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Coahoma County
Financial Statements
September 30, 2013

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi

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COAHOMA COUNTY
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COAHOMA COUNTY

FINANCIAL SECTION

COAHOMA COUNTY

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Coahoma 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 Coahoma County, Mississippi, (the County) 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 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 Coahoma 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

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coahoma County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken 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 September 12, 2014, on our consideration of Coahoma County, Mississippi's internal control over financial reporting and on our test 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 Coahoma County, Mississippi's internal control over financial reporting and compliance.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
September 12, 2014

COAHOMA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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COAHOMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

INTRODUCTION

The discussion and analysis of Coahoma County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2013. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Coahoma County is located in northwestern Mississippi along the Mississippi River. The population, according to the 2013 census, is 25,182. The local economic base is driven mainly by agriculture.

FINANCIAL HIGHLIGHTS

Coahoma County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Coahoma County continues to grow economically yet is decreasing in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government tax rate increased by 5.67 mills during the year. A portion of the new increase was to cover county waste disposal and for a slight increase for county fire protection.

Total net position decreased \$1,581,278 which represents a 1.38% decrease from the prior fiscal year. The County's ending cash and investments balance decreased by \$364,526, which represents a 1% decrease under the prior fiscal year.

The County had \$16,071,805 in total revenues. Tax revenues account for \$6,605,888 or 41% of total revenues. State revenues in the form of reimbursements, shared revenue, or grants, account for \$2,193,541 or 14% of total revenues.

The County had \$17,319,897 in total expenses, which represents an increase of \$676,797 or 4.07% increase over the prior fiscal year. Expenses in the amount of \$4,920,754 were offset by charges for services, grants, outside contributions or debt being issued. General revenues of \$11,151,051 were not adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$8,615,203 in revenues and \$8,639,646 in expenditures. Other financing sources provided \$405,031 enabling the fund balance to increase by \$380,588 over the prior year.

The Road Fund had \$1,676,108 in revenues and had \$1,260,408 in total expenditures. The fund balance of the Road Fund increased \$415,700 over the previous year.

The Economic Development Authority Fund had \$1,522,952 in revenues and had \$1,466,502 in total expenditures. Other financing sources provided an additional \$401,778 from capital lease principal receipts. The increase in the fund balance totaled \$458,228 during the year. The Economic Development Authority (the Authority) is a blended component unit of the County. As such, the operations of the Authority are combined into Economic Development Authority Fund. The operating results of the Authority were \$593,538 for the year which aided in the overall increase of \$458,228 of the Economic Development Authority Fund.

The Hospital Reserve Fund had \$375,387 in revenues. Other financing uses consisted of operating transfers out of \$189,464. The Hospital Reserve Fund had a net increase in fund balance of \$185,923.

Capital assets, net of accumulated depreciation, decreased by \$4,333,004. The decrease resulted from the capital lease of the building constructed by the Economic Development Authority and leased to the Department of Human Services. In accounting for the inception of capital leases, the assets being leased are removed from the books and treated as a sale of the property. Thus, the cost of construction and cost of the lot totaling \$2,245,807 were removed from the books in this regard. Depreciation accounted for a large portion of the remainder of the decrease in capital assets.

Long-term debt decreased by \$163,193. There were no new proceeds from borrowing during 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Figure 1 - Required Components of the County's Annual Report

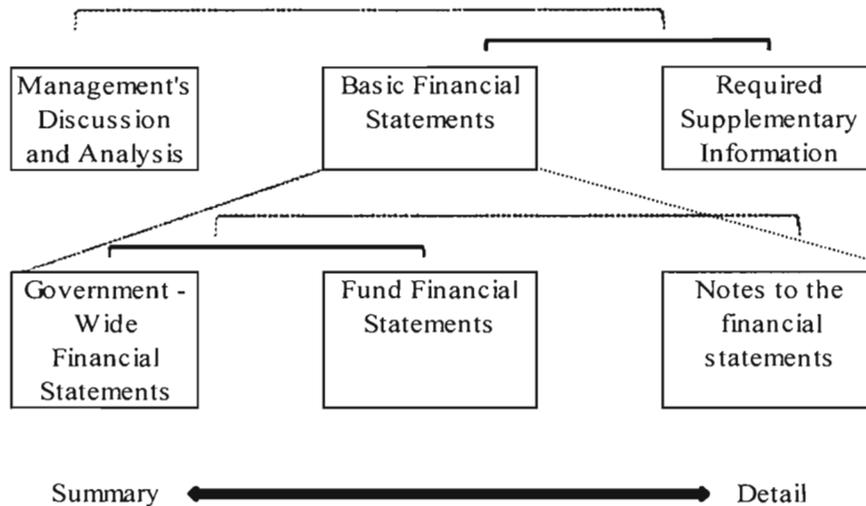


Figure 1 shows how required parts of this annual report are arranged and related to one another.

Figure 2 summarizes the major features of the County’s financial statements, including the portion of the County’s government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 - Major Features of the County's Government-Wide and Fund Financial Statements

	Government-Wide Financial	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or Fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	a. Statement of net position b. Statement of activities	a. Balance sheet b. Statement of revenues, expenditures and changes in fund balances	a. Statement of net position b. Statement of revenues, expenses and changes in net position c. Statement of cash flows	a. Statement of fiduciary net position b. Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; conservation of natural resources; economic development; and interest and other expenses on long-term debt. The business-type activities of the County include rental of office space at the Federal Building and rents received from railroad operations.

The Government-wide Financial Statements can be found on pages 16, 17, 18 and 19 of this report.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 23 and 26, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 20 through 27 of this report.

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The County uses enterprise funds to account for the Federal Building and a Railroad operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance and central maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Federal Building Fund and Railroad Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary funds financial statements can be found on pages 28 through 31 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 32 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 33 through 53 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 55 through 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net position may serve over time as a useful indicator of government's financial position. In the case of Coahoma County, assets exceeded liabilities by \$112,780,367 as of September 30, 2013.

By far, the largest portion of the County's net position (64%) reflects its net investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal years ended September 30, 2013 and 2012.

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Current assets	13,527,440	12,455,263	305,879	314,898
Other assets	36,051,900	34,206,261		
Capital assets, net	66,198,287	70,350,923	6,174,261	6,354,629
Total assets	<u>115,777,627</u>	<u>117,012,447</u>	<u>6,480,140</u>	<u>6,669,527</u>
Current liabilities	8,588,965	8,373,279	180,829	121,942
Long-term debt outstanding	459,752	510,040	247,854	315,068
Total liabilities	<u>9,048,717</u>	<u>8,883,319</u>	<u>428,683</u>	<u>437,010</u>
Net position:				
Net investment in capital assets	66,177,781	70,289,055	5,859,186	5,947,511
Restricted	51,350,163	45,193,232	264,901	336,934
Unrestricted	(10,799,034)	(7,353,159)	(72,630)	(51,928)
Total net position	<u>106,728,910</u>	<u>108,129,128</u>	<u>6,051,457</u>	<u>6,232,517</u>

The County's governmental net position decreased by \$1,400,218 representing a decrease of 1.29% from the previous year. Total governmental assets decreased \$1,234,820 and total liabilities increased by \$165,398.

The business-type activities consist of rents received from office space rental and rent received from railroad operations.

Net position of the business-type activities decreased by \$181,060 or (2.90%) from the previous year. Total assets decreased by \$189,387 and total liabilities decreased \$8,327.

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The following are significant current year transactions that have had an impact on the Statement of Net Position.

- A new capital lease was entered into by the Economic Development Authority for the Department of Human Services building.
- Equipment costing \$390,478 was purchased during the year.
- Principal payments on long-term debt totaled \$133,405 during the year.
- No new debt was issued during the year.

Changes in Net Position - Coahoma County's total revenues for the fiscal year ended September 30, 2013 was \$16,071,805. The total cost for all services provided was \$17,319,897. The change in net position was a decrease of \$1,248,092 excluding the prior period adjustment. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2013 and 2012.

	2013 <u>Amount</u>	2012 <u>Amount</u>
Revenues:		
Program revenues		
Charges for services	2,097,585	2,509,878
Operating grants and contributions	1,006,553	1,087,867
Capital grants and contributions	1,816,616	2,225,335
General revenues		
Property taxes	6,605,888	5,849,559
Grants and contributions not restricted to specific programs	2,193,541	2,214,720
Unrestricted investment income	799,549	494,092
Other	1,552,073	1,404,687
Total Revenues	<u>16,071,805</u>	<u>15,786,138</u>
Expenses:		
General government	4,568,895	4,885,829
Public safety	4,675,679	4,601,867
Public works	4,299,422	4,180,564
Health and welfare	498,110	295,699
Economic development	1,537,636	1,106,054
Other expenses	1,740,155	1,573,087
Total Expenses	<u>17,319,897</u>	<u>16,643,100</u>
Increase (Decrease) in Net Position	<u>(1,248,092)</u>	<u>(856,962)</u>

Governmental Activities - The following table presents the cost of nine major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Education, Conservation of Natural Resources, Economic Development and Assistance and interest and other expenses on long-term liabilities.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Coahoma County's taxpayers by each of these functions.

	2013	2012	2013	2012
	Total	Total	Net	Net
	Costs	Costs	Costs	Costs
General government	4,568,895	4,885,829	3,672,022	3,871,240
Public safety	4,675,679	4,601,867	3,535,648	3,776,830
Public works	4,299,422	4,180,564	3,283,288	1,712,957
Health and welfare	498,110	295,699	376,342	229,693
Economic development and assistance	1,537,636	1,106,054	741,452	518,275
Culture and recreation	411,541	420,466	301,689	244,366
Education	7,500	68,001	7,500	68,001
Conservation of natural resources	93,020	173,189	93,020	173,189
Interest and other expenses on long-term liabilities	422,810	285,670	422,810	285,670

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds - At the close of the fiscal year, Coahoma County's governmental funds reported a combined fund balance of \$35,594,214, a 2.77% increase of \$958,374.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$380,590. Total revenues decreased \$329,934. Total expenditures decreased \$898,054. Other financing sources and uses decreased \$240,417.

The Road Fund reported an increase in net fund balance for the year of \$415,700. The fund accounts for activities associated with road maintenance financed in part by tax assessments and state source revenue.

The Economic Development Authority Fund reported an increase in fund balance of \$458,228 for the year. The fund accumulates activities associated with industrial development within the County.

The Hospital Reserve Fund reported an increase in fund balance of \$185,923 for the year.

Business-type funds - Both enterprise funds are supported by rent. The Federal Building rents office space to various outside agencies. The Railroad Fund receives a base rent of \$9,000 per month. Additional rent of 60% of gross annual revenue above \$405,000 is also collectible. Rent of \$10 per railcar, empty or loaded, is collected on railcars which exit property at Swan Lake.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year Coahoma County revised its annual operating budget. Significant amendments are explained as follows:

The General fund was amended down because expenditures were less than expected for public works activities.

The Road fund budget was decreased \$218,567 during the year.

The Economic Development Authority fund budget increased \$135,560 to cover additional cost for Saf-T-Cart and Peanut Warehouse projects.

The Hospital Reserve fund budget did not experience any significant budget revisions.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2013, Coahoma County's total capital assets was \$158,088,685. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents a decrease from the previous year of \$2,022,582. The largest portion of the decrease was due to the capital lease of the Department of Human Services Building. The cost of this construction was removed from the books in accordance with generally accepted accounting principles regarding capital leases.

Total accumulated depreciation as of September 30, 2013 was \$85,716,137, including \$2,336,634 of depreciation expense for the year. The balance in total net capital assets was \$72,372,548 at year-end.

Additional information on Coahoma County's capital assets can be found in Note 8 on page 43 of this report.

Debt Administration - At September 30, 2013, Coahoma County had \$795,333 in long-term debt outstanding. Principal payments of \$41,362 were made against governmental funds debt and principal payments of \$92,043 were made against enterprise fund debt. No new outside debt was issued during the year.

The State of Mississippi limits the amount of debt a County can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$29.5 million dollars.

Additional information on Coahoma County's long-term debt can be found in Note 13 on page 47 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

Coahoma County continues in its ongoing efforts to serve as a catalyst for the creation of jobs in our community. Currently, two industries are involved in company expansions. These expansions will provide over 40 new jobs within our community. In addition, the United States Air Force Reserve continues to make significant infrastructure improvements at our local airport. They have committed to return in 2015 to further their work. They have invested over three million dollars of free labor and equipment to this project.

Additional infrastructure plans include the completion of the Jonestown Bypass in 2015. This much needed new stretch of road that will be maintained by MDOT and will greatly reduce truck traffic on our local roads.

Lastly, Coahoma County has invested nearly fifteen millions dollars of its hospital reserve funds. This long term investment will help to provide additional financial resources in the future to sustain our efforts.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P. O. Box 579, Clarksdale, MS 38614.

COAHOMA COUNTY

BASIC FINANCIAL STATEMENTS

COAHOMA COUNTY
Statement of Net Position
September 30, 2013

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 5,037,067	322,424	5,359,491
Investments	70,401		70,401
Cash with fiscal agent	216,886		216,886
Property tax receivable	6,987,214		6,987,214
Accounts receivable (net of allowance for uncollectibles of \$93,237 and \$0 respectively)	32,389	34,375	66,764
Fines receivable (net of allowance for uncollectibles of \$9,426,878)	265,667		265,667
Loans receivable	745,608		745,608
Capital leases receivable	5,714,312		5,714,312
Intergovernmental receivables	1,100,351	142,835	1,243,186
Other receivables	58,965		58,965
Internal balances	193,755	(193,755)	-
Prepaid items	24,167		24,167
Restricted assets	29,132,558		29,132,558
Capital assets:			
Land and construction in progress	8,383,742	40,000	8,423,742
Other capital assets, net	57,814,545	6,134,261	63,948,806
Total Assets	115,777,627	6,480,140	122,257,767
LIABILITIES			
Claims payable	693,153	113,608	806,761
Claims and judgments payable	94,552		94,552
Intergovernmental payables	260,489		260,489
Deferred revenue	7,447,920		7,447,920
Unearned revenue	5,837		5,837
Other payables	66,508		66,508

Long term liabilities			
Due within one year	20,506	67,221	87,727
Capital related debt			
Due in more than one year:			
Capital related debt		247,854	247,854
Non-capital related debt	459,752		459,752
Total Liabilities	<u>9,048,717</u>	<u>428,683</u>	<u>9,477,400</u>
NET POSITION			
Net investment in capital assets	66,177,781	5,859,186	72,036,967
Restricted net assets:			
Expendable:			
General government			
Debt service	378,702		378,702
Public safety	293,252		293,252
Public works	20,992		20,992
Culture and recreation	533,897		533,897
Economic development	143,015		143,015
Unemployment compensation	5,374,031	264,901	5,638,932
Other purposes	21,461		21,461
Non-expendable:			
Hospital reserve	44,540,270		44,540,270
Unrestricted	(10,799,034)	(72,630)	(10,871,664)
Total Net Position	<u>\$ 106,728,910</u>	<u>6,051,457</u>	<u>112,780,367</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,568,895	859,121	37,752		(3,672,022)		(3,672,022)
Public safety	4,675,679	531,869	186,584	421,578	(3,535,648)		(3,535,648)
Public works	4,299,422	128,984	660,449	226,701	(3,283,288)		(3,283,288)
Health and welfare	498,110		121,768		(376,342)		(376,342)
Culture and recreation	411,541			109,852	(301,689)		(301,689)
Education	7,500				(7,500)		(7,500)
Conservation of natural resources	93,020				(93,020)		(93,020)
Economic development and assistance	1,537,636			796,184	(741,452)		(741,452)
Interest and other expenses on long-term liabilities	422,810				(422,810)		(422,810)
Total Governmental Activities	16,514,613	1,519,974	1,006,553	1,554,315	(12,433,771)	-	(12,433,771)
Business-type activities:							
Federal building	300,062	417,341		262,301		117,279	117,279
Railroad	505,222	160,270				(82,651)	(82,651)
Total Business-type Activities	805,284	577,611	-	262,301	-	34,628	34,628
Total Primary Government	\$ 17,319,897	2,097,585	1,006,553	1,816,616	(12,433,771)	34,628	(12,399,143)

General revenues:			
Property taxes	\$ 6,366,956		6,366,956
Road & Bridge privilege taxes	238,932		238,932
Grants and contributions not restricted to specific programs	2,193,541		2,193,541
Unrestricted investment income	799,242	307	799,549
Miscellaneous	1,518,068	34,005	1,552,073
Transfers	250,000	(250,000)	-
Total General Revenues	<u>11,366,739</u>	<u>(215,688)</u>	<u>11,151,051</u>
Changes in Net Position	<u>(1,067,032)</u>	<u>(181,060)</u>	<u>(1,248,092)</u>
Net Position - Beginning	108,129,128	6,232,517	114,361,645
Prior period adjustment	<u>(333,186)</u>		<u>(333,186)</u>
Net Position - Beginning, as restated	<u>107,795,942</u>	<u>6,232,517</u>	<u>114,028,459</u>
Net Position - Ending	<u>\$ 106,728,910</u>	<u>\$ 6,051,457</u>	<u>\$ 112,780,367</u>

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

COAHOMA COUNTY
Balance Sheet - Governmental Funds
September 30, 2013

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	Economic Development Authority Fund	Hospital Reserve Fund	Other Governmental Funds	
ASSETS						
Cash	\$ 2,447,667	450,079	617,562		1,268,160	4,783,468
Investments			70,401			70,401
Cash with fiscal agent					216,886	216,886
Property tax receivable	4,907,265	667,644	101,203		1,311,102	6,987,214
Accounts receivable (net of allowance for uncollectibles \$93,237)					32,389	32,389
Fines receivable (net of allowance for uncollectibles \$9,426,878)	265,667					265,667
Loans receivable			745,608			745,608
Capital lease receivable	154,497		5,559,815			5,714,312
Intergovernmental receivables	327,855	44,585			690,411	1,062,851
Other receivables	1,859				57,106	58,965
Due from other funds		22,021	1,036	3,010,859	11,399	3,045,315
Advances to other funds				12,396,853		12,396,853
Prepaid expenses						24,167
Restricted assets			24,167			
Total Assets	\$ 8,104,810	1,184,329	7,119,792	44,540,270	3,587,453	64,536,654
LIABILITIES AND FUND BALANCES						
Liabilities:						
Claims payable	\$ 277,151	46,738	218,978		150,286	693,153
Intergovernmental payables	260,442					260,442
Due to other funds	914,967	52,599	427,704		1,247,302	2,642,572
Advances from other funds	5,600,858	147,388	5,375,201		1,150,940	12,274,387
Deferred revenue	5,327,429	667,644	5,661,018		1,343,450	12,999,541
Unearned revenue					5,837	5,837
Amounts held in custody for others	62,304				4,204	66,508
Total Liabilities	12,443,151	914,369	11,682,901	-	3,902,019	28,942,440

Fund balances:					
Nonspendable:					
Prepaid items	24,167				24,167
Advances		12,396,853			12,396,853
Loans receivable	745,608				745,608
Permanent fund principal		31,955,723			31,955,723
Restricted for:					
General government			157,578		157,578
Public safety			20,993		20,993
Public works		269,960	231,589		501,549
Culture and recreation			143,015		143,015
Economic development and assistance			260,296		260,296
Debt service			293,252		293,252
Unemployment compensation			21,461		21,461
Committed to:					
General government	800,417				800,417
Assigned to:					
General government	17,177	187,694			204,871
Unassigned	(5,155,935)		(5,332,884)	(1,442,750)	(11,931,569)
Total Fund Balances	(4,338,341)	269,960	(4,563,109)	(314,566)	35,594,214
Total Liabilities and Fund Balances	\$ 8,104,810	1,184,329	7,119,792	3,587,453	64,536,654

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

COAHOMA COUNTY

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 35,594,214
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$82,712,976	66,198,287
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines receivable	265,667
Waste disposal	32,347
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(480,258)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds	5,253,606
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position	<u>(134,953)</u>
Total net position - Governmental Activities	<u>\$ 106,728,910</u>

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

COAHOMA COUNTY

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	Road Fund	Economic Development Authority Fund	Hospital Reserve Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 4,427,879	504,906	102,828		1,331,343	6,366,956
Road and bridge privilege taxes		238,932				238,932
Licenses, commissions and other revenue	568,728	3,943			19,532	592,203
Fines and forfeitures	255,574				1,094	256,668
Intergovernmental revenues	2,386,213	638,641	796,184		944,178	4,765,216
Charges for services	238,228				446,364	684,592
Interest income	69,245	129	198,825	375,387	155,656	799,242
Miscellaneous revenues	669,336	289,557	425,115		86,870	1,470,878
Total Revenues	8,615,203	1,676,108	1,522,952	375,387	2,985,037	15,174,687
EXPENDITURES						
General government	3,575,359				92,813	3,668,172
Public safety	3,775,153				703,579	4,478,732
Public works	48,552	1,258,126			2,449,253	3,755,931
Health and welfare	481,445				161,455	481,445
Culture and recreation	250,086					411,541
Education	7,500					7,500
Conservation of natural resources	93,020					93,020
Economic development and assistance	209,170		1,250,770		66,312	1,526,252
Debt service:						
Principal			12,109		29,253	41,362
Interest	199,361	2,282	203,623		17,544	422,810
Total Expenditures	8,639,646	1,260,408	1,466,502	-	3,520,209	14,886,765

Excess of Revenues over (under) Expenditures	<u>(24,443)</u>	<u>415,700</u>	<u>56,450</u>	<u>375,387</u>	<u>(535,172)</u>	<u>287,922</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	639,464				253,105	892,569
Transfers out	(253,105)			(189,464)	(200,000)	(642,569)
Lease principal payments	18,674		401,778			420,452
Total Other Financing Sources and Uses	<u>405,033</u>	<u>-</u>	<u>401,778</u>	<u>(189,464)</u>	<u>53,105</u>	<u>670,452</u>
Net Changes in Fund Balances	<u>380,590</u>	<u>415,700</u>	<u>458,228</u>	<u>185,923</u>	<u>(482,067)</u>	<u>958,374</u>
Fund Balances - Beginning	<u>(4,718,931)</u>	<u>(145,740)</u>	<u>(5,021,337)</u>	<u>44,354,347</u>	<u>167,501</u>	<u>34,635,840</u>
Fund Balances - Ending	<u>\$ (4,338,341)</u>	<u>\$ 269,960</u>	<u>\$ (4,563,109)</u>	<u>\$ 44,540,270</u>	<u>\$ (314,566)</u>	<u>\$ 35,594,214</u>

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

COAHOMA COUNTY

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	\$ 958,374

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 depreciation \$1,980,469 exceeded capital outlays of \$422,461

(1,558,008)

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 \$15,635 and the proceeds from the sale of \$0

(15,635)

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

19,865

Waste disposal revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.

(37,706)

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 assets differs from the change in fund balances by the amount that debt repayments of \$41,362 exceeded debt proceeds of \$0.

41,362

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balance by a combination of the following items:

Compensated absences

29,788

An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities

(126,250)

Lease principal payments on capital leases recognized on the modified accrual basis in the funds is reduced because prior year recognition of gain would have been required on the Statement of Activities using the full-accrual basis of accounting.

(420,452)

In accounting for capital leases as a lessor, the inception of a new capital lease is reported as a sale of the asset on the full accrual basis of accounting. The blended component unit reported a gain on the inception of a new capital lease.

41,630

Change in Net Position of Governmental Activities

\$ (1,067,032)

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

COAHOMA COUNTY
Statement of Net Position - Proprietary Funds
September 30, 2013

Exhibit 5

	Business-type Activities - Enterprise Funds			Governmental
	Federal Building Fund	Railroad Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash	\$ 281,767	40,657	322,424	253,599
Accounts receivable		34,375	34,375	
Intergovernmental receivables		142,835	142,835	
Total Current Assets	<u>281,767</u>	<u>217,867</u>	<u>499,634</u>	<u>253,599</u>
Noncurrent assets:				
Land and construction in progress	40,000		40,000	
Capital assets, net	1,186,824	4,947,437	6,134,261	
Total Noncurrent Assets	<u>1,226,824</u>	<u>4,947,437</u>	<u>6,174,261</u>	<u>-</u>
Total Assets	<u>1,508,591</u>	<u>5,165,304</u>	<u>6,673,895</u>	<u>253,599</u>
LIABILITIES				
Current liabilities:				
Claims payable	16,866	96,742	113,608	
Claims and judgements payable			-	94,552
Due to other funds		71,289	71,289	294,000
Advances from other funds		122,466	122,466	
Current portions of long-term capital-related debt:				
Current portions of other long-term liabilities		67,221	67,221	
Total Current Liabilities	<u>16,866</u>	<u>357,718</u>	<u>374,584</u>	<u>388,552</u>
Noncurrent liabilities:				
Capital-related debt:				
Other long-term liabilities		247,854	247,854	
Total Noncurrent Liabilities	<u>-</u>	<u>247,854</u>	<u>247,854</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,226,824	4,632,362	5,859,186	
Restricted for economic development	264,901		264,901	
Unrestricted		(72,630)	(72,630)	(134,953)
Total Net Position	<u>\$ 1,491,725</u>	<u>4,559,732</u>	<u>6,051,457</u>	<u>(134,953)</u>

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

COAHOMA COUNTY

Exhibit 6

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

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Operating Revenues				
Refunds			-	5,409
Premiums			-	1,132,812
Rent	417,341	160,270	577,611	
Miscellaneous		34,005	34,005	
Total Operating Revenues	<u>417,341</u>	<u>194,275</u>	<u>611,616</u>	<u>1,138,221</u>
Operating Expenses				
Personal services	43,955		43,955	
Contractual services	193,666	600	194,266	
Materials and supplies	2,036	203,602	205,638	
Depreciation expense	60,405	295,760	356,165	
Claims payment			-	1,002,698
Administrative			-	243,333
Insurance premiums			-	18,481
Total Operating Expenses	<u>300,062</u>	<u>499,962</u>	<u>800,024</u>	<u>1,264,512</u>
Operating Income (Loss)	<u>117,279</u>	<u>(305,687)</u>	<u>(188,408)</u>	<u>(126,291)</u>
Nonoperating Revenues (Expenses)				
Interest income	283	24	307	41
Intergovernmental grants		262,301	262,301	
Interest expense		(5,260)	(5,260)	
Net Nonoperating Revenue (Expenses)	<u>283</u>	<u>257,065</u>	<u>257,348</u>	<u>41</u>
Net Income (Loss) Before Transfers	<u>117,562</u>	<u>(48,622)</u>	<u>68,940</u>	<u>(126,250)</u>
Transfers Out	<u>(250,000)</u>		<u>(250,000)</u>	
Changes in Net Position	<u>(132,438)</u>	<u>(48,622)</u>	<u>(181,060)</u>	<u>(126,250)</u>
Net Position - Beginning	<u>1,624,163</u>	<u>4,608,354</u>	<u>6,232,517</u>	<u>(8,703)</u>
Net Position - Ending	<u>\$ 1,491,725</u>	<u>4,559,732</u>	<u>6,051,457</u>	<u>(134,953)</u>

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

COAHOMA COUNTY
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2013

Exhibit 7

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Cash Flows From Operating Activities				
Receipts from rent	\$ 417,341	184,064	601,405	
Receipts for premiums			-	1,132,812
Payments to suppliers	(190,391)	(125,797)	(316,188)	
Payments to employees	(43,955)		(43,955)	
Payments for claims			-	(988,448)
Payments to administrator for services			-	(243,333)
Payments for insurance premiums			-	(18,481)
Other operating cash receipts		106,193	106,193	5,409
Net Cash Provided (Used) by Operating Activities	<u>182,995</u>	<u>164,460</u>	<u>347,455</u>	<u>(112,041)</u>
Cash Flows From Noncapital Financing Activities				
Cash received from other funds:				
Loans from other funds		56,000	56,000	294,000
Interfund loan repayments		(139,838)	(139,838)	
Cash paid to other funds:				
Operating transfers out	(250,000)		(250,000)	
Interfund loan repayments			-	(105,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(250,000)</u>	<u>(83,838)</u>	<u>(333,838)</u>	<u>189,000</u>
Cash Flows From Capital and Related Financing Activities				
Capital grants received		135,912	135,912	
Acquisition and construction of capital assets		(175,797)	(175,797)	
Principal paid on long-term debt		(92,043)	(92,043)	
Interest paid on debt		(5,260)	(5,260)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(137,188)</u>	<u>(137,188)</u>	<u>-</u>
Cash Flows From Investing Activities				
Interest and dividends on investments	283	24	307	41
Net Cash Provided (Used) by Investing Activities	<u>283</u>	<u>24</u>	<u>307</u>	<u>41</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(66,722)	(56,542)	(123,264)	77,000
Cash and Cash Equivalents at Beginning of Year	348,489	97,199	445,688	176,599
Cash and Cash Equivalents at End of Year	<u>\$ 281,767</u>	<u>40,657</u>	<u>322,424</u>	<u>253,599</u>

Reconciliation of Operating Income (Loss) to Net Cash
 Provided (Used) by Operating Activities:

Operating income (loss)	<u>\$ 117,279</u>	<u>(305,687)</u>	<u>(188,408)</u>	<u>(126,291)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	60,405	295,760	356,165	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable		23,794	23,794	
(Increase) decrease in other receivable		72,188	72,188	
Increase (decrease) in claims payable	5,311	78,405	83,716	
Increase (decrease) in claims and judgments liability			-	14,250
Total Adjustments	<u>65,716</u>	<u>470,147</u>	<u>535,863</u>	<u>14,250</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 182,995</u>	<u>164,460</u>	<u>347,455</u>	<u>(112,041)</u>

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

COAHOMA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2013

Exhibit 8

	<u>Agency</u>
ASSETS	
Cash	194,269
Due from other funds	46
Other receivables	<u>6,099</u>
Total Assets	<u><u>200,414</u></u>
LIABILITIES	
Intergovernmental payables	162,914
Due to other funds	<u>37,500</u>
Total Liabilities	<u><u>200,414</u></u>

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

COAHOMA COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-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 Coahoma County Public Improvement Corporation is comprised solely of the five members of the Board of Supervisors. Although it is legally separate from the County, the corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's buildings.

The Economic Development Authority of Coahoma County is comprised of seven residents of Coahoma County. The members are appointed by the Board of Supervisors of Coahoma County and serve five year terms. The Board of Supervisors must approve the overall budget for the Authority. The Authority is reported as if it were part of the primary government because its activities are closely intertwined with County activities.

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 and fund financial statements, which provide a detailed level of financial information.

COAHOMA COUNTY

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

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 units. 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. Internal service fund balances have been eliminated against the expenses and program revenue. 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 as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

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

The 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

COAHOMA COUNTY

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

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.

Road Fund - This fund is used to account for and report activities relating to maintaining roads within the County.

Economic Development Authority Fund - This fund is used to account for and report activities relating to industrial development with the County.

Hospital Reserve Fund - This fund is used to account for and report resources that are legally restricted to the extent that only a portion of the earnings and none of the principal can be used to support County programs.

The County reports the following major proprietary funds:

Federal Building Fund - This fund is used to account for and report monies received from rentals of office space in the building.

Railroad Fund - This fund is used to account for and report monies received from rentals of the railroad and fees charged based upon number of railcars passing along the County owned tracks.

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 expenditures for specified purposes other than debt service or capital projects.

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

Permanent Funds - These funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not the principal, may be used for the support of County programs.

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.

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

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service funds report on self-insurance programs for employee medical benefits.

FIDUCIARY FUND TYPE

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

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. However, the County did not invest in any governmental securities during the fiscal year.

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

COAHOMA COUNTY

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

J. Restricted Assets.

The assets of the hospital reserve fund are shown as restricted assets. The Board is authorized to expend up to fifty percent of the interest each year on for certain purposes. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

K. 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 statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs has been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because 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
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years

L. 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.

COAHOMA COUNTY

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

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

M. 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, constructions or improvements 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 regulation 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, assigned or unassigned. The following are descriptions of fund classifications used by the county:

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

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

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.

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

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

COAHOMA COUNTY

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

reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

N. 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.

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

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

COAHOMA COUNTY

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

- (2) Prior Period Adjustment.

Exhibit 2 – Statement of Activities

Explanation

Correction of expenditures at airport capitalized in error \$ (333,186)

- (3) Deposits and Investments.

Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$34,903,204, and the bank balance was \$35,234,047. The collateral for public entities' deposits in financial institutions, is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investment balances at September 30, 2013 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of Deposit	March 13, 2014	31,293
Certificate of Deposit	March 18, 2014	5,229
Certificate of Deposit	March 13, 2014	<u>33,879</u>
 Total		 <u>\$ 70,401</u>

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

Credit Risk - State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments - Custodial credit risk is the risk that in the event of 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. Of the County's investment, \$0 of underlying securities was held by the investment's counterparty, not in the name of the County.

COAHOMA COUNTY

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Fund	General Fund	\$ 22,021
Economic Development Authority Fund	General Fund	1,036
Hospital Reserve Fund	General Fund	880,465
Hospital Reserve Fund	Economic Development Authority Fund	427,704
Hospital Reserve Fund	Enterprise Fund *	71,289
Hospital Reserve Fund	Internal Service Funds	294,000
Hospital Reserve Fund	Road Fund	52,599
Hospital Reserve Fund	Other Governmental Funds	1,247,302
Hospital Reserve Fund	Agency Funds	37,500
Other Governmental Funds	General Fund	11,399
Agency Funds	General Fund	46
Total		<u>\$ 3,045,361</u>

The interfund loans were made to provide operating capital, finance construction projects and prevent borrowing from outside sources. A portion of the above amounts reflect amounts collected by the tax collector and are expected to be remitted in October 2013.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Hospital Reserve Fund	General Fund	5,600,858
Hospital Reserve Fund	Road Fund	147,388
Hospital Reserve Fund	Economic Development Authority Fund	5,375,201
Hospital Reserve Fund	Enterprise Fund *	122,466
Hospital Reserve Fund	Other Governmental Funds	1,150,940
Total		<u>\$ 12,396,853</u>

* These funds make up the internal balances on Exhibit 1.

Monthly payments are being made on a number of above advances. The portion expected to be repaid within one year has been classified as due to/due from. The remaining amounts due are not expected to be repaid within one year. The interfund advances were made to finance construction projects and prevent borrowing from outside sources.

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

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Hospital Reserve Fund	\$ 189,464
General Fund	Other Governmental Funds	200,000
General Fund	Federal Building Fund	250,000
Other Governmental Funds	General Fund	253,105
Total		<u>\$ 892,569</u>

The principal purpose of the transfers was to provide funds for operations and to eliminate deficit cash balances for the fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Gaming	134,792
Grant receivable	745,469
Legislative tax credit	100,562
Other	115,449
Youth court	4,079
Total Governmental Activities	<u>\$ 1,100,351</u>

Business-type Activities:

Grant receivable	<u>\$ 142,835</u>
Total Business-type Activities	<u>\$ 142,835</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2013, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Standard Industrial	4/6/09	3.00%	4/1/29	<u>745,608</u>
Total				<u>\$ 745,608</u>

COAHOMA COUNTY

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

(7) Restricted Assets.

The balances of the restricted asset accounts in the Hospital Reserve Fund are as follows:

Cash	<u>\$ 29,132,558</u>
Total Restricted Assets	<u>\$ 29,132,558</u>

(8) Capital Assets.

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

Governmental activities:

	<u>Balance Oct. 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2013</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,879,732		(30,000)		3,849,732
Construction in progress	<u>7,051,020</u>	<u>31,983</u>	<u>(2,215,807)</u>	<u>(333,186)</u>	<u>4,534,010</u>
Total non-depreciable capital assets	<u>10,930,752</u>	<u>31,983</u>	<u>(2,245,807)</u>	<u>(333,186)</u>	<u>8,383,742</u>
<u>Depreciable capital assets:</u>					
Infrastructure	77,431,116	33,065			77,464,181
Buildings	49,136,004	126,801			49,262,805
Improvements other than buildings	2,748,695				2,748,695
Mobile equipment	7,920,837	76,670	(24,592)		7,972,915
Furniture and equipment	<u>2,942,238</u>	<u>153,942</u>	<u>(17,255)</u>		<u>3,078,925</u>
Total depreciable capital assets	<u>140,178,890</u>	<u>390,478</u>	<u>(41,847)</u>	<u>-</u>	<u>140,527,521</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	52,224,759	234,608			52,459,367
Buildings	19,749,545	962,801			20,712,346
Improvements other than buildings	662,040	102,751			764,791
Mobile equipment	6,017,480	496,684	(22,133)		6,492,031
Furniture and equipment	<u>2,104,895</u>	<u>183,625</u>	<u>(4,079)</u>		<u>2,284,441</u>
Total accumulated depreciation	<u>80,758,719</u>	<u>1,980,469</u>	<u>(26,212)</u>	<u>-</u>	<u>82,712,976</u>
Total depreciable capital assets, net	<u>59,420,171</u>	<u>(1,589,991)</u>	<u>(15,635)</u>	<u>-</u>	<u>57,814,545</u>
Governmental activities capital assets, net	<u>\$ 70,350,923</u>	<u>(1,558,008)</u>	<u>(2,261,442)</u>	<u>(333,186)</u>	<u>66,198,287</u>

COAHOMA COUNTY

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

Business-type activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	\$ 40,000				40,000
Construction in progress	717,420			(717,420)	-
Total non-depreciable capital assets	<u>757,420</u>	<u>-</u>	<u>-</u>	<u>(717,420)</u>	<u>40,000</u>
<u>Depreciable capital assets:</u>					
Infrastructure	6,520,787	175,797		697,421	7,394,005
Buildings	1,723,418			19,999	1,743,417
Total depreciable capital assets	<u>8,244,205</u>	<u>175,797</u>	<u>-</u>	<u>717,420</u>	<u>9,137,422</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	2,150,806	295,760			2,446,566
Buildings	496,190	60,405			556,595
Total accumulated depreciation	<u>2,646,996</u>	<u>356,165</u>	<u>-</u>	<u>-</u>	<u>3,003,161</u>
Total depreciable capital assets, net	<u>5,597,209</u>	<u>(180,368)</u>	<u>-</u>	<u>717,420</u>	<u>6,134,261</u>
Business-type activities capital assets, net	<u>\$ 6,354,629</u>	<u>(180,368)</u>	<u>-</u>	<u>-</u>	<u>6,174,261</u>

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 856,201
Public safety	486,147
Public works	577,152
Economic development	44,304
Health and welfare	16,665
Total governmental activities depreciation expense	<u>\$ 1,980,469</u>
<u>Business-type Activities:</u>	
Federal Building	\$ 60,405
Railroad	295,760
Total business-type activities depreciation expense	<u>\$ 356,165</u>

An adjustment of \$333,186 was made to construction in progress of the governmental activities to correct a prior year of capitalizing expenditures involving the local airport which is not owned by the County.

The County's blended component unit, the Economic Development Authority, leased under a capital lease to the Department of Human Services a newly constructed building. The cost of the lot (\$30,000) and the cost of construction (\$2,215,807) were reflected in the deletions column in accordance with guidelines established by generally accepted accounting principles regarding capital leases.

COAHOMA COUNTY

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

As of September 30, 2013 the County did not have any commitments with respect to unfinished capital projects:

(9) 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.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 1998 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000 and the aggregate policy covers all submitted claims in excess of \$1,079,100.

The County has expended more in claims than was collected for the year. The Coahoma County Insurance's net position balance at September 30, 2013 was \$(373,650). The overall Internal Service net position balance was \$(134,953) at September 30, 2013.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2013, the amount of these liabilities was \$94,552. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2011-2012	\$ 40,098	783,662	743,458	80,302
2012-2013	\$ 80,302	870,019	855,769	94,552

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

(10) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$833,311 for the year ended September 30, 2013. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2014	\$ 773,892
2015	745,780
2016	745,780
2017	695,780
2018	568,951
2019-2023	2,706,983
2024-2028	1,000,325
2029-2033	325
	<u>7,237,816</u>
Total Minimum Payments Required	<u>\$ 7,237,816</u>

The County receives income from property it leases in Enterprise Funds. Total income from such leases was \$577,611 for the year ended September 30, 2013. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2014	\$ 523,127
2015	360,782
2016	226,348
2017	33,744
	<u>1,144,001</u>
Total Minimum Payments Required	<u>\$ 1,144,001</u>

As Lessee:

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$59,842 for the year ended September 30, 2013. The future minimum lease payments for these leases are \$0.00 as the leases are on a month to month basis.

(11) Capital Leases.

As Lessor:

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

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 454,124
Buildings	\$ 6,060,159

COAHOMA COUNTY

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

<u>Classes of Property</u>	<u>Amount</u>
Equipment	149,104
Total	<u>\$ 6,663,387</u>

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	\$ 430,392	88,674
2015	433,966	78,922
2016	446,265	68,874
2017	451,980	58,537
2018	449,247	47,949
2019-2023	1,837,190	101,655
2024-2028	716,773	15,102
2029-2033	487,793	993
Total	<u>\$ 5,253,606</u>	<u>460,706</u>

(12) Short-term Debt and Liquidity.

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

(13) 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			
Qualified Zone Academy Bond	<u>\$ 250,000</u>	0.00%	11-14
B. Other Loans:			
Incubator building	\$ 6,191	3.00%	2-14
MDECD rail loan - Cooper Tire	<u>14,315</u>	3.75%	3-14
Total Other Loans	<u>\$ 20,506</u>		

COAHOMA COUNTY

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Business-type Activities:			
A. Other Loans:			
MDECD 2002 rail loan	<u>\$ 315,075</u>	0.25%	7-18

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 20,506	244
Total	<u>\$ 20,506</u>	<u>244</u>

See Note 20 for Qualified Zone Academy Bonds.

<u>Business-type Activities: Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 67,221	711
2015	67,389	542
2016	67,558	374
2017	67,727	205
2018	45,180	42
Total	<u>\$ 315,075</u>	<u>1,874</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever the 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 6.3% of the latest property assessments.

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

COAHOMA COUNTY

Notes to 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
Governmental Activities:						
Compensated absences	\$ 239,540		(29,788)		209,752	
General obligation bonds	250,000				250,000	
Other loans	61,868		(41,362)		20,506	20,506
Total	<u>\$ 551,408</u>	<u>-</u>	<u>(71,150)</u>	<u>-</u>	<u>480,258</u>	<u>20,506</u>
Business-type Activities:						
Other loans	\$ 407,118		(92,043)		315,075	67,221
Total	<u>\$ 407,118</u>	<u>-</u>	<u>(92,043)</u>	<u>-</u>	<u>315,075</u>	<u>67,221</u>

Obligation for the County's remaining rail loan was made in accordance with the loan terms. The amounts are paid from the Railroad Fund.

Compensated absences will be paid from the fund which the employees' salaries were paid, which are generally the General Fund, Road Maintenance Fund and Bridge Fund.

(14) Deficits Fund Balance of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2013:

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COAHOMA COUNTY

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

Fund	Deficit Amount
<hr/>	
Major Fund:	
General Fund	\$ 4,338,341
Economic Development Authority Fund	4,563,109
Nonmajor Funds:	
DUI I3-TA-114-1	13,946
Pre-Disaster LPDM-PJ-04-MS-2009-003	22,656
DRA Multi Modal	14,662
CC Airport	565,792
CDBG 1128-11-014-PF-01	248,112
CC East Park Drainage	883
CDBG Home Rehab	2,596
Livestock/Fairgrounds	485,011
County Fire	67,013
SAP Engineering	21,766
SAP Engineering 6-1-13	313
Total Nonmajor funds	<u>1,442,750</u>
Internal Service Funds:	
Coahoma County Insurance Trust Fund	<u>373,650</u>

(15) 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.

COAHOMA COUNTY

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

(16) Related Organizations

The Board of Supervisor's is responsible appointing members to the Board of the Coahoma County Tourism Commission. The members are appointed for terms of 5 years. The Board of Supervisor's is provided a copy and reviews the budget for the Tourism Commission but cannot force a modification to the budget. The member's appointed to the Tourism Board serve without fear of replacement by the Board of Supervisor's until that member's term has been served.

(17) Joint Ventures

The County participates in the following joint ventures:

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Clarksdale-Coahoma Airport. The joint venture was created to provide airport facilities for County residents and is governed by a board of commissioners, half of the members are appointed by Coahoma County and half by the City of Clarksdale. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$16,000. Complete financial statements for the Clarksdale-Coahoma Airport can be obtained from the Clarksdale-Coahoma Airport at P.O. Box 406, Lyon, Mississippi 38645.

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Carnegie Public Library of the City of Clarksdale and the County of Coahoma, Mississippi. The joint venture was created to provide library facilities for the County residents and is governed by a ten-member board of commissioners, with five of the members appointed by Coahoma County and five by the City of Clarksdale. By contractual agreement the County's appropriation from the General Fund this year amounted to \$190,500. Complete financial statements for the Carnegie Public Library of the City of Clarksdale and the County of Coahoma can be obtained at P.O. Box 280, Clarksdale, Mississippi 38614.

(18) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints six of the twelve members of the college board of trustees. The County collected \$1,878,910 for maintenance and support of the college in fiscal year 2013.

North Delta Planning and Development District is comprised of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Coahoma County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$68,000 for support of the district in fiscal year 2013.

The Region I Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$65,000 for the support of the center in fiscal year 2013.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Coahoma County Board of Supervisors appoints one of the twenty-one members of the board of commissioners. The County levied a .71 mill tax which resulted in \$127,354 to help finance the district in fiscal year 2013.

(19) Defined Benefit Pension Plan

Plan Description - Coahoma County, Mississippi, contributes to the Public Employees' Retirement System of

COAHOMA COUNTY

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

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% 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 \$677,505, \$619,356, and \$551,257, respectively, equal to the required contributions for each year.

(20) Qualified Zone Academy Bonds

Section 37-27-65 of the Miss. Code Ann. (1972) provides authority for the County to issue bonds for the benefit of agricultural high schools. Bonds totaling \$250,000 were issued for the benefit of Coahoma Agricultural High School. The school has been designated as a Qualified Zone Academy. Thus, the bonds issued have been designated as Qualified Zone Academy Bonds for the purposes of the Federal Tax Code. The purpose of the bonds is for renovations, repairing and rehabilitating the high school.

The Bonds have an issue date of November 1, 2004 and a maturity date of November 1, 2014. No interest will accrue on the principal balance of the bonds. The following schedule reports estimated yearly deposits to be made to the bonds trustee:

<u>Year Ended September 30</u>	<u>Deposit</u>
2014	20,185
2015	20,185

The above deposits will be used to purchase securities. The amounts deposited plus earnings from the securities will be used to pay off the bonds at maturity. Accumulations of deposits and earnings being held by the trustee at September 30, 2013 was \$216,886.

Local businesses are expected to participate by helping provide a ten percent match required for Qualified Zone Academy Bonds.

(22) Subsequent Events

Events that occur after the statement of net position 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 Coahoma County evaluated the activity of the county through September 12, 2014, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

The Sheriff's office was awarded a \$235,000 grant to purchase software to aid in tracking crime related intelligence and information.

A temporary interfund loan of approximately \$1,556,000 was requested for General Fund until tax collections were received in February 2014.

COAHOMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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COAHOMA COUNTY
 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)
REVENUES				
Property taxes	\$ 4,357,195	4,420,674	4,420,673	(1)
Licenses, commissions and other revenue	540,327	680,914	562,639	(118,275)
Fines and forfeitures	226,900	240,995	240,995	-
Special assessments	17,500	13,489	13,489	-
Intergovernmental revenues	3,825,421	2,546,372	2,474,816	(71,556)
Charges for services	282,897	242,360	242,360	-
Interest income	32,000	46,083	48,337	2,254
Miscellaneous revenues	670,573	663,365	669,715	6,350
Total Revenues	<u>9,952,813</u>	<u>8,854,252</u>	<u>8,673,024</u>	<u>(181,228)</u>
EXPENDITURES				
Current:				
General government	3,852,189	3,565,614	3,570,476	(4,862)
Public safety	3,871,658	3,808,256	3,761,102	47,154
Public works	1,716,868	520,711	40,132	480,579
Health and welfare	489,180	481,157	481,154	3
Culture and recreation	236,500	248,662	248,662	-
Education		7,500	7,500	-
Conservation of natural resources	94,870	92,767	92,766	1
Economic development and assistance	209,170	209,170	209,170	-
Debt service:				
Principal	401,939	401,939	72,850	329,089
Interest			107,837	(107,837)
Total Expenditures	<u>10,872,374</u>	<u>9,335,776</u>	<u>8,591,649</u>	<u>744,127</u>
Excess of Revenues over (under) Expenditures	<u>(919,561)</u>	<u>(481,524)</u>	<u>81,375</u>	<u>562,899</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	3,185,000	2,940,036	2,935,425	(4,611)
Other financing uses	(3,195,000)	(2,671,306)	(2,511,339)	159,967
Total Other Financing Sources and Uses	<u>(10,000)</u>	<u>268,730</u>	<u>424,086</u>	<u>155,356</u>
Net Change in Fund Balance	(929,561)	(212,794)	505,461	718,255
Fund Balances - Beginning	<u>(11,151,988)</u>	<u>(5,498,894)</u>	<u>(5,581,671)</u>	<u>(82,777)</u>
Fund Balances - Ending	<u><u>\$(12,081,549)</u></u>	<u><u>(5,711,688)</u></u>	<u><u>(5,076,210)</u></u>	<u><u>635,478</u></u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Road Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 483,450	504,394	504,394	-
Road and bridge privilege taxes	240,000	238,907	238,907	-
Licenses, commissions and other revenue	3,750	3,943	3,943	-
Intergovernmental revenues	620,500	634,438	634,438	-
Interest income	750	129	129	-
Miscellaneous revenues	100,000	260,046	260,045	(1)
Total Revenues	<u>1,448,450</u>	<u>1,641,857</u>	<u>1,641,856</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Public works	<u>1,600,196</u>	<u>1,381,629</u>	<u>1,327,268</u>	<u>54,361</u>
Excess of Revenues over (under) Expenditures	<u>(151,746)</u>	<u>260,228</u>	<u>314,588</u>	<u>54,360</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			(2,282)	(2,282)
Total Other Financing Sources and Uses		-	<u>(2,282)</u>	<u>(2,282)</u>
Net Change in Fund Balance	(151,746)	260,228	312,306	52,078
Fund Balances - Beginning	<u>77,606</u>	<u>(103,768)</u>	<u>(60,365)</u>	<u>43,403</u>
Fund Balances - Ending	<u>\$ (74,140)</u>	<u>156,460</u>	<u>251,941</u>	<u>95,481</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Economic Development Authority Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 99,636	103,347	103,347	-
Intergovernmental revenues	800,000	803,685	803,684	(1)
Interest income	5,000	110,670	110,670	-
Miscellaneous revenues	204,295	190,802	310,252	119,450
Total revenues	<u>1,108,931</u>	<u>1,208,504</u>	<u>1,327,953</u>	<u>119,449</u>
EXPENDITURES				
Current:				
Economic development and assistance	1,169,216	1,183,453	1,183,452	1
Debt Service:				
Principal	128,705	250,028	12,109	237,919
Interest			121,813	(121,813)
Total Expenditures	<u>1,297,921</u>	<u>1,433,481</u>	<u>1,317,374</u>	<u>116,107</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	28,225		20,063	20,063
Total Other Financing Sources and Uses	<u>28,225</u>	<u>-</u>	<u>20,063</u>	<u>20,063</u>
Net Change in Fund Balance	(160,765)	(224,977)	30,642	23,405
Fund Balances - Beginning	<u>100,021</u>	<u>153,839</u>	<u>(1,137,996)</u>	<u>(1,291,835)</u>
Fund Balances - Ending	<u>\$ (60,744)</u>	<u>(71,138)</u>	<u>(1,107,354)</u>	<u>(1,268,430)</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Hospital Reserve Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 390,000	375,388	375,387	(1)
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	390,000	375,388	375,387	(1)
OTHER FINANCING SOURCES (USES)				
Transfers out	(195,000)	(189,464)	(189,464)	-
Total Other Financing Sources and Uses	(195,000)	(189,464)	(189,464)	-
Net Change in Fund Balance	195,000	185,924	185,923	(1)
Fund Balances - Beginning	44,497,488	44,692,417	44,342,550	(349,867)
Fund Balances - Ending	<u>\$ 44,692,488</u>	<u>44,878,341</u>	<u>44,528,473</u>	<u>(349,868)</u>

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

COAHOMA COUNTY

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).

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

COAHOMA COUNTY

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

	Governmental Fund Types			
	General Fund	Road Fund	Economic Development Authority Fund	Hospital Reserve Fund
Budget (Cash Basis)	\$ 505,461	312,306	30,642	185,923
Increase (Decrease)				
Net adjustments for revenue accruals	(57,821)	34,252	576,714	
Net adjustments for expenditure accruals	(67,050)	69,142	(149,128)	
GAAP Basis	<u>\$ 380,590</u>	<u>415,700</u>	<u>458,228</u>	<u>185,923</u>

D. Excess of Actual Expenditures Over Budget in Individual Funds

There were no funds with an excess of actual expenditures over budget.

E. Unbudgeted Funds

There were no unbudgeted funds.

COAHOMA COUNTY

SUPPLEMENTARY INFORMATION

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COAHOMA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Office of Community Planning and Development			
Passed through Mississippi Rural Development Authority			
Community Development Block Grants / State's program and non-entitlement grants in Hawaii	14.228	1128-11-014-PF-01	* 130,644
Community Development Block Grants / State's program and non-entitlement grants in Hawaii	14.228	1128-11-014-ED-02	* 790,000
U.S. Department of the Interior Fish and Wildlife Service			
Passed through Mississippi Department of Wildlife, Fisheries and Parks			
Sport Fish Restoration Program	15.605	PD4641352785F	100,674
U.S. Department of Justice			
Office of Victims of Crimes			
Passed through Mississippi Department of Public Safety			
Crime Victim Assistance	16.575	2012-VA-GX-0053	8,183
Crime Victim Assistance	16.575	2011-VA-GX-0053	29,894
U.S. Department of Transportation			
Federal Aviation Administration (FAA)			
Airport Improvement Program	20.106	3-28-0014-019-2013	207,531
U.S. Department of Transportation			
National Highway Traffic Safety Administration (NHTSA)			
Passed through Mississippi Department of Public Safety			
Alcohol Open Container Requirements	20.607	DUI ENF 13-TA-114-1	49,605
U.S. Department of Homeland Security			
Passed through Mississippi Department of Emergency Management (MEMA)			
2004 Pre-Disaster Mitigation (PDM) Competitive Grants	97.017	LPDM-PJ-04-MS-2009-003	181,156
Hazard Mitigation Grant	97.039	DP-MS(14)-0419-12	10,906
Passed through Mississippi Department of Public Safety			
Homeland Security Grant	97.067	10LE014T	<u>9,934</u>
Total Expenditures of Federal Awards			<u><u>1,518,527</u></u>

COAHOMA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Notes to Schedule of Expenditures of Federal Awards:

Note A: Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

* Denotes major federal award program

COAHOMA COUNTY

OTHER INFORMATION

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COAHOMA COUNTY
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2013
 UNAUDITED

Name	Position	Company	Bond
Paul Pearson	Supervisor District 1	Fiser Agency	\$100,000
Chris Overton	Supervisor District 2	Fiser Agency	\$100,000
Timothy Burrel	Supervisor District 3	Southgroup	\$100,000
John Newson	Supervisor District 4	Southgroup	\$100,000
Roger Weiner	Supervisor District 5	Southgroup	\$100,000
Daniel Vassel	County Administrator	Southgroup	\$100,000
Ed Peacock	Chancery Clerk	Southgroup	\$100,000
Deloris Small	Purchase Clerk	Southgroup	\$75,000
Morgan Wood	Receiving Clerk	Southgroup	\$75,000
Jimmy Williams	Assistant Receiving Clerk	Southgroup	\$50,000
Carla Mills	Inventory Control Clerk	Southgroup	\$75,000
Daniel Vassel	Assistant Inventory Control Clerk	Southgroup	\$50,000
Lester Myles	Road Manager	Southgroup	\$50,000
John Rybolt	Constable	Fiser Agency	\$50,000
Floyd Williams	Constable	Southgroup	\$50,000
Charles Oakes	Circuit Clerk	Southgroup	\$100,000
Charles Jones	Sheriff	Southgroup	\$100,000
	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))		
Myer Gilbert		Southgroup	\$50,000
Jessie Burton	Justice Court Judge	Southgroup	\$50,000
Kenneth Bush	Justice Court Judge	Southgroup	\$50,000
Darlene Lake	Deputy Justice Court Clerk	Southgroup	\$50,000
Hattie Shivers	Tax Collector-Assessor	Brierfield	\$100,000

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COAHOMA COUNTY

SPECIAL REPORTS

COAHOMA COUNTY

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

Members of the Board of Supervisors
Coahoma 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 Coahoma County, Mississippi, (the County) as of and for the year ended September 30, 2013, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coahoma County, Mississippi'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 Coahoma County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Cost, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 13-1 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 13-2 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coahoma County, Mississippi's financial statements are free of material misstatement, we performed test 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*.

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However, we noted a certain matter that we reported to management of Coahoma County, Mississippi, in the Limited Internal Control and Compliance Review Management Report, dated September 12, 2014, included within this document.

Coahoma County's Responses to Findings

Coahoma County, Mississippi's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
September 12, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Members of the Board of Supervisors
Coahoma County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Coahoma County, Mississippi's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Coahoma County, Mississippi's major federal programs for the year ended September 30, 2013. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Coahoma County's, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Coahoma County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Cost as Finding 13-3. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Coahoma County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 13-3, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
September 12, 2014

ELLIS & HIRSBERG
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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INDEPENDENT AUDITORS' 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
Coahoma County, Mississippi

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

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

In our opinion, Coahoma 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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
September 12, 2014

COAHOMA COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

Schedule 1

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

COAHOMA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

COAHOMA COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Schedule 3

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Coahoma County, Mississippi

In planning and performing our audit of the financial statements of Coahoma County, Mississippi for the year ended September 30, 2013 we considered Coahoma 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 Coahoma 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 September 12, 2014 on the financial statements of Coahoma County, Mississippi.

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

The results of our review procedures and compliance tests identified a certain area that is an opportunity for strengthening internal control and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Tax Collector

1. Ad valorem tax remittances

Finding

Section 27-29-11, Miss. Code Ann. (1972) provides taxes collected be remitted to the County by the 20th of the following month. The remittance for October of 2012 was not made until November 26, 2012.

Recommendation

The Collector should comply with Section 27-29-11, Miss. Code Ann. (1972).

Tax Collector's Response

We will comply.

Coahoma County's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
September 12, 2014

COAHOMA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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COAHOMA COUNTY

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COAHOMA COUNTY

Schedule of Findings and Questioned Costs
For the year ended September 30, 2013

Section 1: 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? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses. | Yes |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | |
|-----|--|------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | Yes |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings reported as required by Section _ .510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | a. Community Development Block Grants/State's program and non-entitlement grants in Hawaii, CFDA# 14.228 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section _ .315(b) of OMB Circular A-133? | No |

COAHOMA COUNTY

Schedule of Findings and Questioned Costs For the year ended September 30, 2013

Section 2: Financial Statement Findings

Board of Supervisors

Material weakness

13-1 Finding

Criteria

Maintaining and updating fixed asset records would ideally be performed throughout the year. All new equipment items should be added as well as monitoring and updating construction in progress records at regular intervals throughout the year.

Condition

Fixed asset records were not updated until July 2014 for the year ended September 30, 2013. Cost associated with certain construction projects were not updated on construction in progress records. A purchase of a generator with a cost in excess of \$100,000 was not included on the depreciation schedule. There is a project in construction in progress which is in service but which has not been closed out due to some lingering problems.

Cause

The system in place to capture all the information necessary to maintain the fixed inventory does not appear to be adequate.

Effect

The effect is an overwhelming task after year end to catch up all the activity throughout the year. In an effort to hurry and get the records updated, certain purchases can be overlooked. This can lead to incorrect depreciation amounts and an incorrect statement of position and statement of activities for the year.

Recommendation

Printouts of the general ledger accounts associated with equipment purchases and construction activities should be reviewed at intervals throughout the year. Questions about whether or not assets should be capitalized should be addressed at those intervals. Items in construction in progress should be reviewed to determine if a project has been placed in service. Those items placed in service should be removed from construction in progress and moved to the depreciation schedule.

Response

Please see corrective action plan.

COAHOMA COUNTY

Schedule of Findings and Questioned Costs
For the year ended September 30, 2013

Significant Deficiency

13-2. Finding

Criteria

Bank reconciliations normally include outstanding checks which are written during the current month but do not clear until the subsequent month.

Condition

The bank reconciliation for the insurance clearing fund did not include all outstanding checks written in September of 2013. Checks dated in September of 2013 totaling \$71,381.85 were not included as outstanding on the September bank reconciliation.

Cause

The reconciliation is apparently prepared on a basis of when a transfer is approved by the Board to pay the insurance claims.

Effect

The bank reconciliation could be misleading on the basis it is being prepared.

Recommendation

Perhaps a different approach to writing the checks would be more beneficial. The checks should be dated on the day they are to be signed and mailed.

Response

Please see corrective action plan.

Section 3: Federal Award Findings and Questioned Costs

Significant Deficiency

13-3 Finding

Program

CFDA 14.228, Community Development Block Grants/State's program and non-entitlement grants in Hawaii, passed through Mississippi Rural Development Authority.

Compliance Requirement

Cash management

Questioned Cost

None

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COAHOMA COUNTY

Schedule of Findings and Questioned Costs
For the year ended September 30, 2013

Criteria

Funds drawn down under federal awards programs should be expended within three days of receipt.

Condition

A monitoring report by the Mississippi Development Authority for project #1128-11-014-ED-01 indicated two instances of funds drawn and not spent within three days of receipt.

Cause

The County had hired North Delta Planning and Development to assist in administering the grant. There appears to have been a communication issue between North Delta Planning and Development and Coahoma County in regard to certain invoices to be paid.

Effect

The above action is considered to be noncompliance with federal guidelines surrounding federal award programs.

Recommendation

The County should comply with cash management guidelines relating to federal awards.

Response

Please see corrective action plan.

COAHOMA COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

COAHOMA COUNTY

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**COAHOMA COUNTY
Board of Supervisors**

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Clarksdale, MS 38614
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Daniel Vassel
County Administrator
Tom T. Ross, Jr.
Board Attorney

**Paul Pearson, District 1
President**
**Timothy Burrel, District 3
Vice President**
Chris Overton, District 2
Johnny Newson, District 4
Roger Weiner, District 5

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section .315(c) of OMB Circular A-133, Coahoma County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questions Costs for the year ended September 30, 2013.

Finding Corrective Action Plan

- 13-1 a. Name of contact person responsible for corrective action:
- Name: Daniel Vassel
 Title: County Administrator
 Phone: 662-624-3028
- b. Corrective Action Planned:
- The process for capturing cost of assets purchased and for maintaining records on construction projects will be reviewed for areas of improvement.
- c. Anticipated Completion Date:
- December 2014
- 13-2 a. Name of contact person responsible for corrective action:
- Name: Daniel Vassel
 Title: County Administrator
 Phone: 662-624-3028
- b. Corrective Action Planned:
- The bank reconciliation process will be reviewed based on the recommendation made.
- c. Anticipated Completion Date:
- December 2014
- 13-3 a. Name of contact person responsible for corrective action:
- Name: Daniel Vassel
 Title: County Administrator
 Phone: 662-624-3028

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b. Corrective Action Planned:

The procedure for submission of invoices has been addressed to ensure there will be no future concerns relating to cash management compliance requirements.

c. Anticipated Completion Date:

September 2014

Daniel Kassel
Signature
County Administrator
Title