

**TALLAHATCHIE COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY  
FROM A SOLE SOURCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Schedule 3

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Tallahatchie County, Mississippi

In planning and performing our audit of the financial statements of Tallahatchie County, Mississippi for the year ended September 30, 2012, we considered Tallahatchie County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Tallahatchie 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, 2016, on the financial statements of Tallahatchie 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 and other matters that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

**Chancery Clerk**

**Finding #1**

The Chancery Clerk has not settled the court fees collected to the county on a monthly basis.

Recommendation- All money collected should be settled to the proper authority by the 20<sup>th</sup> day of the month following the month of collection.

Response- Court fees will be settled in a timely manner.

**Finding #2**

The land redemption bank account was short approximately \$6,919 of the amount needed to settle unsettled releases. This appears to have been caused by receipts that were voided but included in the settlement as if paid

Recommendation- The Chancery Clerk should repay this money to the Land Redemption Account so that Sufficient funds are available to settle the releases

Response-Receipts run in error have been settled to the Land Redemption Account. Payments for bad checks have

also been deposited in the Delinquent Land Account.

### Sheriff

#### Finding #3

The Sheriff's office is only making deposits once a month. To insure adequate internal control, money collected should be deposited on a daily basis.

Recommendation- We recommend that all money collected be deposited on a daily basis.

Response: We will do better.

#### Finding #4

The Bank accounts are not being reconciled in a timely manner.

Recommendation: We recommend that the bank accounts be reconciled as soon as possible after the bank statement is received from the bank

Response: We will do better.

### Tax Assessor/Collector

#### Finding #5

The balance of the cash account in the Tax Collector's cash journal does not agree with the cash balance per the bank reconciliations at the date of the cash count. The bank reconciliation for the Charleston Office is \$1,743.99 short of the cash journal. The bank reconciliation for the Sumner office is \$3,395.58 short of the cash journal.

**Recommendation:** We recommend the Tax Collector determine what has caused these differences, we also recommend that the Tax Collector agree the cash balance in the cash journal to the reconciled bank balance each month and resolve any differences on a timely basis.

**Response:** At my request, a consultant helped to find the errors. He found where checks had been transferred from one account to the other. This has been corrected and journals balance with the bank statements. The checks should have been written out one account instead of the other.

#### Finding #6

The tax collector has approximately \$13,414.83 of bad checks on hand.

**Recommendation** The Tax Collector should attempt to collect these bad checks by all legal means available to her. If they cannot be collected, they should be presented to the Board of Supervisors as uncollectible so that they can be written off of the cash journal.

**Response:** I have turned over all bad checks to the Justice Court office in Sumner as directed to do.

#### Finding #7

The Tax Collector has a cash shortage of approximately \$737.24 from a prior year.

#### Recommendation

The Tax Collector should clear this shortage.

**Response:** The consultant said this shortage was inherited. I am sure I will be responsible for pay back. But, on the other hand, not my bill.

**Finding #8**

The Tax Collector is unable to re-run monthly settlements that agree to the original settlement. We recommend that the tax collector have the software provider to correct the software so that the settlements can be re-run and agree to the original settlement.

**Response:** I have no knowledge of not being able to reprint my reports that did not match: Every report that I was instructed to print for the auditor matched.

**Finding #9**

The Auditors Office has investigated the Tax Collector's Office due to Employees allegedly misappropriating Funds.

**Recommendation-** Tax Collector should implement internal controls to prevent the misappropriation of funds by employees.

**Response:** For the upcoming tax year I will not have receipt books. Every receipt will be posted as paid. I hope this will be a start of good internal control.

This report is intended solely for the information and use of management, the Board of Supervisors, other 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.

*Parsons, Vanstary & Co. P.A*

June 10, 2016  
Booneville, Mississippi

**TALLAHATCHIE COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2012**

Financial Statements :

1. Type of Auditor's report issued on the financial statements :	
Governmental Activities	Qualified
Business-type Activities	Qualified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unqualified
County Wide Roads	Unqualified
Solid Waste Fund	Qualified
Aggregate Remaining Fund Information	Unqualified
2. Internal control over financial reporting :	
a. Material weaknesses identified?	Yes
b. Significant deficiency identified that is not considered to be a material weakness?	None
3. Noncompliance material to the financial statements noted?	No

**Section 2 : Financial Statement Findings**

Board of Supervisors

Material Weakness

2012-1 Finding – Financial data for component units not included in the financial statements.

Condition: The financial statements of the County do not include the financial data of the County's legally separate component units.

Criteria: Accounting principles generally accepted in the United States of America require the financial data for the County's component units to be included in the financial data of the County unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units. The County has not issued such reporting entity financial statements.

Cause: The County chose not to include the financial statements of its component units.

Effect: The failure to include the financial statements of the component units could result in the financial statements of the County to be misleading.

Recommendation: In order for the County to comply with accounting principles generally accepted in the United States of America, the County should include the County's component units.

Response: The County did not choose to include the component units in the County financial statements. The Board does not believe that the financial statements are misleading without the component units included.

Material Weakness

2012 -2 Finding - Liability for postemployment benefits not recorded

Condition: The County has not recorded a liability for other postemployment benefits nor reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

**TALLAHATCHIE COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2012**

Criteria: GASB Statement 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Cause: The County did not have an annual actuarial valuation.

Effect: The failure to include the accrual of the other postemployment benefits liability could result in the financial statements of the County to be misleading.

Recommendation: The Board of Supervisors should have an actuarial valuation performed annually so that the liability for the other postemployment benefits can be recorded and appropriate note disclosures can be made.

Response: The Board believes the liability associated with the Plan would be immaterial to the financial statements.

Chancery Clerk

Material Weakness

2012-3 Finding – Controls should be strengthened in the court fee settlement procedure

Condition: The Chancery Clerk has not settled the court fees collected to the county on a monthly basis.

Criteria: Adequate controls should be in place to insure timely settlement.

Cause: Procedures have not been put in place to insure that all settlements are timely.

Effect: The lack of adequate controls could result in a loss of funds to the county.

Recommendation: The Chancery Clerk should implement an adequate system of internal control over the settlement of court fees collected to insure that all requires forms are properly prepared and there is adequate documentation.

Chancery Clerk's Response: Court fees will be settled timely.

2012 -4 Finding –Material Weakness

Condition: The land redemption bank account was short approximately \$6,919 of the amount needed to settle unsettled releases. This appears to have been caused by receipts that were voided but included in the settlement as if paid.

Cause: Procedures not in place to insure all funds are settled timely.

Effect: Lack of controls could result in loss of funds.

Response: Receipts run in error have been settled to the Land Redemption Account. Payments for bad checks have also been deposited in the Delinquent Land Account.

**Sheriff**

2012-5 Finding – Material Weakness

Condition: The Sheriff's office is only making deposits once a month. To insure adequate internal control, money collected should be deposited on a daily basis.

**TALLAHATCHIE COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2012**

Criteria: Controls should be in place to insure daily reports.

Cause: Failure to deposit daily.

Recommendation- We recommend that all money collected be deposited on a daily basis.

Response: We will do better.

2012-6 Finding – Material Weakness

Condition: The Bank accounts are not being reconciled in a timely manner.

Criteria: Controls should be in place to insure daily reports.

Recommendation: We recommend that the bank accounts be reconciled as soon as possible after the bank statement is received from the bank.

Effect: Lack of controls could cause loss of funds.

Response: We will do better.

Tax Assessor/Collector

2012-7 Finding – Material Weakness

Condition: The balance of the cash account in the Tax Collector's cash journal does not agree with the cash balance per the bank reconciliations at the date of the cash count. The bank reconciliation for the Charleston Office is \$1,743.99 short of the cash journal. The bank reconciliation for the Sumner office is \$3,395.58 short of the cash journal.

Criteria: Controls should be in place to account for funds daily.

Cause: Failure to deposit funds daily and reconcile daily.

Recommendation: We recommend the Tax Collector determine what has caused these differences, we also recommend that the Tax Collector agree the cash balance in the cash journal to the reconciled bank balance each month and resolve any differences on a timely basis.

Response: At my request, a consultant helped to find the errors. He found that where checks had been transferred from one account to the other. This has been correct and journals balance with the bank statements. The checks should have been written out one account instead of the other.

2012-8 Finding - Material Weakness

Condition: The tax collector has approximately \$13,414.83 of bad checks on hand.

Criteria: Controls should be in place to follow up on bad checks and collect timely.

Cause: Procedure not in place to timely follow up on collection.

Effect: Loss of funds for the county.

TALLAHATCHIE COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2012

Recommendation: The Tax Collector should attempt to collect these bad checks by all legal means available to her. If they cannot be collected, they should be presented to the Board of Supervisors as uncollectible so that they can be written off of the cash journal.

Response: A consultant has helped to find errors. Checks had been transferred from one account to another.

2012-9 Finding – Material Weakness

Condition: The Tax Collector has a cash shortage of approximately \$737.24 from a prior year.

Cause: Failure to follow up on prior year shortage.

Effect: Depriving the county of funds that could be collected.

Recommendation: The Tax Collector should follow up to determine the cause of the shortage.

Response: The consultant said this shortage was inherited. I am sure I will be responsible for pay back. But, on the other hand, not my bill.

2012-10 Finding - Material Weakness

Condition: The Tax Collector is unable to re-run monthly settlements that agree to the original settlement.

Cause: Program does not handle re-run that agree with the original printout.

Recommendation: We recommend the Tax Collector determine what has caused these differences and agree the cash balance to the cash journal and resolve problems in a timely basis.

Response: I have no knowledge of not being able to print my reports that did not match. Every report that I printed for the auditor matches.

2012-11 Finding - Material Weakness

Condition: The Auditors Office has investigated the Tax Collector's Office due to employees allegedly misappropriating Funds.

Cause - Strong controls were not in place to prevent misappropriation.

Recommendation Tax collector should implement internal controls to prevent the misappropriation of funds by employees.

Response For the upcoming tax year I will not have receipt books. Every receipt will be posted as paid. I hope this will be a start of good internal control.