

**Carroll County, Mississippi**  
Audited Financial Statements  
and Special Reports  
For the Year Ended  
September 30, 2013

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Carroll County, Mississippi**  
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## Carroll County Location in Mississippi



Carroll County was established by the Mississippi legislature in 1833 from the land ceded by the Choctaw Indians under the Treaty of Dancing Rabbit Creek in 1830. It was named for Charles Carroll, a signer of the Declaration of Independence. Because of its original size, 908 square miles, Carroll county had two county seats, Carrollton and Vaiden. In 1870, significant portions of this county were used to form other counties, such as: Leflore, Grenada and Montgomery. This reduced its size to the present 615 square miles.

## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the Board of Supervisors  
Carroll County, Mississippi

**Report on the Financial Statements**

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 the Carroll County, Mississippi as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Carroll County, Mississippi's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carroll County, Mississippi, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management 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 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 also require budgetary comparison information on pages 40 to 43 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Cost of Solid Waste is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Cost of Solid Waste 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the Reconciliation of Operating Cost of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Surety Bonds for County Officials 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2014, on our consideration of the Carroll 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County, Mississippi's internal control over financial reporting and compliance.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
July 14, 2014

Certified Public Accountants

## FINANCIAL STATEMENTS

**CARROLL COUNTY, MISSISSIPPI**  
Statement of Net Position  
September 30, 2013

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash	\$ 4,129,253	273,460	4,402,713
Investments	-	1,974,866	1,974,866
Property tax receivable	4,116,416	-	4,116,416
Accounts receivable (net of allowance for uncollectibles of \$406,098)	136,541	-	136,541
Fines receivable (net of allowance for uncollectibles of \$867,723)	276,363	-	276,363
Capital leases receivable	1,156,244	-	1,156,244
Intergovernmental receivables	281,934	312,605	594,539
Other receivables	14,111	9,047	23,158
Special assessments receivable	6,307	-	6,307
Deferred charges - bond issuance cost	-	87,917	87,917
Capital assets:			
Land and construction in progress	325,871	-	325,871
Other capital assets, net	11,063,380	3,279,239	14,342,619
<b>Total Assets</b>	<b>21,506,420</b>	<b>5,937,134</b>	<b>27,443,554</b>
<b>LIABILITIES</b>			
Claims payable	228,456	88,975	317,431
Intergovernmental payables	81,612	4,083	85,695
Accrued interest payable	21,140	17,417	38,557
Deferred revenue	4,290,854	-	4,290,854
Unearned revenue	24,485	-	24,485
Amounts held in custody for others	28,625	-	28,625
Long-term liabilities			
Due within one year:			
Capital debt	226,141	405,000	631,141
Non-capital debt	83,046	-	83,046
Due in more than one year:			
Capital debt	2,026,114	1,735,000	3,761,114
Non-capital debt	905,936	14,832	920,768
<b>Total Liabilities</b>	<b>7,916,409</b>	<b>2,265,307</b>	<b>10,181,716</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,136,996	1,139,239	10,276,235
Restricted:			
Expendable:			
General government	238,727	-	238,727
Debt service	2,010	351,185	353,195
Public safety	626,950	2,181,403	2,808,353
Public works	2,091,552	-	2,091,552
Unrestricted	1,493,776	-	1,493,776
<b>Total Net Position</b>	<b>\$ 13,590,011</b>	<b>3,671,827</b>	<b>17,261,838</b>

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

CARROLL COUNTY, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<u>Primary government:</u>							
Governmental activities:							
General government	\$ 1,966,513	290,669	6,734	-	(1,669,110)		(1,669,110)
Public safety	1,355,788	100,657	66,588	87,658	(1,100,885)		(1,100,885)
Public works	3,796,730	571,759	761,151	682,084	(1,781,736)		(1,781,736)
Health and welfare	85,149	-	12,788	6,297	(66,064)		(66,064)
Culture and recreation	134,233	-	-	-	(134,233)		(134,233)
Conservation of natural resources	72,840	-	-	-	(72,840)		(72,840)
Economic development and assistance	62,127	-	3,125	45,705	(13,297)		(13,297)
Interest on long-term debt	98,497	-	-	-	(98,497)		(98,497)
Total Governmental Activities	<u>7,571,877</u>	<u>963,085</u>	<u>850,386</u>	<u>821,744</u>	<u>(4,936,662)</u>	<u>-</u>	<u>(4,936,662)</u>
Business-type activities:							
Regional Jail	<u>3,240,667</u>	<u>3,447,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,820</u>	<u>206,820</u>
Total Business-type Activities	<u>3,240,667</u>	<u>3,447,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,820</u>	<u>206,820</u>
Total Primary Government	<u>\$ 10,812,544</u>	<u>4,410,572</u>	<u>850,386</u>	<u>821,744</u>	<u>(4,936,662)</u>	<u>206,820</u>	<u>(4,729,842)</u>
General revenues:							
Property taxes					\$ 4,168,635		4,168,635
Road & bridge privilege taxes					123,639		123,639
Grants and contributions not restricted to specific programs					186,702		186,702
Unrestricted interest/investment income					41,089	2,996	44,085
Unrealized gain (loss) on fair market value of investments					-	(14,326)	(14,326)
Miscellaneous					255,787	69,187	324,974
Transfers					<u>1,974</u>	<u>(1,974)</u>	<u>-</u>
Total General Revenues					<u>4,777,826</u>	<u>55,883</u>	<u>4,833,709</u>
Changes in Net Position					(158,836)	262,703	103,867
Net Position - Beginning, as originally reported					13,741,888	3,409,124	17,151,012
Prior Period Adjustments					<u>6,959</u>	<u>-</u>	<u>6,959</u>
Net Position - Beginning, as restated					<u>13,748,847</u>	<u>3,409,124</u>	<u>17,157,971</u>
Net Position - Ending					<u>\$ 13,590,011</u>	<u>3,671,827</u>	<u>17,261,838</u>

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

**CARROLL COUNTY, MISSISSIPPI**  
 Balance Sheet - Governmental Funds  
 September 30, 2013

Exhibit 3

	Major Funds				
	General Fund	Bridge Fund	MS Development Authority CAP Anel Bldg. I & S Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 1,112,451	835,341	4,159	2,177,302	4,129,253
Property tax receivable	2,950,786	129,070	-	1,036,560	4,116,416
Accounts receivable (net of allowance for uncollectibles of \$406,098)	-	-	-	136,541	136,541
Fines receivable (net of allowance for uncollectibles of \$867,723)	276,363	-	-	-	276,363
Capital lease receivables	-	-	618,885	537,359	1,156,244
Intergovernmental receivables	147,278	98,174	-	36,482	281,934
Other receivables	-	-	-	14,111	14,111
Due from other funds	22,994	2,323	-	30,506	55,823
Special assessments receivable	-	-	-	6,307	6,307
<b>Total Assets</b>	<b>\$ 4,509,872</b>	<b>1,064,908</b>	<b>623,044</b>	<b>3,975,168</b>	<b>10,172,992</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	\$ 66,769	27,879	-	133,808	228,456
Intergovernmental payables	72,759	54	-	8,799	81,612
Due to other funds	32,829	-	-	22,994	55,823
Deferred revenue	3,227,149	129,070	618,885	1,716,767	5,691,871
Unearned revenue	-	-	-	24,485	24,485
Amounts held in custody for others	28,625	-	-	-	28,625
<b>Total Liabilities</b>	<b>3,428,131</b>	<b>157,003</b>	<b>618,885</b>	<b>1,906,853</b>	<b>6,110,872</b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
General government	-	-	-	238,727	238,727
Public safety	-	-	-	626,950	626,950
Public works	-	907,905	-	1,081,039	1,988,944
Debt service	-	-	4,159	18,991	23,150
<b>Committed:</b>					
Public works	-	-	-	102,608	102,608
Unassigned	1,081,741	-	-	-	1,081,741
<b>Total Fund Balances</b>	<b>1,081,741</b>	<b>907,905</b>	<b>4,159</b>	<b>2,068,315</b>	<b>4,062,120</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,509,872</b>	<b>1,064,908</b>	<b>623,044</b>	<b>3,975,168</b>	<b>10,172,992</b>

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

**CARROLL COUNTY, MISSISSIPPI**

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2013

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,062,120
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$6,398,854.	11,389,251
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	412,904
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(3,241,237)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(21,140)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	988,113
	<hr/>
Total Net Position - Governmental Activities	\$ <u><u>13,590,011</u></u>

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

**CARROLL COUNTY, MISSISSIPPI**

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2013

	Major Funds				Total Governmental Funds
	General Fund	Bridge Fund	MS Development Authority CAP Anel Bldg. I & S Fund	Other Governmental Funds	
<b>REVENUES</b>					
Property taxes	\$ 2,970,412	131,877	-	1,066,346	4,168,635
Road and bridge privilege taxes	-	-	-	123,639	123,639
Licenses, commissions and other revenue	174,582	-	-	2,388	176,970
Fines and forfeitures	122,068	-	-	760	122,828
Special assessments	-	-	-	5,556	5,556
Intergovernmental revenues	458,758	289,115	-	1,105,403	1,853,276
Charges for services	4,788	-	-	642,825	647,613
Interest income	4,627	2,731	12,959	20,772	41,089
Miscellaneous revenues	147,233	-	5,000	72,401	224,634
<b>Total Revenues</b>	<b>3,882,468</b>	<b>423,723</b>	<b>17,959</b>	<b>3,040,090</b>	<b>7,364,240</b>
<b>EXPENDITURES</b>					
Current:					
General government	2,137,692	-	-	239,975	2,377,667
Public safety	797,376	-	-	403,939	1,201,315
Public works	16,021	498,964	-	2,930,451	3,445,436
Health and welfare	191,159	-	-	-	191,159
Culture and recreation	124,676	-	-	-	124,676
Conservation of natural resources	72,840	-	-	-	72,840
Economic development and assistance	62,127	-	-	-	62,127
Debt service:					
Principal	16,760	-	33,710	433,440	483,910
Interest	827	-	16,203	78,595	95,625
<b>Total Expenditures</b>	<b>3,419,478</b>	<b>498,964</b>	<b>49,913</b>	<b>4,086,400</b>	<b>8,054,755</b>
Excess of Revenues over (under) Expenditures	462,990	(75,241)	(31,954)	(1,046,310)	(690,515)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued	-	-	-	58,632	58,632
Proceeds from sale of capital assets	-	-	-	65,506	65,506
Transfers in	-	-	-	203,845	203,845
Transfers out	(194,208)	-	-	(9,637)	(203,845)
Lease principal payments	-	-	31,954	46,491	78,445
<b>Total Other Financing Sources and Uses</b>	<b>(194,208)</b>	<b>-</b>	<b>31,954</b>	<b>364,837</b>	<b>202,583</b>
<b>Net Changes in Fund Balances</b>	<b>268,782</b>	<b>(75,241)</b>	<b>-</b>	<b>(681,473)</b>	<b>(487,932)</b>
Fund Balances - Beginning	812,959	983,146	4,159	2,749,788	4,550,052
Fund Balances - Ending	\$ 1,081,741	907,905	4,159	2,068,315	4,062,120

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

**CARROLL 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 September 30, 2013

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (487,932)
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 as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$626,357 exceeded depreciation of \$623,106 in the current period.	3,251
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 position differs from the change in fund balances by the amount of the net loss of \$33,166 and the proceeds from the sale of \$65,506 in the current period.	(32,340)
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.	(1,835)
Solid waste 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.	14,085
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayment of \$483,910 exceeded debt proceeds of \$58,632.	425,278
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(78,445)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the amount of the decrease in accrued interest payable.	(2,872)
The revenue from the principal portion of the capital lease receivable is deferred on the modified accrual basis, but is recognized under the full-accrual basis of accounting.	1,974
Change in Net Position of Governmental Activities	\$ <u><u>(158,836)</u></u>

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

**CARROLL COUNTY, MISSISSIPPI**  
Statement of Net Position - Proprietary Fund  
September 30, 2013

Exhibit 5

	Business-type Activities <u>CMRCF</u> <u>Fund</u>
<b>ASSETS</b>	
Current:	
Cash	\$ 273,460
Investments	1,974,866
Intergovernmental receivables	312,605
Other receivables	9,047
Special assessments receivable	
Deferred charges - bond issuance cost	<u>87,917</u>
Total current assets	<u>2,657,895</u>
Non-current	
Capital assets:	
Other capital assets, net	<u>3,279,239</u>
Total non-current assets	<u>3,279,239</u>
Total Assets	<u>5,937,134</u>
<b>LIABILITIES</b>	
Current:	
Claims payable	88,975
Accrued interest payable	17,417
Intergovernmental payable	<u>4,083</u>
Total current liabilities	<u>110,475</u>
Non-current:	
Long-term liabilities	
Due within one year:	
Capital debt	405,000
Due in more than one year:	
Capital debt	1,735,000
Non-capital debt	<u>14,832</u>
Total non-current liabilities	<u>2,154,832</u>
Total Liabilities	<u>2,265,307</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,139,239
Restricted:	
Debt service	351,185
Public safety	<u>2,181,403</u>
Total Net Position	<u>\$ 3,671,827</u>

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

**CARROLL COUNTY, MISSISSIPPI**

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2013

	Business-type Activities
	<u>CMRCF</u>
	<u>Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 3,447,487
Miscellaneous	69,187
Total operating revenues	<u>3,516,674</u>
<b>OPERATING EXPENSES</b>	
Personnel services	1,956,421
Contractual services	518,717
Materials and supplies	524,904
Depreciation expense	100,982
Indirect administrative cost	36,356
Total operating expenses	<u>3,137,380</u>
Operating Income (Loss)	<u>379,294</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Unrealized gain (loss) on fair market value of investments	(14,326)
Interest income	2,996
Interest expense	(82,189)
Bond issuance expense	(21,098)
Total non-operating revenues (expenses)	<u>(114,617)</u>
Transfer Out	<u>(1,974)</u>
Change in Net Position	<u>262,703</u>
Net Position - Beginning	<u>3,409,124</u>
Net Position - Ending	<u>\$ 3,671,827</u>

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

**CARROLL COUNTY, MISSISSIPPI**  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2013

Exhibit 7

	Business-type Activities
	<u>CMRCF</u>
	<u>Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 3,427,847
Payments to suppliers	(532,413)
Payments to employees	(1,954,698)
Payments for contractual services	(527,409)
Payments to General Fund for indirect costs	(36,356)
Other operating receipts	74,188
Net Cash Provided (Used) by Operating Activities	<u>451,159</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid on long-term debt	(395,000)
Interest paid on debt	(86,424)
Purchase of capital assets	(12,960)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(494,384)</u>
Cash Flows from Investing Activities:	
Sale of investments	204,718
Unrealized gain (loss) on fair market value of investments	(14,326)
Interest on investments	2,996
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>193,388</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>150,163</u>
Cash and Cash Equivalents - Beginning	<u>123,297</u>
Cash and Cash Equivalents - End of Year	<u>\$ 273,460</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 379,294
Adjustments to reconcile operating income to net cash	
Provided (Used) by Operating Activities	
Depreciation expense	100,982
Changes in assets and liabilities:	
Increase (decrease) in compensated absences payable	2,289
Increase (decrease) in claims payable	(20,850)
Increase (decrease) in intergovernmental payable	4,083
Decrease (increase) in intergovernmental receivables	(18,760)
Decrease (increase) in other receivables	4,121
Total adjustments	<u>71,865</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 451,159</u>

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

**CARROLL COUNTY, MISSISSIPPI**  
Statement of Fiduciary Assets and Liabilities  
September 30, 2013

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 2,253
Total Assets	\$ <u>2,253</u>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ 2,253
Total Liabilities	\$ <u>2,253</u>

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

**Carroll County, Mississippi**

Notes to the Financial Statements  
for the year ended September 30, 2013

CARROLL COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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. Individual Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Carroll County Economic Development District is comprised solely of the five members of the Carroll County Board of Supervisors. Although it is created legally separate from the county under Section 19-5-99, Miss. Code Ann. (1972), the district is reported as if it were part of the primary government because its sole purpose is to enhance and develop the economic development resources of the county.

CARROLL COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2013

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. 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.

The Statement of Net Position 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 in a single column.

D. Measurement Focus and Basis of Accounting.

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

CARROLL COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2013

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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

The county reports the following major Governmental funds:

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

Bridge Fund - This fund is used to account for monies from specific revenue sources that are restricted for bridge maintenance and construction.

MS Development Authority CAP Anel Bldg I & S Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing for the Anel project.

The county reports the following major Proprietary Fund:

Carroll-Montgomery Regional Correctional Facility (CMRCF) - This fund is used to account for the county's activities of operating the correctional facility.

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 revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

CARROLL COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2013

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.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. 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.

G. Receivables.

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

H. 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." Interfund receivables and payables between funds within the governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Restricted Assets.

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

CARROLL COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2013

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Carroll County meets this 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.

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:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	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.

CARROLL COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2013

K. Long-Term Liabilities.

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

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

L. Equity Classifications.

Government-wide Financial Statements:

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

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

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

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

*Committed fund balance* includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the county's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

CARROLL COUNTY, MISSISSIPPI  
Notes to Financial Statements  
For the Year Ended September 30, 2013

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

M. Property Tax Revenues.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins 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.

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.

N. 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 determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

O. Compensated Absences.

The Carroll-Montgomery Regional Correctional Facility 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 Proprietary Funds 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.

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

(2) Prior Period Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correct prior year balance of capital assets	\$ 60,411
To correct prior year balance of fines receivable	(53,452)
Total	\$ 6,959

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2013, was \$4,404,966 and the bank balance was \$5,044,237. 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 Depository 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.

Investments:

Investments balances at September 30, 2013 are as follows:

Investment Type	Maturity	Fair Value
Hancock Horizon Governmental MMF Class A	Less than One Year	\$ 1,588,047
US Treasury Notes	4 years 1 month	386,719
Qualified Obligation Bond	4 years 2 months	100
Total		\$ 1,974,866

Interest Rate Risk. The county does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Mississippi Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Section 19-9-29, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. These investments are uninsured, unregistered and were held by the counterparty in trust accounts on behalf of the county.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013.

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 22,994
Bridge Fund	General	2,323
Other Governmental Funds	General	30,506
Total		\$ 55,823

The receivables from the General Fund to the Bridge Fund and Other Governmental Funds represent the tax revenue collected but not settled until October, 2013 and correction of a posting error.

B. Transfers In/Out:

Exhibit 2 - Statement of Activities

Transfer In	Transfer Out	Amount
General	CMRCF Regional Jail	\$ 1,974

Exhibit 4 - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Transfer In	Transfer Out	Amount
Other Governmental Funds	General	\$ 194,208
Other Governmental Funds	Other Governmental Funds	9,637
Total		\$ 203,845

The purpose of interfund transfers was to cover operating expenses, to fund construction projects, and to close a fund. All interfund transfers were routine and consistent with activities of the fund making the transfer.

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

(5) Intergovernmental Receivables.

Intergovernmental Receivables at September 30, 2013, consisted of the following

Description	Amount
Governmental Activities:	
Legislative tag credit	\$ 67,326
Reimbursement for welfare	3,336
Alcohol countermeasures grant	27,703
Emergency management performance grant	11,449
Community facilities loans and grants	35,527
Occupant protection enforcement grant	878
Overweight fines	487
Timber severance tax	628
Garbage fees	2,400
Motor vehicle fuel tax	18,057
Truck & bus privilege	2,097
Heavy duty truck tax	12,008
Harvest permits	1,432
Waste treatment fees	432
State aid road	98,174
	<u>\$ 281,934</u>
Business-type Activities:	
Reimbursement for housing prisoners	\$ 310,756
Reimbursement for inmate medical cost	360
Litter Pickup Reimbursement	1,489
	<u>\$ 312,605</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013.

Governmental Activities:

	Balance Oct. 1, 2012	Additions	Deletions	Transfers & Adjustments	Balance Sept.30, 2013
<u>Non Depreciable Capital Assets</u>					
Land	\$ 188,919	3,500	-	-	192,419
Construction in progress	746,761	221,181	-	(834,490)	133,452
					<u>325,871</u>
Total Non Depreciable Capital Assets	935,680	224,681	-	(834,490)	325,871

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

<u>Depreciable Capital Assets</u>					
Infrastructure	7,184,208	-	-	878,356	8,062,564
Buildings	2,028,258	110,000	-	-	2,138,258
Mobile equipment	6,227,361	220,412	258,150	245,161	6,434,784
Furniture and equipment	303,004	25,024	-	-	328,028
Leased property under capital leases	662,649	46,240	-	(210,289)	498,600
<b>Total depreciable capital assets</b>	<b>16,405,480</b>	<b>401,676</b>	<b>258,150</b>	<b>913,228</b>	<b>17,462,234</b>
<u>Less accumulated depreciation for:</u>					
Infrastructure	947,831	176,434	-	-	1,124,265
Buildings	546,559	41,399	-	-	587,958
Mobile equipment	4,066,119	306,242	225,810	79,262	4,225,813
Furniture and equipment	165,508	26,150	-	-	191,658
Leased property under capital leases	259,188	72,881	-	(62,909)	269,160
<b>Total Accumulated Depreciation</b>	<b>5,985,205</b>	<b>623,106</b>	<b>225,810</b>	<b>16,353</b>	<b>6,398,854</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>10,420,275</b>	<b>(221,430)</b>	<b>32,340</b>	<b>896,875</b>	<b>11,063,380</b>
<b>Total Capital Assets, Net</b>	<b>\$ 11,355,955</b>	<b>3,251</b>	<b>32,340</b>	<b>62,385</b>	<b>11,389,251</b>

Business-type Activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept.30, 2013
<u>Depreciable Capital Assets</u>					
Buildings	\$ 4,575,063	-	-	-	4,575,063
Mobile equipment	188,398	12,960	-	(19,744)	181,614
Furniture and equipment	246,039	-	-	-	246,039
<b>Total Depreciable Capital Assets</b>	<b>5,009,500</b>	<b>12,960</b>	<b>-</b>	<b>(19,744)</b>	<b>5,002,716</b>
<u>Less accumulated depreciation for:</u>					
Buildings	1,281,017	91,501	-	-	1,372,518
Mobile equipment	156,599	5,184	-	(17,770)	144,013
Furniture and equipment	202,649	4,297	-	-	206,946
<b>Total accumulated depreciation</b>	<b>1,640,265</b>	<b>100,982</b>	<b>-</b>	<b>(17,770)</b>	<b>1,723,477</b>
<b>Total depreciable capital assets, net</b>	<b>\$ 3,369,235</b>	<b>(88,022)</b>	<b>-</b>	<b>(1,974)</b>	<b>3,279,239</b>

The building for the CMRCF is constructed on sixteenth section land that is not owned by the county.

\*Adjustments are to reclassify completed construction in progress to infrastructure, to reclassify paid out lease purchases to their proper classifications, to correct prior year errors and to transfer mobile equipment from business activities to governmental activities.

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 65,133
Culture and Recreation	9,557
Public safety	121,517
Public works	419,409
Health and welfare	7,490
Total governmental activities depreciation expense	\$ 623,106
Business-type activities:	
Correctional facility	\$ 100,982

Commitments with respect to unfinished capital projects at September 30, 2013, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
LSBP 08(34)	\$ 127,477	06/14
LSBP 08(35)	41,754	06/14

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013 to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2013:

Classes of Property	Amount
Buildings	\$ 1,280,000

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2013, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 82,788	28,538
2015	85,307	26,020
2016	87,901	23,424
2017	90,575	20,751
2018	93,329	17,996
2019 - 2023	432,872	46,993
2024 - 2028	115,341	4,409
	<hr/>	<hr/>
Total	<u>\$ 988,113</u>	<u>168,131</u>

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 339,866
Other furniture and equipment	158,734
Less: Accumulated depreciation	<hr/> 269,160
Leased Property Under Capital Leases	<u>\$ 229,440</u>

The following is a schedule by years of the total payments due as of September 30, 2013:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 90,135	16,845
2015	61,443	15,544
2016	37,845	9,122
2017	22,309	346
2018	4,442	27
	<hr/>	<hr/>
Total	<u>\$ 216,174</u>	<u>41,884</u>

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

(9) Long-term Debt.

Debt outstanding as of September 30, 2013, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Road & Bridge Bonds, Series 2012	<u>\$ 1,895,000</u>	2.30/3.25%	05/27
B. Special Assessment Debt with Commitments			
Wildridge Estates Road*	\$ 9,764	6.00%	04/16
County Road 365**	<u>5,314</u>	6.00%	06/18
Total Special Assessment Debt with Commitments	<u>\$ 15,078</u>		
C. Equipment Notes			
2004 GMC Truck	<u>\$ 981</u>	2.40%	06/14
D. Capital Leases:			
2012 Ford F150	14,791	2.47%	11/12
2012 Dodge Ram 1500	23,476	2.24%	04/13
2011 Ford F150	6,204	3.30%	10/13
Computer Equipment	6,891	3.69%	12/13
Movable Shelving System	11,943	2.39%	10/14
2005 Volvo Backhoe	8,193	2.87%	04/15
Cardiac Monitor	3,996	2.45%	04/15
Bushhog 2810 Rotary Cutter	5,116	1.91%	07/15
2012 Ford F150	13,583	2.53%	09/15
2012 Dodge Pickup	17,665	2.05%	10/15
2007 Mack Dump Truck	35,212	2.47%	04/16
2012 F150 Crew Cab	22,131	2.24%	08/17
2005 International Dump Truck	28,465	2.15%	12/17
2005 Case Backhoe	<u>18,508</u>	2.09%	05/18
Total Capital Leases	<u>\$ 216,174</u>		
E. Other Loans:			
CAP loan - fire protection	31,907	2.00%	06/17
CAP loan - Anel Building	471,726	3.00%	02/19
CAP loan - fire protection	93,115	3.00%	07/19
CAP loan - Anel Building	<u>517,256</u>	3.00%	03/26
Total Other Loans	<u>\$ 1,114,004</u>		

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

Business-type Activities:

A.	Limited Obligation Bonds:	
	Urban renewal refunding revenue bonds***	<u>\$ 2,140,000</u> 3.00/4.00% 12/17

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Special Assessment Debt	
	Principal	Interest	Principal	Interest
2014	\$ 110,000	49,890	\$ 3,995	899
2015	115,000	46,315	4,222	661
2016	115,000	42,578	4,579	379
2017	120,000	38,840	1,133	140
2018	125,000	34,940	1,149	72
2019 - 2023	680,000	121,038		
2024 - 2028	630,000	36,799		
Total	<u>\$ 1,895,000</u>	<u>370,400</u>	<u>\$ 15,078</u>	<u>2,151</u>

Year Ending September 30	Equipment Notes		Other Loans	
	Principal	Interest	Principal	Interest
2014	\$ 981	10	\$ 104,076	31,781
2015			106,921	28,706
2016			110,087	25,540
2017			111,249	22,287
2018			103,777	23,062
2019 - 2023			461,450	47,739
2024 - 2028			116,444	4,409
Total	<u>\$ 981</u>	<u>10</u>	<u>\$ 1,114,004</u>	<u>183,524</u>

Business-type Activities:

Year Ending September 30	Limited Obligation Bonds	
	Principal	Interest
2014	\$ 405,000	69,667
2015	415,000	56,330
2016	435,000	41,455
2017	445,000	25,722
2018	440,000	8,800
Total	<u>\$ 2,140,000</u>	<u>201,974</u>

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

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, 2013, the amount of outstanding debt was equal to 2.55% of the latest property assessments.

Special Assessment Debt with Commitments

- \* Special assessment debt of \$35,905 was issued on September 14, 2001, to pave roads under the provisions of Section 65-19-88, Miss. Code Ann. (1972). A special assessment tax was levied against all of the benefitted property owners. The other benefitted owners agreed to share in the levied taxes of one owner who would not participate. The county will levy annually this special assessment tax upon all taxable property in the benefitted area of Wildridge Estates subdivision adequate and sufficient to provide for the payment of the principal and interest on the bonds as the same falls due over a period of fifteen years. The principal balance outstanding at September 30, 2013, is \$9,764.
- \*\* Special assessment debt of \$9,368 was issued on June 2, 2008, to pave roads under the provisions of Section 65-19-88, Miss. Code Ann. (1972). A special assessment tax was levied against all of the benefitted property owners. The county will levy annually this special assessment tax upon all taxable property in the benefitted area of County Road 365 adequate and sufficient to provide for the payment of the principal and interest on the bonds as the same falls due over a period of ten years. The principal balance outstanding at September 30, 2013, is \$5,314.

Limited Obligation Bonds

- \*\*\* Limited obligation urban renewal revenue refunding bonds, designed as "qualified tax exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986, were issued with a face value of \$3,490,000 for the purpose of refinancing limited obligation renewal bonds issued December 1, 1997, issued for the construction and equipping of the Carroll-Montgomery Regional Correctional Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The sole source of payment for the revenue bonds is income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept.30, 2013	Amount due within one year
<b>Governmental Activities:</b>						
General obligation bonds	\$ 2,000,000	-	105,000	-	1,895,000	110,000
Equipment notes	2,262	-	1,281	-	981	981
Special assessment debt with commitments	18,825	-	3,747	-	15,078	3,995
Capital leases	424,207	58,632	266,665	-	216,174	90,135
Other loans	1,221,221	-	107,217	-	1,114,004	104,076
<b>Total</b>	<b>\$ 3,666,515</b>	<b>58,632</b>	<b>483,910</b>	<b>-</b>	<b>3,241,237</b>	<b>309,187</b>

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept.30, 2013	Amount due within one year
Business-type Activities:						
Compensated absences	\$ 12,543	2,289	-	-	14,832	0
Limited obligation bonds	2,535,000	-	395,000	-	2,140,000	405,000
<b>Total</b>	<b>\$ 2,547,543</b>	<b>2,289</b>	<b>395,000</b>	<b>0</b>	<b>2,154,832</b>	<b>405,000</b>

(10) 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 resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

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

(11) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Carroll County Board of Supervisors appoints two of the 22 members of the college board of trustees. The county appropriated \$148,796 for maintenance and support of the college in fiscal year 2013.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery, and Yalabousha. The Carroll County Board of Supervisors appoints four of the 28 members of the district board of directors. The county appropriated \$16,067 for support of the district in the fiscal year 2013.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Carroll County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$25,000 for support of the center in fiscal year 2013.

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 Carroll County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county appropriated \$3,804 for the support of the district in the fiscal year 2013.

CARROLL COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2013

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Carroll County Board of Supervisors appoints one of the 9 members of the board of commissioners. The county did not appropriate for the support of the authority in the fiscal year 2013.

(12) Defined Benefit Pension Plan.

Plan Description. Carroll 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, 2013, 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 rate at September 30, 2013 was 15.75% 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, 2013, 2012, and 2011 were \$514,020, \$441,247, and \$396,286, respectively, equal to the required contributions for each year.

(13) Subsequent Events

Events that occur after the Statement of Net Position 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 Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Carroll County, Mississippi evaluated the activity of the county through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

- 1) Motor Grader - Beat 3 04-07-14  
\$161,644 bearing interest at 1.95%  
36 months with \$132,975 balloon payment at maturity

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REQUIRED SUPPLEMENTARY INFORMATION

**Carroll County, Mississippi**  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,022,106	2,969,129	2,969,129	-
Licenses, commissions and other revenue	86,900	122,204	122,204	-
Fines and forfeitures	163,000	174,582	174,582	-
Charges for Services	4,200	4,680	4,680	-
Intergovernmental revenues	277,345	279,429	279,429	-
Interest income	5,500	4,627	4,627	-
Miscellaneous revenues	107,250	104,822	104,822	-
Total Revenues	<u>3,666,301</u>	<u>3,659,473</u>	<u>3,659,473</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,184,070	2,145,949	2,145,949	-
Public safety	827,726	814,317	814,317	-
Public works	15,000	15,455	15,455	-
Health and welfare	85,000	77,978	77,978	-
Culture and recreation	123,865	124,830	124,830	-
Conservation of natural resources	82,971	72,208	72,208	-
Economic development	16,067	62,127	62,127	-
Debt service:				
Principal	-	16,759	16,759	-
Interest	-	828	828	-
Total Expenditures	<u>3,334,699</u>	<u>3,330,451</u>	<u>3,330,451</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>331,602</u>	<u>329,022</u>	<u>329,022</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Compensation for loss of capital assets	-	39,014	39,014	-
Transfers in	51,000			-
Transfers out	(309,208)	(194,208)	(194,208)	-
Total Other Financing Sources and Uses	<u>(258,208)</u>	<u>(155,194)</u>	<u>(155,194)</u>	<u>-</u>
Net Change in Fund Balance	73,394	173,828	173,828	-
Fund Balances - Beginning	<u>550,000</u>	<u>812,959</u>	<u>589,376</u>	<u>(223,583)</u>
Fund Balances - Ending	<u>623,394</u>	<u>986,787</u>	<u>763,204</u>	<u>(223,583)</u>

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

**Carroll County, Mississippi**  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Bridge Fund  
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 129,624	133,955	133,955	-
Intergovernmental Revenues	-	46,977	46,977	-
Interest Income	4,500	2,731	2,731	-
Total Revenues	<u>134,124</u>	<u>183,663</u>	<u>183,663</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public works	354,902	327,096	327,096	-
Total Expenditures	<u>354,902</u>	<u>327,096</u>	<u>327,096</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(220,778)</u>	<u>(143,433)</u>	<u>(143,433)</u>	<u>-</u>
Net Change in Fund Balance	(220,778)	(143,433)	(143,433)	-
Fund Balances - Beginning	1,000,000	978,774	978,774	-
Fund Balances - Ending	<u><u>779,222</u></u>	<u><u>835,341</u></u>	<u><u>835,341</u></u>	<u><u>-</u></u>

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

## Carroll County, Mississippi

### Notes to the Required Supplementary Information For the Year Ended September 30, 2013

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

##### C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

- 1 Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- 2 Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

**Carroll County, Mississippi**

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2013

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Bridge Fund</u>
Budget (Cash Basis)	\$ 173,828	(143,433)
Increase (Decrease)		
Net adjustments for revenue accruals	183,981	240,060
Net adjustments for expenditure accruals	(89,027)	(171,868)
GAAP Basis	<u>\$ 268,782</u>	<u>(75,241)</u>

## SUPPLEMENTARY INFORMATION

**CARROLL COUNTY, MISSISSIPPI**  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2013

OPERATING EXPENDITURES, CASH BASIS:

Salaries	\$	40,427
Solid waste pickup and disposal fees		567,343
Supplies		<u>11,699</u>
Solid Waste Operating Expenditures, Cash Basis	\$	<u>619,469</u>

FULL COST EXPENSES:

Indirect administrative costs	\$	13,867
Depreciation on equipment		30,902
Net effect of other accrued expenses		<u>41,363</u>
Solid Waste Full Cost Operating Expenditures	\$	<u><u>705,601</u></u>

## OTHER INFORMATION

**CARROLL COUNTY, MISSISSIPPI**

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2013

Position/Name	Bonding Company	Bond Number	Bond Amount	Expiration Date
<b>BOARD OF SUPERVISORS</b>				
Beat 1 Terry Herbert	Western Surety Company	70429656	\$ 100,000	1/7/2016
Beat 2 Lloyd "Honey" Ashmore	Fidelity	08975688	\$ 100,000	1/3/2016
Beat 3 Marvin Coward	Western Surety Company	69628183	\$ 100,000	1/5/2016
Beat 4 Claude Fluker	Western Surety Company	61205718	\$ 100,000	12/29/2015
Beat 5 Ricky Corley	Western Surety Company	70432580	\$ 100,000	1/1/2016
<b>CHANCERY CLERK</b>				
Stanley "Sugar" Mullins	Western Surety Company	69625781	\$ 100,000	1/5/2016
<b>CIRCUIT CLERK</b>				
Durward Stanton	Western Surety Company	69625815	\$ 100,000	1/3/2016
<b>TAX ASSESSOR/COLLECTOR</b>				
Pam Mann	Western Surety Company	61208476	\$ 100,000	1/1/2016
<b>SHERIFF</b>				
Jerry Carver	Western Surety Company	70429655	\$ 100,000	12/31/2015
<b>JUSTICE COURT JUDGES</b>				
Jimmy Avant	Western Surety Company	69628125	\$ 50,000	1/5/2016
Dorothy Branch	Western Surety Company	70196182	\$ 50,000	1/7/2016
<b>CONSTABLES</b>				
Joe Hollman	Western Surety Company	69627684	\$ 50,000	2/12/2013
Michael Weeks	Western Surety Company	68713708	\$ 50,000	1/2/2016
<b>PURCHASE CLERK*</b>				
Stanley "Sugar" Mullins	Western Surety Company	69625770	\$ 75,000	1/5/2013
<b>ASSISTANT PURCHASE CLERK*</b>				
Debbie McClain	Western Surety Company	69276778	\$ 75,000	2/21/2013
<b>INVENTORY CONTROL CLERK*</b>				
Stanley "Sugar" Mullins	Western Surety Company	69625779	\$ 75,000	1/5/2013
<b>RECEIVING CLERK*</b>				
Bessie Pierce	Western Surety Company	69194457	\$ 75,000	2/1/2013
<b>ASSISTANT RECEIVING CLERKS*</b>				
Durward Stanton	Western Surety Company	69628176	\$ 50,000	12/9/2012
Wilton Neal	Western Surety Company	69625788	\$ 50,000	1/1/2012
Johnny Burrell	Western Surety Company	70182615	\$ 50,000	10/16/2012
Debra Sproles	Western Surety Company	69176555	\$ 50,000	6/23/2013
James Smith	Western Surety Company	18256728	\$ 50,000	8/24/2012
Annie Bullard	Western Surety Company	69154082	\$ 50,000	4/20/2012
Annette Carlisle	Western Surety Company	69350806	\$ 50,000	6/3/2012
Burnell Taylor	Western Surety Company	69953184	\$ 50,000	8/3/2013

**CARROLL COUNTY, MISSISSIPPI**Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2013

Continued

Louis Green	Western Surety Company	70129327	\$ 50,000	7/3/2013
Vickie Noah	Western Surety Company	70441779	\$ 50,000	1/15/2013
Michael Haddon	Western Surety Company	69267356	\$ 50,000	12/19/2012
Ricky Shirley	Western Surety Company	69900234	\$ 50,000	4/27/2013
Diane Ellett	Western Surety Company	69366693	\$ 50,000	7/2/2013
Mary Jane King	Western Surety Company	70432678	\$ 50,000	1/7/2013
David Alexander	Western Surety Company	70464151	\$ 50,000	2/21/2013
Scott Beck	Western Surety Company	70759752	\$ 50,000	7/17/2013
Teresa Ables	Western Surety Company	70456430	\$ 50,000	2/8/2013
Alan Jackson	Western Surety Company	70549485	\$ 50,000	7/20/2013
Robert Grantham	Western Surety Company	70336313	\$ 50,000	7/5/2012
Martha Beard	Western Surety Company	69904107	\$ 50,000	5/4/2013
Donna Luke	Western Surety Company	70769863	\$ 50,000	8/5/2013
Stephen Everett	Western Surety Company	61374526	\$ 50,000	6/1/2013
<b>DEPUTY TAX ASSESSOR/COLLECTOR*</b>				
Pam Mann	Western Surety Company	70753470	\$ 50,000	7/1/2012
Beth Magee	Western Surety Company	70756380	\$ 50,000	7/1/2013
Debra Sproles	Western Surety Company	70753475	\$ 50,000	7/1/2013
Kayla Hamilton	Western Surety Company	70756371	\$ 50,000	7/1/2012
Tammy Inmon	Western Surety Company	70753456	\$ 50,000	7/1/2013
Mallorie Nobles	Western Surety Company	61208435	\$ 50,000	9/24/2013
Marilyn Barnes	Western Surety Company	61236274	\$ 50,000	1/4/2013
<b>JUSTICE COURT CLERK*</b>				
Annette Carlisle	Western Surety Company	69165680	\$ 50,000	5/25/2012
Mary Jane King	Western Surety Company	69145331	\$ 50,000	1/7/2013
<b>DEPUTY JUSTICE COURT CLERKS*</b>				
Ann Beck	Western Surety Company	70123199	\$ 50,000	6/21/2012
Joy Parker	Western Surety Company	70756358	\$ 50,000	7/8/2013
<b>DEPUTY CHANCERY/CIRCUIT CLERKS*</b>				
Stanley "Sugar" Mullins	Western Surety Company	69625773	\$ 50,000	1/5/2013
Brenda King	Western Surety Company	69628148	\$ 50,000	1/5/2013
Debbie McClain	Western Surety Company	69628197	\$ 50,000	1/5/2013
Bessie Pierce	Western Surety Company	69628279	\$ 50,000	1/5/2013
Marlee Golden	Western Surety Company	69192931	\$ 50,000	7/9/2013
Sherry Blaylock	Western Surety Company	69628195	\$ 50,000	12/8/2012
Shonna McGehee	Western Surety Company	69867299	\$ 50,000	3/1/2013
Michelle Heath	Western Surety Company	61436834	\$ 50,000	8/1/2013

\* indefinite bonds renewed annually

## SPECIAL REPORTS

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors  
Carroll County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated July 14, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency. [*Finding 2013-1*]

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carroll County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **Carroll County's Response to Finding**

The Carroll County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Carroll County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard PC  
July 14, 2014

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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  
Carroll County, Mississippi

We have examined Carroll 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, 2013. The Board of Supervisors of Carroll 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 Carroll 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, Carroll County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

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.

1929 SPILLWAY ROAD, SUITE B  
BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

This report is intended for use in evaluating the central purchasing system and inventory control system of Carroll 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.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
July 14, 2014

Certified Public Accountants

**Carroll County, Mississippi**

**Schedule 1**

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2013

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

**Carroll County, Mississippi**  
**Schedule 2**  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2013

Our test results did not identify any emergency purchases.

**Carroll County, Mississippi**

**Schedule 3**

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2013

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL  
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Carroll County, Mississippi

In planning and performing our audit of the financial statements of Carroll County, Mississippi for the year ended September 30, 2013, we considered Carroll 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 Carroll 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 14, 2014, on the financial statements of Carroll County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the 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.

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 this party. However, this report is a matter of public record and its distribution is not limited.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
July 14, 2014

Certified Public Accountants

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## SCHEDULE OF FINDINGS AND RESPONSES

## Carroll County, Mississippi

### Schedule of Findings and Responses For the Year Ended September 30, 2013

#### Section I: Summary of Auditor's Results

##### **Financial Statements:**

1. Type of auditor's report issued on the financial statements: **Unmodified**
2. Internal control over financial reporting:
  - a. Material weaknesses identified? **No**
  - b. Significant deficiencies identified that are not considered to be material weaknesses? **Yes**
3. Noncompliance material to the financial statements noted? **No**

#### Section II: Financial Statements Findings

The results of our tests disclosed the following finding related to financial statements that is required to be reported by *Government Auditing Standards*.

Chancery Clerk.

##### **Finding 2013-1**

##### **Significant Deficiency**

###### Criteria:

An effective system of internal control includes a separation of duties.

###### Condition:

As reported in the last 19 years' audit reports, observations revealed that there is not an adequate separation of duties in the accounting functions.

###### Cause:

The size of the county interferes with the cost-benefit relationship in implementing separation of duties.

###### Effect:

Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.

###### Recommendation:

The County should separate duties for individuals involved in receipting and disbursing funds, recording transactions and reconciling accounts.

Response:

This is a very small county and it is not economically feasible to hire additional personnel.