

CLARKE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2012

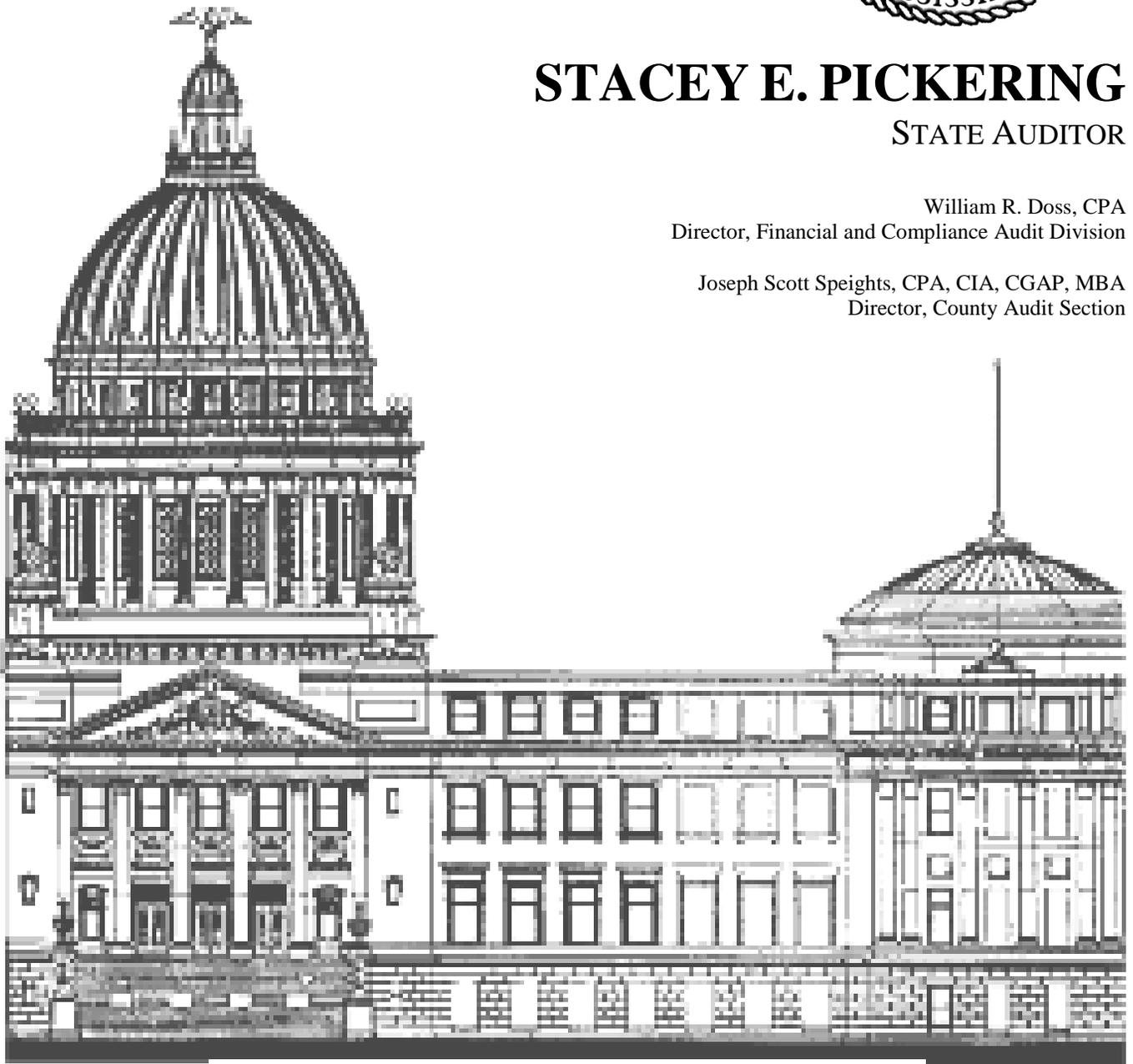


STACEY E. PICKERING

STATE AUDITOR

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

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



A Report from the County Audit Section

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

July 17, 2013

Members of the Board of Supervisors
Clarke County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2012 financial and compliance audit report for Clarke County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Stacey E. Pickering
State Auditor

CLARKE COUNTY

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CLARKE COUNTY

FINANCIAL SECTION

CLARKE COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Clarke County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Clarke County, Mississippi, (the County), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. Management is responsible for the preparation of these financial statements in accordance with the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting 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 cash basis, net assets, receipts and disbursements of the aggregate discretely presented component units is not reasonably determinable.

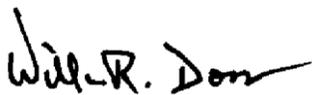
In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles applicable to the County's cash basis of accounting, the cash basis financial position of the aggregate discretely presented component units of Clarke County, Mississippi, as of September 30, 2012, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Clarke County, Mississippi, as of September 30, 2012, and the respective changes in cash basis financial position, thereof for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2013, on our consideration of Clarke County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarke County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Operating Costs of Solid Waste has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



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

July 17, 2013

CLARKE COUNTY

FINANCIAL STATEMENTS

CLARKE COUNTY

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CLARKE COUNTY
Statement of Net Assets - Cash Basis
September 30, 2012

Exhibit 1

	<u>Primary Government</u>
	Governmental Activities
ASSETS	
Cash	\$ 3,852,255
Total Assets	<u>3,852,255</u>
NET ASSETS	
Restricted:	
Expendable:	
General government	175,114
Public safety	481,107
Public works	686,855
Economic development and assistance	28,308
Debt Service	40,069
Unemployment compensation	31,640
Unrestricted	<u>2,409,162</u>
Total Net Assets	<u>\$ 3,852,255</u>

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

CLARKE COUNTY
Statement of Activities- Cash Basis
For the Year Ended September 30, 2012

Exhibit 2

Functions/Programs	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 2,701,731	374,971	8,797		(2,317,963)
Public safety	2,644,775	483,417	202,613	14,500	(1,944,245)
Public works	3,768,954	52,204	770,133	64,146	(2,882,471)
Health and welfare	114,270		26,510		(87,760)
Culture and recreation	3,071		18,963		15,892
Conservation of natural resources	134,081		51		(134,030)
Economic development and assistance	94,109				(94,109)
Debt service:					
Principal	613,591				(613,591)
Interest	43,736				(43,736)
Total Governmental Activities	<u>\$ 10,118,318</u>	<u>910,592</u>	<u>1,027,067</u>	<u>78,646</u>	<u>(8,102,013)</u>
General receipts:					
Property taxes				\$ 7,252,853	
Road & bridge privilege taxes				216,876	
Grants and contributions not restricted to specific programs				929,173	
Unrestricted interest income				40,054	
Miscellaneous				545,991	
Sale of county property				293,908	
Compensation for loss of county property				2,922	
Total General Receipts and Other Cash Sources				<u>9,281,777</u>	
Changes in Net Assets					<u>1,179,764</u>
Net Assets - Beginning of year					<u>2,672,491</u>
Net Assets - End of year				\$	<u><u>3,852,255</u></u>

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

CLARKE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2012

Exhibit 3

	<u>Governmental Funds</u>			
	<u>Major Funds</u>		Other Governmental Funds	Total Governmental Funds
	General Fund	General Road Fund		
ASSETS				
Cash	\$ 2,409,162	279,816	1,163,277	3,852,255
Total Assets	<u>\$ 2,409,162</u>	<u>279,816</u>	<u>1,163,277</u>	<u>3,852,255</u>
FUND BALANCES				
Restricted for:				
General government	\$		175,114	175,114
Public safety			481,107	481,107
Public works		279,816	407,039	686,855
Economic development and assistance			28,308	28,308
Debt service			40,069	40,069
Unemployment compensation			31,640	31,640
Unassigned	2,409,162			2,409,162
Total Fund Balances	<u>\$ 2,409,162</u>	<u>279,816</u>	<u>1,163,277</u>	<u>3,852,255</u>

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

CLARKE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended September 30, 2012

	Governmental Funds			
	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	General Road Fund		
RECEIPTS				
Property taxes	\$ 4,081,537	1,132,331	2,038,985	7,252,853
Road and bridge privilege taxes		216,876		216,876
Licenses, commissions and other receipts	108,122	2,553	5,239	115,914
Fines and forfeitures	261,499			261,499
Intergovernmental receipts	1,098,021	660,808	276,057	2,034,886
Charges for services	34,800		498,379	533,179
Interest income	30,592	3,540	5,922	40,054
Miscellaneous receipts	464,978	69,496	11,517	545,991
Total Receipts	<u>6,079,549</u>	<u>2,085,604</u>	<u>2,836,099</u>	<u>11,001,252</u>
DISBURSEMENTS				
General government	2,466,454		235,277	2,701,731
Public safety	2,235,829		408,946	2,644,775
Public works	177,306	2,394,449	1,197,199	3,768,954
Health and welfare	114,270			114,270
Culture and recreation	71		3,000	3,071
Conservation of natural resources	48,046		86,035	134,081
Economic development and assistance	12,958		81,151	94,109
Debt service:				
Principal	86,637		526,954	613,591
Interest	14,058		29,678	43,736
Total Disbursements	<u>5,155,629</u>	<u>2,394,449</u>	<u>2,568,240</u>	<u>10,118,318</u>
Excess of Receipts over (Deficiency) Disbursements	<u>923,920</u>	<u>(308,845)</u>	<u>267,859</u>	<u>882,934</u>
OTHER CASH SOURCES (USES)				
Sale of county property	10,739	278,291	4,878	293,908
Compensation for loss of county property			2,922	2,922
Transfers in			590	590
Transfers out	(590)			(590)
Total Other Cash Sources and Uses	<u>10,149</u>	<u>278,291</u>	<u>8,390</u>	<u>296,830</u>
Excess (Deficiency) of Receipts and other Cash Sources Over Disbursement and Other Cash Uses	<u>934,069</u>	<u>(30,554)</u>	<u>276,249</u>	<u>1,179,764</u>
Cash Basis Fund Balances - Beginning of year	<u>1,475,093</u>	<u>310,370</u>	<u>887,028</u>	<u>2,672,491</u>
Cash Basis Fund Balances - End of year	<u>\$ 2,409,162</u>	<u>279,816</u>	<u>1,163,277</u>	<u>3,852,255</u>

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

CLARKE COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2012

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>180,956</u>
Total Assets	\$ <u><u>180,956</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>180,956</u>
Total Liabilities	\$ <u><u>180,956</u></u>

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

CLARK COUNTY

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CLARKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Clarke County Airport Board
- Clarke County Economic Development District

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

The Statement of Net Assets – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

CLARKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

General Road Fund - This fund is used to account for monies from specific sources that are restricted for road maintenance.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND 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.

CLARKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

E. Deposits and Investments.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

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

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

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

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

CLARKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

Property Tax Receipts.

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

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

(2) Change in Accounting Principle.

Prior to October 1, 2011 the County's financial statements were presented using the accrual basis of accounting. For the fiscal year ended September 30, 2012, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2012, was \$4,033,211, and the bank balance was \$4,340,240. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transfers.

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

Transfers In/Out:

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	\$ 590

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

CLARKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

(5) Claims and Judgments.

Risk Financing.

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

(6) Contingencies.

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

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

(7) Joint Venture.

The County participates in the following joint venture:

Clarke County is a participant with Jasper County in a joint venture, authorized by Section 39-3-11, Miss Code Ann. (1972), to operate the East Mississippi Regional Library System. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board. The two counties rotate board appointments so that each County has a majority of board members in alternate years. Each County is obligated by contract to levy no less than one-half mill tax as provided by Section 39-3-35, Miss. Code Ann. (1972), for the ongoing financial support of the joint venture. For fiscal year 2012, Clarke County contributed \$100,000. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, Quitman, Mississippi.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The County provides only modest financial support for the district.

Central Mississippi Emergency Medical Services District is composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren, and Yazoo Counties. The Clarke County Board of Supervisors appoints two of the 26 members of the board. The County provides only modest financial support for the district.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott, and Smith. The Clarke County Board of Supervisors appoints one of the 15 members of the board of directors. The County appropriated \$12,958 for support of the district in fiscal year 2012.

CLARKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith, and Wayne. The Clarke County Board of Supervisors appoints two of the 25 members of the college board of trustees. The County appropriated \$244,215 for maintenance and support of the college in fiscal year 2012.

Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Clarke County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal sources. The County provided no financial support for the district in fiscal year 2012.

Region Ten Mental Health – Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$26,012 for support of the commission in fiscal year 2012.

(9) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 2012, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2012 was 14.26% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2012, 2011 and 2010 were \$412,838, \$366,898 and \$348,524, respectively, equal to the required contributions for each year.

CLARKE COUNTY

SUPPLEMENTAL INFORMATION

CLARKE COUNTY

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CLARKE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2012

Operating Disbursements, Cash Basis:

Salaries	\$	424,757
Contractual garbage disposal fees		120,213
Expendable Commodities:		
Gasoline and petroleum products		79,149
Repair parts		28,568
Capital Outlay		109,053
Maintenance		4,838
Insurance on equipment		15,849
Supplies, utilities, and other operating disbursements		<u>6,427</u>
Solid Waste Operating Cost Disbursements	\$	<u><u>788,854</u></u>

CLARKE COUNTY

OTHER INFORMATION

CLARKE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2012
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,191,779	4,081,537	4,081,537	
Licenses, commissions and other receipts	88,900	108,122	108,122	
Fines and forfeitures	238,500	261,499	261,499	
Intergovernmental receipts	814,780	1,098,021	1,098,021	
Charges for services	23,500	34,800	34,800	
Interest income	28,000	30,592	30,592	
Miscellaneous receipts	335,996	464,978	464,978	
Total Receipts	<u>5,721,455</u>	<u>6,079,549</u>	<u>6,079,549</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	3,677,968	2,466,454	2,466,454	
Public safety	2,290,668	2,235,829	2,235,829	
Public works	90,900	177,306	177,306	
Health and welfare	130,266	114,270	114,270	
Culture and recreation		71	71	
Conservation of natural resources	47,167	48,046	48,046	
Economic development and assistance	12,958	12,958	12,958	
Debt service:				
Principal	161,528	86,637	86,637	
Interest		14,058	14,058	
Total Disbursements	<u>6,411,455</u>	<u>5,155,629</u>	<u>5,155,629</u>	<u>0</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(690,000)</u>	<u>923,920</u>	<u>923,920</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		10,739	10,739	
Transfers out		(590)	(590)	
Other financing sources				
Total Other Cash Sources and Uses	<u>0</u>	<u>10,149</u>	<u>10,149</u>	<u>0</u>
Net Change in Fund Balance	(690,000)	934,069	934,069	
Fund Balances - Beginning	<u>1,475,093</u>	<u>1,475,093</u>	<u>1,475,093</u>	
Fund Balances - Ending	<u>\$ 785,093</u>	<u>2,409,162</u>	<u>2,409,162</u>	<u>0</u>

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

CLARKE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Road Fund
 For the Year Ended September 30, 2012
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 1,008,018	1,132,331	1,132,331	
Road and bridge privilege taxes	212,000	216,876	216,876	
Licenses, commissions and other receipts		2,553	2,553	
Intergovernmental receipts	547,000	660,808	660,808	
Interest income	2,500	3,540	3,540	
Miscellaneous receipts		69,496	69,496	
Total Receipts	<u>1,769,518</u>	<u>2,085,604</u>	<u>2,085,604</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	<u>2,069,518</u>	<u>2,394,449</u>	<u>2,394,449</u>	
Total Disbursements	<u>2,069,518</u>	<u>2,394,449</u>	<u>2,394,449</u>	<u>0</u>
Excess (Deficiency) of Receipts (under) Disbursements	<u>(300,000)</u>	<u>(308,845)</u>	<u>(308,845)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property	<u>50,000</u>	<u>278,291</u>	<u>278,291</u>	
Total Other Cash Sources and Uses	<u>50,000</u>	<u>278,291</u>	<u>278,291</u>	<u>0</u>
Net Change in Fund Balance	(250,000)	(30,554)	(30,554)	
Fund Balances - Beginning	<u>310,370</u>	<u>310,370</u>	<u>310,370</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 60,370</u>	<u>279,816</u>	<u>279,816</u>	<u>0</u>

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

Clarke County
Schedule of Interfund Advances
For the Year Ended September 30, 2012
UNAUDITED

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

Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2012</u>
Other Governmental Funds	General Road Fund	\$ <u>7,820</u>

The amount payable to Other Governmental Funds represents an operating loan. All advances are not expected to be repaid within one year from the date of the financial statements.

CLARKE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2012
UNAUDITED

Governmental activities:

	Balance <u>Oct. 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance <u>Sept. 30, 2012</u>
Land	\$ 258,059				258,059
Infrastructure	62,087,914	77,386	211,286		61,954,014
Buildings	7,673,325				7,673,325
Improvements other than buildings	591,047				591,047
Mobile equipment	7,274,440	703,941	738,146		7,240,235
Furniture and equipment	976,229	168,999	266,365		878,863
Leased property under capital leases	<u>510,176</u>				<u>510,176</u>
Total capital assets	<u>\$ 79,371,190</u>	<u>950,326</u>	<u>1,215,797</u>	<u>0</u>	<u>79,105,719</u>

Clarke County
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2012
UNADUTIED

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2011	Issued	Principal Payments	Balance Sept. 30, 2012
Governmental Activities:							
A. General Obligation Bonds:							
Series 2002A - Nazareth Century	8/27/2002	4/1/2012	5.75%	\$ 210,000		210,000	
Series 2002B - Annex/Jail	8/27/2002	4/1/2013	4.15/4.20%	535,000		265,000	270,000
B. Capital Leases:							
Courthouse improvements and restoration	12/17/2007	11/1/2014	5.69%	278,739		75,475	203,264
C. Other Loans:							
USA Fabrics expansion loan	3/6/2004	8/1/2014	3.00%	219,512		11,162	208,350
Citadel Building Products expansion loan	7/25/2006	7/1/2013	3.00%	144,344			144,344
DECD loan for five fire trucks	2/22/2008	3/1/2015	2.00%	186,473		51,954	134,519
Total				\$ 1,574,068	0	613,591	960,477

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

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

Name	Position	Company	Bond
Darrick Marshall	Supervisor District 1	Western Surety Company	\$100,000
Cleveland Peebles	Supervisor District 2	Travelers	\$100,000
Troy Smith	Supervisor District 3	Western Surety Company	\$100,000
Paul Mosley	Supervisor District 4	Travelers	\$100,000
Mickey Long	Supervisor District 5	Western Surety Company	\$100,000
Dianne Wright	County Administrator	Western Surety Company	\$100,000
Angie Chisolm	Chancery Clerk	Travelers	\$100,000
Suzanne Dennis	Purchase Clerk	Western Surety Company	\$75,000
Dianne Wright	Assistant Purchase Clerk	Travelers	\$50,000
Paula H. Boney	Receiving Clerk	Western Surety Company	\$75,000
Jerry Barton	Receiving Clerk	Western Surety Company	\$75,000
Larry Lucas	Receiving Clerk	Western Surety Company	\$75,000
Susan Bonner	Inventory Control Clerk	Western Surety Company	\$75,000
John Travis Tindle	Road Manager	Western Surety Company	\$100,000
Benny Staten	Constable	Travelers	\$50,000
Donald Campbell	Constable	Travelers	\$50,000
Beth Doggett Jordan	Circuit Clerk	CNA Surety	\$100,000
Sally Wedgeworth	Deputy Circuit Clerk	Western Surety Company	\$50,000
Wanda J. Hearn	Deputy Circuit Clerk	Western Surety Company	\$50,000
Todd Kemp	Sheriff	Western Surety Company	\$100,000
Toby Lee Bartee	Justice Court Judge	Western Surety Company	\$50,000
Marcell Goodman	Justice Court Judge	Western Surety Company	\$50,000
Terry L. Bonner	Justice Court Clerk	Western Surety Company	\$50,000
Terina Pyffer	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Linda Kaye West	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Hope Herrington	Tax Assessor -Collector	Travelers	\$100,000

CLARKE COUNTY

Notes to the Other Information
For the Year Ended September 30, 2012
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary 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.

(2) Long-term Debt information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2012, the amount of outstanding debt was equal to less than 1% of the latest property assessments.

CLARKE COUNTY

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CLARKE COUNTY

SPECIAL REPORTS

CLARKE COUNTY

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

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

Members of the Board of Supervisors
Clarke County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Clarke County, Mississippi, (the County), 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 July 17, 2013. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. 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 Clarke County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as 12-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarke 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 Clarke County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 17, 2013, included within this document.

Clarke County's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. We did not audit Clarke County's response and, accordingly, we express no opinion on it.

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



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

July 17, 2013



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

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

Members of the Board of Supervisors
Clarke County, Mississippi

We have examined Clarke County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2012. The Board of Supervisors of Clarke County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Clarke 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 Clarke County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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

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

July 17, 2013

CLARKE COUNTY
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.

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

Schedule 2

Our test results did not identify any emergency purchases.

CLARKE COUNTY
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 made noncompetitively from a sole source.

CLARKE COUNTY

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Clarke County, Mississippi

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

In addition, for areas not considered material to Clarke 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 July 17, 2013, on the financial statements of Clarke County, Mississippi.

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

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

Board of Supervisors.

1. The Board of Supervisors should levy the millage rate for Junior College support, enlargement, improvement and repair per statutes.

Finding

Section 37-29-141, Miss. Code Ann. (1972), requires the Board of Supervisors, as the taxing authority for each County, to levy no less than (a) one (1) mill for support, and (b) one (1) mill for enlargement, improvement and repair of the junior college within the district of which the County is a member. The fiscal year 2012 tax millage levied by the board for the support and enlargement of Jones County Junior College provided the same total dollars as settled in the prior year. However, the millage levied was less than the millage levy prescribed by the state code. By not levying the correct amount of millage the County failed to collect and settle the proper dollar amount to the Jones County Junior College. The County could be responsible for the difference of the 2 mill levy required and the amount collected on the incorrect tax millage levied.

Recommendation

The Board of Supervisors should ensure that the tax millage levied for support and enlargement, improvement and repair of the Jones County Junior College should equal no less than 2 mills each year.

Board of Supervisors' Response

We will see that this matter is taken care of.

Chancery Clerk.

2. A proper fee account cash journal should be maintained and reconciled to the bank statement on a monthly basis.

Finding

An effective system of internal control should include accurately maintaining a fee journal and reconciling the bank statement to the fee journal. As reported in the prior two years' audit reports, some fee journal amounts were not accurately posted and the bank statement was not reconciled to the fee journal monthly. Due to the omission of controls, we noted erroneous amounts were posted to the fee journal, along with miscalculations, and un-reconciled balances. Therefore, the clerk's inaccurate Annual Financial Report resulted in the clerk exceeding the salary cap by \$9,806 for the 2011 calendar year. Failure to properly maintain the fee journal and reconcile to the bank statement could result in the loss of public funds.

Recommendation

The Chancery Clerk should implement controls to ensure the fee journal is accurately maintained and reconciled monthly to the bank account. The Clerk should settle the \$9,806 over the salary cap to the County general fund and ensure that future excess fees are settled timely.

Chancery Clerk's Response

Fee journal program through Delta Computer Systems has been purchased and installed. January and February 2013 have been entered and balanced.

Auditor's Note

The Chancery Clerk paid \$5,000 on March 18, 2013 as evidenced by Receive Warrant #25702 and paid the remaining \$4,806 on April 5, 2013 as evidenced by Receipt Warrant #25776.

Solid Waste Clerk.

3. A separate bank account should be maintained for garbage fee collections.

Finding

An effective system of internal control should include the separate accounting of garbage fee collections. A separate bank account should be used to account for all garbage fee collections and a separate reconciliation should be prepared for the garbage account. During our audit, we noted that solid waste user fees were being combined into the tax collector bank account with all tax collections. Failure to separate the account of the garbage user fees could result in the loss or misappropriation of public funds.

Recommendation

The Solid Waste Clerk should establish and maintain a separate bank account and reconciliation monthly for the garbage user fees.

Solid Waste Clerk's Response

Collecting garbage fees thru the tax collector's office is no difference than collecting mobile home ad valorem, mobile home registration fees, mobile home certification fees, heavy trucks registration fees, title fees, replacement title fees, fast track title fees, airplane registration fees, special tag fees, or any other collections. A separate fund is maintained for each account and settlements are made from each fund by the 20th of the month following the month of collection. A collection detail report is submitted to the County along with a check for the amount collected. These figures are balanced with the combined collections report, as is each settlement prior to distribution.

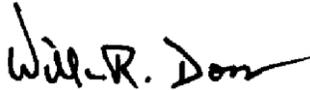
A separate accounting for garbage fee collection is costly and consumes manpower that we cannot spare. I am working with the least amount of employees possible to get the job done well. A separate accounting would mean separate checks, separate deposit books, and manpower to write separate checks and balance a separate bank account when the actual collection process would be no different. Nothing would change about the way the fee is collected or accounted for in our daily transaction balances.

Auditor's Note:

Commingling garbage fees with the tax ad valorem amounts increases the possibility of loss or misappropriation of public funds.

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

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



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

July 17, 2013

CLARKE COUNTY

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CLARKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CLARKE COUNTY

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CLARKE COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

Circuit Clerk.

Significant Deficiency

- 12-1. Daily deposits should be made and monthly collections should be settled to proper authorities on a timely basis.

Finding

An effective system of internal controls over collections of criminal and civil accounts includes daily deposits to the bank and subsequent timely settlements to proper authorities. As reported in the prior nine years' audit reports, the criminal and civil collections are not being deposited daily and settled to the proper authorities on a timely basis. During our test work, we noted the Circuit Clerk did not make daily deposits and timely settlements to the County. During the fiscal year ending September 30, 2012 only six settlements were noted. Failure to perform daily deposits and timely settlements of funds increases the possibility of loss or misappropriation of funds.

Recommendation

The Circuit Clerk should made daily deposits of collections and settle all collections to the proper authorities on a timely basis as required by law.

Circuit Clerk's Response

Currently, all funds due to Clarke County have been turned in and since August 2012, settlements are being made monthly. I plan to begin making deposits daily.

CLARKE COUNTY

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