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ALCORN COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

**ALCORN COUNTY, MISSISSIPPI
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SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Alcorn County, Mississippi

Reports 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 Alcorn County, Mississippi, (the County) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government 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 of material misstatement.

An audit includes 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the county also issues financial

statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Alcorn County, Mississippi, as of September 30, 2014, or the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion

Basis for Qualified Opinions on Governmental and Business-Type Activities

As discussed in Note 9 to the financial statements, the county has not recorded a liability for other postemployment benefits in the governmental and business-type activities and, accordingly, has not recorded expense for the current period change in those liabilities. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental and business-type activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental and business-type activities is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on Governmental and Business-Type Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities of Alcorn County, Mississippi, as of September 30, 2014, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of September 30, 2014, 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 Budgetary Comparison Schedule 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.

Omission of Required Supplementary Information

Alcorn County, Mississippi, has omitted the Management’s Discussion and Analysis and the Funding Progress-Other Postemployment Benefits that accounting principles generally accepted in the United States of America require to be

presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alcorn County, Mississippi's basic financial statements. The accompanying 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 October 24, 2016, on our consideration of Alcorn County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alcorn County, Mississippi's internal control over financial reporting and compliance.

Parsons, Vansterg & Co. P.A.

October 24, 2016
Booneville, Mississippi

**ALCORN COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 1,640,938	-	1,640,938
Property tax receivable	5,414,068	-	5,414,068
Fines receivable, Net of Uncollectibles, \$288,316	925,796	-	925,796
Intergovernmental receivables	487,050	1,551,735	2,038,785
Other receivables	60,086	-	60,086
Prepaid items	174,072	-	174,072
Internal balances	1,782,737	(1,781,098)	1,639
Restricted assets-cash	-	862,347	862,347
Restricted assets - investments	-	1,724,880	1,724,880
Capital Assets:			
Land and Construction in Progress	1,169,356	35,000	1,204,356
Other Capital Assets - net	56,507,055	18,726,909	75,233,964
Total Assets	68,161,158	21,119,773	89,280,931
LIABILITIES			
Claims payable	1,707,357	150,394	1,857,751
Intergovernmental payables	285,526	-	285,526
Accrued interest payable	45,963	214,532	260,495
Amounts held in custody for others	87,788	-	87,788
Long-Term Liabilities:			
Due within one year:			
Capital related debt	714,412	965,851	1,680,263
Non-capital debt	805,000	-	805,000
Due in more than one year:			
Capital related debt	2,398,912	19,359,788	21,758,700
Non-capital debt	967,355	-	967,355
Total Liabilities	7,012,313	20,690,565	27,702,878
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	5,414,068	-	5,414,068
NET POSITION			
Net Investment in Capital Assets	54,563,087	-	54,563,087
Restricted Net Position:			
General government	84,241	-	84,241
Debt service	228,531	1,737,455	1,965,986
Public safety	87,342	849,772	937,114
Public works	1,642,929	-	1,642,929
Economic Development	15,946	-	15,946
Capital projects	11,814	-	11,814
Unrestricted	(899,113)	(2,158,019)	(3,057,132)
Total Net Position	\$ 55,734,777	429,208	56,163,985

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

ALCORN COUNTY, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$ 4,185,125	176,236	-	-	(4,008,889)	-	(4,008,889)
Public safety	3,179,333	869,826	204,784	70,000	(2,034,723)	-	(2,034,723)
Public works	3,842,618	-	692,146	507,318	(2,643,154)	-	(2,643,154)
Health and welfare	491,604	-	-	-	(491,604)	-	(491,604)
Culture and recreation	315,227	-	-	-	(315,227)	-	(315,227)
Conservation of natural resources	141,206	-	-	-	(141,206)	-	(141,206)
Economic development and assistance	509,924	-	-	-	(509,924)	-	(509,924)
Interest on long-term debt	122,074	-	-	434,458	312,384	-	312,384
Total Governmental Activities	<u>12,787,111</u>	<u>1,046,062</u>	<u>896,930</u>	<u>1,011,776</u>	<u>(9,832,343)</u>	<u>-</u>	<u>(9,832,343)</u>
Business-type activities:							
Alcorn County Regional							
Correctional Facility	4,306,115	5,031,442	-	-	-	725,327	725,327
Total Primary Government	<u>\$ 17,093,226</u>	<u>6,077,504</u>	<u>896,930</u>	<u>1,011,776</u>	<u>(9,832,343)</u>	<u>725,327</u>	<u>(9,107,016)</u>
General Revenues:							
Taxes:							
Property Taxes					6,979,353	-	6,979,353
Road and bridge privilege taxes					409,059	-	409,059
Grants and contributions not restricted to specific programs					1,579,173	-	1,579,173
Unrestricted interest income					22,149	6,040	28,189
Gain on Sale of Capital Assets					79,892	-	79,892
Miscellaneous					322,012	-	322,012
Transfers					(956)	956	-
Total General Revenues and Transfers					<u>9,390,682</u>	<u>6,996</u>	<u>9,397,678</u>
Change in Net Postttion					<u>(441,661)</u>	<u>732,323</u>	<u>290,662</u>
Net Position - Beginning					<u>56,214,051</u>	<u>343,959</u>	<u>56,558,010</u>
Prior Period Adjustment					<u>(37,613)</u>	<u>(647,074)</u>	<u>(684,687)</u>
Net Position - Beginning Restated					<u>56,176,438</u>	<u>(303,115)</u>	<u>55,873,323</u>
Net Position - Ending					<u>\$ 55,734,777</u>	<u>429,208</u>	<u>56,163,985</u>

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

**ALCORN COUNTY, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

Exhibit 3

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Garbage and Solid Waste Fund		
ASSETS:				
Cash	\$ 668,494	-	972,444	1,640,938
Property tax receivables	3,300,608	312,640	1,800,820	5,414,068
Fines receivable, Net of uncollectibles of \$288,316	925,796	-	-	925,796
Intergovernmental receivables	286,844	-	40,721	327,565
Other receivables	21,463	-	38,623	60,086
Due from other funds	2,325,778	6,132	1,495,865	3,827,775
Advances to other funds	19,768	-	-	19,768
Total Assets	7,548,751	318,772	4,348,473	12,215,996
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	324,690	19,673	307,629	651,992
Intergovernmental payables	285,526	-	-	285,526
Due to other funds	81,035	1,055,285	914,385	2,050,705
Advances from other funds	-	12,535	1,566	14,101
Amounts held in custody for others	87,788	-	-	87,788
Total Liabilities	779,039	1,087,493	1,223,580	3,090,112
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	3,300,608	312,640	1,800,820	5,414,068
Unavailable revenue-fines	925,796	-	-	925,796
Total Deferred Inflows of Resources	4,226,404	312,640	1,800,820	6,339,864
FUND BALANCES:				
Nonspendable:				
Advances	19,768	-	-	19,768
Restricted:				
General government	-	-	84,241	84,241
Public safety	-	-	87,342	87,342
Public works	-	-	1,642,929	1,642,929
Economic development and assistance	-	-	15,946	15,946
Debt service	-	-	274,494	274,494
Capital projects	-	-	11,814	11,814
Unassigned	2,523,540	(1,081,361)	(792,693)	649,486
Total Fund Balances	2,543,308	(1,081,361)	1,324,073	2,786,020
Total Liabilities and Fund Balances	\$ 7,548,751	318,772	4,348,473	12,215,996

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

**ALCORN COUNTY, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF POSITION
SEPTEMBER 30, 2014**

EXHIBIT 3-1

	<u>Amount</u>
Total Fund Balance- Governmental Funds	\$ 2,786,020
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1)	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, \$137,229,723, net of depreciation of \$79,553,312	57,676,411
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable, net	925,796
Prepaid insurance	174,072
Intergovernmental receivable-TVA	159,485
Long-term liabilities are not due and payable in the current-period and therefore, are not reported in the funds.	
Long-term debt	(4,885,679)
Claims payable-Long-term	(1,055,365)
Accrued interest is not due and payable in the current-period and, therefore is not reported in the funds	<u>(45,963)</u>
Total Net Position - Governmental Activities	<u><u>\$ 55,734,777</u></u>

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

ALCORN COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT 4

	Major Funds		Other Governmental Fund	Total Governmental Funds
	General Fund	Garbage and Solid Waste Fund		
REVENUES				
Property taxes	\$ 4,257,649	349,494	2,372,210	6,979,353
Road and bridge privilege taxes	-	-	409,059	409,059
Licenses, commissions and other revenue	320,098	-	73,903	394,001
Fines and forfeitures	468,336	-	13,557	481,893
Intergovernmental revenues	1,179,484	45,324	1,865,887	3,090,695
Charges for services	176,236	-	412,543	588,779
Interest income	21,975	-	174	22,149
Miscellaneous revenues	154,791	828	165,866	321,485
Total Revenues	6,578,569	395,646	5,313,199	12,287,414
EXPENDITURES				
Current:				
General government	3,851,931	-	261,157	4,113,088
Public Safety	1,568,893	-	996,559	2,565,452
Public works	107,800	388,580	3,029,289	3,525,669
Health and welfare	446,025	-	22,019	468,044
Culture and recreation	170,647	-	-	170,647
Conservation of natural resources	141,206	-	-	141,206
Economic development and assistance	33,194	-	1,065,419	1,098,613
Debt Service:				
Principal	33,368	106,097	1,385,818	1,525,283
Interest	1,999	3,508	109,523	115,030
Bond Issue Cost	-	-	2,500	2,500
Total Expenditures	6,355,063	498,185	6,872,284	13,725,532
Excess (deficiency) of Revenues over (under) expenditures	223,506	(102,539)	(1,559,085)	(1,438,118)
OTHER FINANCING SOURCES (USES)				
Long term capital debt issued	19,718	-	153,870	173,588
Long term non-capital debt issued	900,000	-	1,175,000	2,075,000
Proceeds from sale of capital assets	-	263,727	69,579	333,306
Compensation for loss of capital asset	527	-	-	527
Transfers in	-	-	6,201	6,201
Transfers out	(5,556)	-	(1,601)	(7,157)
Total other financing sources and uses	914,689	263,727	1,403,049	2,581,465
Net change in fund balances	1,138,195	161,188	(156,036)	1,143,347
Fund Balances - Beginning	1,405,113	(1,242,549)	1,480,109	1,642,673
Fund Balances - Ending	\$ 2,543,308	(1,081,361)	1,324,073	2,786,020

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

**ALCORN COUNTY, MISSISSIPPI
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, 2014**

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 1,143,347
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 of \$1,334,403 exceeded capital outlay of \$1,300,364 in the current period.	(34,039)
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 gain of \$79,892 and proceeds from the sale of \$333,306 in the current period.	(253,414)
Fine 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.	42,401
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
TVA In Lieu of Tax	(63,828)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds \$2,248,588 exceeds debt payments \$1,525,283	(723,305)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in claims payable-long term	(558,050)
The amount of increase in prepaid insurance.	12,271
The amount of increase in accrued interest payable.	(7,044)
Change in Net Position of Governmental Activities	\$ (441,661)

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

ALCORN COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2014

Exhibit 5

**Business-type
Activities -
Enterprise Fund**

**Alcorn County
Regional Correctional
Facility Fund**

ASSETS:

Current assets:

Restricted assets - Cash	\$ 862,347
Restricted assets - Investments	1,724,880
Intergovernmental Receivables	1,551,735
Total Current Assets	4,138,962

Noncurrent assets:

Capital assets:

Land	35,000
Other capital assets - net	18,726,909
Total Noncurrent Assets	18,761,909
Total Assets	22,900,871

LIABILITIES:

Current liabilities:

Claims payable	150,394
Accrued interest	214,532
Due to other funds	1,781,098
Capital debt:	
Capital leases payable	10,883
Other long-term liabilities	954,968
Total Current Liabilities	3,111,875

Noncurrent liabilities:

Capital debt:

Other long-term liabilities	19,359,788
Total Noncurrent Liabilities	19,359,788

Total Liabilities

22,471,663

NET POSITION:

Restricted For:

Debt service	1,737,455
Public safety	849,772
Unrestricted	(2,158,019)
Total Net Position	\$ 429,208

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

**ALCORN COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Exhibit 6

	Business-type Activities - Enterprise Fund
	Alcorn County Regional Correctional Facility Fund
Operating Revenues:	
Charges for services	\$ 4,922,886
Miscellaneous	108,556
Total Operating Revenues	<u>5,031,442</u>
Operating Expenses:	
Personal services	1,728,534
Contractual services	1,012,245
Materials and supplies	219,490
Depreciation expense	434,510
Miscellaneous	24,745
Total Operating Expenses	<u>3,419,524</u>
Operating Income (Loss)	<u>1,611,918</u>
Nonoperating Revenues (Expenses)	
Interest income	6,040
Interest expense	(886,591)
Net Nonoperating Revenue (Expenses)	<u>(880,551)</u>
Net Income (Loss) Before Transfers	<u>731,367</u>
Transfers In	956
Changes in Net Position	<u>732,323</u>
Net Position - Beginning	343,959
Prior period adjustment	(647,074)
Net Position-Beginning as restated	<u>(303,115)</u>
Net Position - Ending	<u>\$ 429,208</u>

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

ALCORN COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Exhibit 7

	Business-type Activities- Enterprise Fund
	<u>Alcorn County Regional Correctional Facility Fund</u>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 4,499,419
Payments to suppliers	(1,210,425)
Payments to employees	(1,728,534)
Net Cash Provided (Used) By Operating Activities	<u>1,560,460</u>
Cash Flows From Noncapital Financing Activities:	
Increase in due to other funds	174,628
Operating transfers in	956
Net Cash Provided (Used) by Noncapital Financing Activities	<u>175,584</u>
Cash Flows From Capital and Related Financing Activities:	
Principal paid on long-term debt	(951,019)
Interest paid on debt	(878,485)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,829,504)</u>
Cash Flows From Investing Activities:	
Interest on deposits	4,412
Purchase of Investments	(166)
Net Cash Provided (Used) by Investing Activities	<u>4,246</u>
Net Decrease in Cash and Cash Equivalents	<u>(89,214)</u>
Cash and Cash Equivalents at Beginning of Year	<u>951,561</u>
Cash and Cash Equivalents at End of Year	<u>\$ 862,347</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,611,918
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	434,510
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(532,023)
Increase (decrease) in claims payable	46,055
Total Adjustments	<u>(51,458)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,560,460</u>

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

**ALCORN COUNTY, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2014**

EXHIBIT 8

	<u>Agency Funds</u>
ASSETS:	
Cash	\$ 277,008
Due from other funds	4,028
Advance to other funds	<u>12,535</u>
Total Assets	<u><u>293,571</u></u>
LIABILITIES:	
Intergovernmental payable	275,369
Advance from other funds	<u>18,202</u>
Total Liabilities	<u><u>\$ 293,571</u></u>

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

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies

A. Financial Reporting Entity

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

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

- Alcorn County Human Resource Agency
- Alcorn County Volunteer Fire Districts

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

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

B. Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies - continued

B. Basis of Presentation – continued

Government-wide Financial Statements (continued):

program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows of resources, 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.

C. Measurement Focus and Basis of Accounting

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

The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies – continued

C. Measurement Focus and Basis of Accounting – continued

The county reports the following major Governmental Funds:

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

Garbage and Solid Waste Fund – This fund is used to account for activities of cost of collecting and transporting garbage.

The county reports the following major Proprietary Fund:

Alcorn County Regional Correctional Facility Fund – This fund is used to account for the county’s activities for operating the correctional facility.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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 had decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPES

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

D. Account Classifications

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

E. Deposits and Investments

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

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies – continued

E. Deposits and Investments – continued

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.

F. Receivables

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

G. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements, and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, 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."

H. Prepaid Items

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

I. Restricted Assets

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the county's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the county's operation that could adversely affect debt service payments. The "project fund" account is used to report those proceeds of revenue bonds issuances that are restricted for use in construction. The "revenue" fund is used to account for all revenues of the correctional facility and to provide payment for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of trust agreements. The "depreciation and operating reserve" fund is used to pay the costs of major repairs and replacements to the correctional facility the costs of which are such that they should be spread over a number of years rather than charged as a current expense in a single year. The "insurance payment" fund is used to pay the annual insurance premium for insurance for the correctional facility. The "general" fund is used to pay the principal and interest payments due to the county's enterprise fund revenue bonds. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies – continued

J. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund Statements and the related assets are reported as capital assets in the applicable governmental or business type activities column in the government-wide financial 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 have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. 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 fund. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ -	N/A
Infrastructure	-	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furnitures and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had no deferred outflows of resources for the current fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow or resources (revenue) until that time.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies – continued

receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

L. Long-term liabilities

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities or Proprietary Funds Statement of Net Position. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 borrowing attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies – continued

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

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

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

Fund Balance Flow Assumption:

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

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.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. Significant Accounting Policies – continued

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 or unused vacation leave. For the year ended September 30, 2014, Alcorn County recognized no liability.

Q. Changes in Accounting Standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. The provisions of these standards have been incorporated into the financial statements and notes.

2. Prior Period Adjustment

A summary of significant fund equity adjustments is as follows:

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 65, <i>Items Previously Reported as Assets and Liabilities</i> to expense unamortized balance of debt issuance costs	<u>\$ (684,687)</u>

3. Deposits and Investments

Deposits

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$2,780,293 and the bank balance was \$2,920,229. 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 institutions' trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

Investments

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the county are handled through a trust indenture between the county and the trustee related to the operations of the Alcorn County Regional Correctional Facility.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

3. Deposits and Investments - continued

Investments balances at September 30, 2014, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
United States Treasury Bills	3 months	<u>\$ 1,724,880</u>	AAA

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 period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 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 investments choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investment, \$1,724,880 of underlying securities were held by the investment's counterparty on behalf of the county, not in the name of the county.

4. Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2014:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Garbage and Solid Waste Fund	\$ 895,285	Temporary Loan
General Fund	Regional Correctional Facility Fund	1,392,795	Temporary Loan
General Fund	Other Governmental	37,698	Temporary Loan
Other Governmental	Regional Correctional Facility Fund	387,229	Temporary Loan
Garbage and Solid Waste Fund	General Fund	6,132	Unsettled Taxes
Other Governmental	General Fund	4,590	Temporary Loan
Other Governmental	General Fund	67,359	Unsettled Taxes
Other Governmental	Garbage and Solid Waste Fund	160,000	Temporary Loan
Other Governmental	Other Governmental	876,687	Temporary Loan
Fiduciary Fund	General Fund	2,954	Temporary Loan
Fiduciary Fund	Regional Correctional Facility Fund	<u>1,074</u>	Temporary Loan
Total		<u>\$ 3,831,803</u>	

The receivables represent the tax revenue collected but not settled until October, 2014, and temporary loans to other funds. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

4. Interfund Transactions and Balances - conitnued

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Fiduciary Fund	\$ 18,202	Loans for operations
General Fund	Other Governmental	1,566	Loan for operation
Fiduciary Funds	Garbage and Solid Waste Fund	<u>12,535</u>	Too much transferred from payroll fund
Total All Fund Types		<u><u>\$ 32,303</u></u>	

None of the advances are expected to be repaid within the next fiscal year.

C. Transfers In/Out

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Regional Correctional Facility Fund	General Fund	\$ 956
Other Governmental Funds	General Fund	4,600
Other Governmental Funds	Other Governmental Funds	<u>1,601</u>
Total		<u><u>\$ 7,157</u></u>

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

5. Intergovernmental Receivables

Intergovernmental receivables at September 30, 2014 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislature Tax Credit	\$ 152,624
Due From State	139,920
Other	<u>35,021</u>
Total Governmental Activities	<u><u>\$ 327,565</u></u>

Business-type Activities:

State of Mississippi	\$ 451,677
Other	<u>1,100,058</u>
Total Business-type Activities	<u><u>\$ 1,551,735</u></u>

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

6. Operating Leases

As Lessor:

The county receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$66,711 for the year ended September 30, 2014. The future minimum lease receivables for this lease is as follows:

Year Ended September 30	Amount
2015	\$ 150,808
2016	150,808
2017	150,808
2018	150,808
2019	150,808
2020-2021	239,378
Total Minimum Payments Required	\$ 993,418

7. Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Description	Amount
Debt service reserve	\$ 1,737,455
Project fund	6,984
General	506,063
Insurance payment	16,730
Depreciation and operating reserve	118,857
Revenue	201,138
Total restricted assets	\$ 2,587,227

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

8. Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2014:

Governmental activities:

	Balance Oct. 1, 2013	Additions	Deletions	Completions/ Adjustments	Balance Sept. 30, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 790,783	70,000	(69,000)	-	791,783
Construction in progress	463,190	552,346	-	(637,963)	377,573
Total non-depreciable capital assets	<u>1,253,973</u>	<u>622,346</u>	<u>(69,000)</u>	<u>(637,963)</u>	<u>1,169,356</u>
<u>Depreciable capital assets:</u>					
Infrastructure	114,827,172	-	-	557,628	115,384,800
Buildings	14,172,450	480,000	-	80,335	14,732,785
Improvements other than buildings	461,273	-	-	-	461,273
Mobile equipment	3,537,174	22,370	(652,693)	-	2,906,851
Furniture and equipment	1,253,989	17,800	-	-	1,271,789
Leased property under capital leases	1,223,421	157,848	(78,400)	-	1,302,869
Total depreciable capital assets	<u>135,475,479</u>	<u>678,018</u>	<u>(731,093)</u>	<u>637,963</u>	<u>136,060,367</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	68,351,351	687,716	-	-	69,039,067
Buildings	5,854,961	237,196	-	-	6,092,157
Improvements other than buildings	117,169	18,456	-	-	135,625
Mobile equipment	2,810,363	113,336	(525,511)	-	2,398,188
Furniture and equipment	1,033,936	73,579	-	-	1,107,515
Leased property under capital leases	597,808	204,120	(21,168)	-	780,760
Total accumulated depreciation	<u>78,765,588</u>	<u>1,334,403</u>	<u>(546,679)</u>	<u>-</u>	<u>79,553,312</u>
Total depreciable capital assets, net	<u>56,709,891</u>	<u>(656,385)</u>	<u>(184,414)</u>	<u>637,963</u>	<u>56,507,055</u>
Governmental activities capital assets, net	<u>\$ 57,963,864</u>	<u>(34,039)</u>	<u>(253,414)</u>	<u>-</u>	<u>57,676,411</u>

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

8. Capital Assets – Continued

Business-type activities:

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 35,000	-	-	-	35,000
Total non-depreciable capital assets	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
<u>Depreciable capital assets:</u>					
Buildings	20,302,639	-	-	-	20,302,639
Furniture and equipment	155,838	-	-	-	155,838
Leased property under capital leases	5,706	-	-	-	5,706
Total depreciable capital assets	<u>20,464,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,464,183</u>
<u>Less accumulated depreciation for:</u>					
Buildings	1,218,162	406,054	-	-	1,624,216
Furniture and equipment	78,953	28,456	-	-	107,409
Leased property under capital leases	5,649	-	-	-	5,649
Total accumulated depreciation	<u>1,302,764</u>	<u>434,510</u>	<u>-</u>	<u>-</u>	<u>1,737,274</u>
Total depreciable capital assets, net	<u>19,161,419</u>	<u>(434,510)</u>	<u>-</u>	<u>-</u>	<u>18,726,909</u>
Business-type activities capital assets, net	<u>\$ 19,196,419</u>	<u>(434,510)</u>	<u>-</u>	<u>-</u>	<u>18,761,909</u>

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 103,507
Public safety	69,720
Public works	951,390
Health and welfare	23,560
Economic Development	41,646
Culture and recreation	144,580
Total governmental activities depreciation expense	<u>\$ 1,334,403</u>
Business-type activities:	
Correctional facility	<u>\$ 434,510</u>
Total business-type activities depreciation expense	<u>\$ 434,510</u>

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

9. Other Postemployment Benefits

Plan Description

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

10. Capital Leases

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

Class of Property	Governmental Activities	Business-type Activities
Mobile equipment	\$ 1,006,554	\$ -
Other furniture and equipment	296,315	5,706
Total	1,302,869	5,706
Less: Accumulated depreciation	780,760	5,649
Leased Property Under Capital Leases	<u>\$ 522,109</u>	<u>\$ 57</u>

The following is a schedule by years of the total payments due as of September 30, 2014:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 251,422	9,022	\$ 10,883	144
2016	213,333	4,489	-	-
2017	120,683	1,322	-	-
2018	26,100	161	-	-
Total	<u>\$ 611,538</u>	<u>14,994</u>	<u>\$ 10,883</u>	<u>144</u>

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

11. Long-Term Debt

Debt outstanding as of September 30, 2014, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Public Buildings Refunding Bonds - Series 2005	\$ 1,595,000	3.375% - 4.25%	11-17
Total General Obligation Bonds	<u>\$ 1,595,000</u>		
B. Capital Leases:			
2006 John Deere Backhoe	\$ 32,991	1.620%	6-17
3-2011 Int'l Garbage Trucks	162,696	1.660%	4-17
IBM Power 720	50,070	2.270%	11-16
E-911 Telephone Equipment	25,301	2.790%	1-16
IBM Servers	18,887	1.850%	7-18
310SJ JD Backhoe	5,014	2.950%	12-14
JD 6330 Tractor	7,719	2.640%	3-14
2012 Ford F-150	11,704	2.250%	6-16
2001 Volvo Dump Truck	11,419	2.050%	6-15
2011 Chevrolet	8,357	3.580%	9-15
2012 Chevy C-3500	11,038	2.050%	7-16
2000 International	1,457	2.500%	3-15
Alamo Side Cutter	14,333	1.650%	8-17
JD 6100 Tractor	33,316	1.770%	4-18
JD 310 Backhoe	23,272	1.740%	11-16
John Deere Tractor & Mower	55,402	1.650%	8-17
Ford One Ton Truck	4,738	1.850%	1-16
John Deere CX 15 Mower	9,162	1.650%	10-16
John Deere 310 5K Backhoe	58,820	1.550%	4-18
2014 JD Tractor & Mower	34,917	1.700%	5-18
2006 Dump Truck	30,925	1.550%	5-17
Total Capital Leases	<u>\$ 611,538</u>		
C. Other Loans:			
Road Construction & Repair	\$ 500,000	1.500%	4/23/2016
Road Construction & Repair	250,000	1.050%	4/9/2015
MDA/Final Touch	360,033	3.000%	8/1/2028
County Wide Note	900,000	1.550%	10/7/2018
County Wide Note	125,000	1.250%	7/15/2014
MDA/Avectus	544,108	3.000%	8/1/2021
Total Other Loans	<u>\$ 2,679,141</u>		
Business-type Activities:			
A. Limited Obligation Bonds:			
Urban Renewal Revenue Bonds - Series 2009	\$ 20,205,000	2.0% - 5.0%	7/1/2031
Total Limited Obligation Bonds	<u>\$ 20,205,000</u>		
B. Capital Leases:			
Prison Software	\$ 10,883	2.89%	06-2015
Total Capital Leases	<u>\$ 10,883</u>		
C. Other Loans:			
Negotiable Note	\$ 275,038	1.89%	10/17/2016
Total Other Loans	<u>\$ 275,038</u>		

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

11. Long-Term Debt – continued

Pledge of Future Revenues – The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$22,700,000 in limited obligation urban renewal revenue bonds issued in October, 2009. Proceeds from the bonds provided financing for the construction of the Alcorn County Regional Correction Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through 2031. Annual principal and interest payments on the bonds are expected to require less than 35 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$29,210,599. Principal and interest paid for the current year and total inmate housing net revenues were \$1,721,105 and \$4,922,886, respectively.

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>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 370,000	52,903	897,990	49,905
2016	390,000	42,985	525,818	37,912
2017	410,000	26,673	278,733	28,457
2018	425,000	9,031	281,736	22,664
2019	-	-	284,830	16,780
2020-2024	-	-	292,609	32,598
2025-2028	-	-	117,425	7,135
Total	\$ 1,595,000	131,592	2,679,141	195,451

Business-type Activities:

<u>Year Ending September 30,</u>	<u>Limited Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 865,000	851,130	\$ 89,968	5,198
2016	890,000	827,775	91,669	3,498
2017	920,000	801,075	93,401	1,765
2018	945,000	771,175	-	-
2019	980,000	739,281	-	-
2020-2024	5,505,000	3,085,481	-	-
2025-2029	6,895,000	1,699,544	-	-
2030-2031	3,205,000	230,138	-	-
Total	\$ 20,205,000	9,005,599	275,038	10,461

Legal Debt Margin – The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2014, the amount of outstanding debt was equal to 1.50% of the latest property assessment.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

11. Long-Term Debt – continued

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	Balance Oct 1, 2013	Additions	Reductions	Balance Sept 30, 2014	Amount due within one year
Governmental Activities:					
General obligations bonds	\$ 1,955,000	-	360,000	1,595,000	370,000
Capital leases	729,840	173,590	291,892	611,538	251,422
Other loans	1,477,532	2,075,000	873,391	2,679,141	897,990
Total	\$ 4,162,372	2,248,590	1,525,283	4,885,679	1,519,412
Business-type Activities:					
Limited obligations bonds	\$ 21,055,000	-	850,000	20,205,000	865,000
Add: Bond premiums	29,296	-	1,628	27,668	-
Less: Bond discounts	(204,300)	-	(11,350)	(192,950)	-
Capital Leases	23,602	-	12,719	10,883	10,883
Other Loans	363,338	-	88,300	275,038	89,968
Total	\$ 21,266,936	-	941,297	20,325,639	965,851

Prior-Year Defeasance of Debt – In prior years, the county defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county’s financial statements. On September 30, 2014, \$1,595,000 of bonds outstanding were considered defeased.

12. No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the county’s name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their rights in the event of default. Alcorn County and the City of Corinth issued this debt on a basis of 55% county and 45% city. Because a default may adversely affect the county’s own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

	Balance at Sept. 30, 2014	Alcorn County Share
Hospital revenue refunding bonds 2011A	\$ 80,955,000	\$ 44,525,250

13. 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 statements.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

13. Contingencies—continued

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 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.

14. Deficit Fund Balance

The following funds had a deficit balance at September 30, 2014:

Garbage and Solid Waste Fund	\$ 1,081,361
Kimberly Clark ROW Fund	110,178
Sheriff's Dare Grant	1,492
Youth Court Grant	1,565
Volunteer Fire Fund	37,452
CAP LOAN Final Touch	198,883
State Road Fund	1,821
Farmers Market Fund	854
Emergency 911 Fund	382,819
Caterpillar DIP Fund	57,628
	<u>\$ 1,874,053</u>

All funds except for Garbage and Solid Waste Fund had expenditures that should have been paid out of General County. These funds were reimbursed in Fiscal Year 2015.

15. Jointly Governed Organizations

The Regional IV Health-Mental Retardation Commission operates in a district composed of the Counties of Alcorn, Prentiss, Tippah and Tishomingo. The Alcorn County Board of Supervisors appoints one of the four members of the board of commissioners. The county appropriated \$50,088 for the maintenance and support of the commission in the fiscal year 2014.

Northeast Mississippi Planning and Development District operates in a district composed of the Counties of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Alcorn County Board of Supervisors appoints four of the 24 members of the board of directors. The county appropriated \$18,494 for support of the district in fiscal year 2014.

The Northeast Mississippi Community College operates in a district composed of the Counties of Alcorn, Prentiss, Tippah, Tishomingo and Union. The Alcorn County Board of Supervisors appoints two of the 15 members of the college board of trustees. The county levied \$1,013,879 in taxes for maintenance and support of the college in fiscal year 2014.

TAP Alliance (TAP) is an alliance among Tishomingo, Alcorn and Prentiss Counties and the City of Corinth, City of Booneville and City of Iuka. The county appoints two of the nine members of the board of directors, which is to be appointed by and from that particular county’s Board of Supervisors. The county appropriated \$0 for the support of the alliance in fiscal year 2014.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

16. Joint Ventures

The county participates in the following joint ventures:

Alcorn County is a participant with the Counties of Prentiss, Tippah and Tishomingo in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate Northeast Regional Library. The joint venture was created to provide a regional public library for the area, and is governed by a four-member board appointed by the four Boards of Supervisors. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$136,269. Complete financial statements for the Northeast Regional Library can be obtained from Northeast Regional Library, 1023 North Fillmore Street, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by HB #1183, 1972 Session, to operate the Corinth-Alcorn Area Chamber of Commerce, The Alliance. The joint venture was created to foster, encourage and facilitate economic development in the county. The Alcorn County Board of Supervisors appoints four of the 32 members of the board of directors. The county levied taxes of \$260,149 for the operation of the entity during the 2014 fiscal year. Complete financial statements for the Corinth-Alcorn Area Chamber of Commerce can be obtained from The Alliance, 810 Tate Street, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Airport. The joint venture was created to provide an airport for the area, and is governed by a five-member board of commissioners appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. Alcorn County provided \$107,800 for the operation of the entity during the 2014 fiscal year. Complete financial statements for the Corinth-Alcorn County Airport can be obtained from Corinth-Alcorn County Airport, 56 CR 613, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture to operate the Siege and Battle of Corinth Commission. The joint venture was created to promote tourism, and is governed by five commissioners. The Alcorn County Board of Supervisors and the City of Corinth Board of Aldermen each appoint two commissioners, and jointly appoint the fifth commissioner. Complete financial statements for the Siege and Battle of Corinth Commission can be obtained from P.O. Box 45, Corinth, Mississippi 38835-0045.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate Magnolia Hospital. The joint venture was created to provide a community hospital for the area and is governed by a five-member board of trustees; two appointed by the county Board of Supervisors, two appointed by the city and one jointly appointed. Alcorn County provided \$22,019 for the 2014 fiscal year. Complete financial statements for the Magnolia Hospital can be obtained from Magnolia Hospital, 611 Alcorn Drive, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 55-9-1, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Recreational Commission. The joint venture was created to provide recreational opportunities for the area, and is governed by a five-member board. Each entity appoints two of the five board members and the fifth is jointly appointed. Alcorn County provided \$255,271 for the 2014 fiscal year. Complete financial statements for the Corinth-Alcorn Recreation Commission can be obtained from Corinth-Alcorn Recreation Commission, P.O. Box 699, Corinth, Mississippi 38835.

Alcorn County is a participant with the City of Corinth in a joint venture, established by local and private legislation (Senate Bill 3219), 1997 Session, to operate the Corinth Area Tourism Promotion Council. The joint venture was created to promote tourism, and is governed by a seven-member board of directors. Each entity appoints one board member, the Corinth Area Restaurant Association appoints three board members and the Corinth Area Hotel-Motel-Inn-Bed and Breakfast Association appoints two board members. The joint venture is funded by a 2 percent sales tax on motel and food and beverage sales within the City of Corinth. Complete financial statements for the Corinth Area Tourism Promotion Council can be obtained from the Corinth Area Tourism Promotion Council, P.O. Box 69, Corinth, Mississippi 38835.

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

17. Defined Benefit Pension Plan

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

Funding Policy - At September 30, 2014, 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, 2014 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, 2014, 2013, and 2012, were \$775,501, \$763,397, and \$681,295, respectively, equal to the required contributions for each year.

18. Subsequent Events:

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Alcorn County evaluated the activity of the county through, October 24, 2016, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements. The Office of the State Auditor has concluded its investigation related to funds that were spent out of the Inmate Welfare Fund, Technology Fund, and Commissary Fund. The County will reimburse these funds for the monies spent out of these funds.

Five individuals that were under investigation have agreed to plea agreements with the Office of the State Auditor resulting in over \$475,000 of restitution to Alcorn County. The County has received \$115,682 of the restitution.

Subsequent to September 30, 2014, Alcorn County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/26/2014	1.45%	\$ 675,000	Other loan	Ad valorem taxes
9/21/2015	1.61%	500,000	Other loan	Ad valorem taxes
4/18/2016	1.71%	500,000	Other loan	Ad valorem taxes
5/2/2016	1.82%	95,765	Capital lease	Ad valorem taxes
5/2/2016	2.10%	109,133	Capital lease	Ad valorem taxes
6/1/2015	4-5.25%	7,115,000	GO Bonds	Ad valorem taxes
2/16/2016	1.86%	51,144	Capital lease	Ad valorem taxes

**ALCORN COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

19. 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 participating 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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**ALCORN COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,138,619	4,138,619	4,252,902	114,283
Licenses, commissions and other revenue	332,923	332,923	327,909	(5,014)
Fines and forfeitures	403,400	403,400	468,336	64,936
Intergovernmental revenues	1,285,382	1,285,382	1,148,476	(136,906)
Charges for services	188,050	188,050	176,236	(11,814)
Interest income	20,984	20,984	21,975	991
Miscellaneous revenues	367,470	367,470	154,791	(212,679)
Total Revenues	6,736,828	6,736,828	6,550,625	(186,203)
EXPENDITURES				
Current:				
General government	3,583,294	3,583,294	3,817,640	(234,346)
Public safety	1,980,778	1,980,778	1,565,094	415,684
Public works	107,800	107,800	107,800	-
Health and welfare	467,757	467,757	445,695	22,062
Culture and recreation	280,897	280,897	170,647	110,250
Conservation of natural resources	148,085	148,085	141,206	6,879
Economic development and assistance	33,200	33,200	33,194	6
Principal & interest	33,688	33,688	35,367	(1,679)
Total Expenditures	6,635,499	6,635,499	6,316,643	318,856
Excess (deficiency) of Revenues over (under) expenditures	101,329	101,329	233,982	132,653
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	919,718	919,718
Compensation for loss of capital assets	-	-	527	527
Transfers out	(201,329)	(201,329)	(5,556)	195,773
Total other financing sources and uses	(201,329)	(201,329)	914,689	1,116,018
Net change in fund balance	(100,000)	(100,000)	1,148,671	1,248,671
Fund Balance - Beginning	(153,515)	2,244,941	1,864,733	(380,208)
Fund Balance - Ending	\$ (253,515)	2,144,941	3,013,404	868,463

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

**ALCORN COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE-
BUDGET AND ACTUAL (NON-GAAP BASIS)
GARBAGE AND SOLID WASTE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 389,842	389,842	349,616	(40,226)
Intergovernmental Revenue	-	-	45,324	45,324
Charges for services	-	-	67	67
Miscellaneous revenues	-	-	3,074	3,074
Total Revenues	389,842	389,842	398,081	8,239
EXPENDITURES				
Current:				
Public works	325,462	325,462	386,687	(61,225)
Debt Service:				
Principal	61,130	61,130	106,097	(44,967)
Interest	3,250	3,250	3,508	(258)
Total Expenditures	389,842	389,842	496,292	(106,450)
Excess (deficiency) of Revenues over (under) expenditures	-	-	(98,211)	(98,211)
OTHER FINANCING SOURCES (USES)				
Proceeds From sale of capital assets	-	-	263,727	263,727
Total other financing sources	-	-	263,727	263,727
Net change in fund balance	-	-	165,516	165,516
Fund Balances - Beginning	-	(745,323)	(1,224,987)	(479,664)
Fund Balances - Ending	\$ -	(745,323)	(1,059,471)	(314,148)

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

**ALCORN COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Notes to the Required Supplementary Information

A. Budgetary Information

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

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

B. Basis of Presentation

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

	Governmental Fund Types	
	General Fund	Garbage and Solid Waste Fund
Budget (Cash Basis)	\$ 1,148,671	165,516
Increase (Decrease)		
Net adjustments for revenue accruals	27,944	(2,434)
Net adjustments for expenditures accruals	(38,420)	(1,894)
GAAP Basis	\$ 1,138,195	161,188

D. Excess of actual expenditures over budget in individual funds.

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2014:

Fund	Excess
Garbage and Solid Waste Fund	\$ 106,450

The fund listed above is in violation of Section 19-11-17, Miss. Code Ann. (1972). However, the county has no liability associated with this violation.

Alcorn County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2014
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Lowell Hinton	Supervisor District 1	Travelers Casualty & Surety Co.	100,000
Dal Nelms	Supervisor District 2	Travelers Casualty & Surety Co.	100,000
Tim Mitchell	Supervisor District 3	Travelers Casualty & Surety Co.	100,000
Gary Ross	Supervisor District 4	Travelers Casualty & Surety Co.	100,000
Jimmy Waldon	Supervisor District 5	RLI Insurance Company	100,000
Bobby Marolt	Chancery Clerk	RLI Insurance Company	100,000
Paul Rhodes	Purchase Clerk	Travelers Casualty & Surety Co.	75,000
Jill Goodwin	Assistant Purchase Clerk	Travelers Casualty & Surety Co.	50,000
Carolyn James	Receiving Clerk	Travelers Casualty & Surety Co.	75,000
Eddie Clark	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Leroy Marlal	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Shelly Hopkins	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Keven Moss	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Anecia Miles	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Pat Marlal	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Anthony Hutcheson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Laura Lawson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Bobby Marolt	Inventory Control Clerk	Travelers Casualty & Surety Co.	75,000
Charles Hines Jr.	Constable	Travelers Casualty & Surety Co.	50,000
Roger D Voyles	Constable	RLI Insurance Company	50,000
Joe Caldwell	Circuit Clerk	RLI Insurance Company	100,000
Charles Rinehart	Sheriff	RLI Insurance Company	100,000
Steven Little	Justice Court Judge	RLI Insurance Company	50,000
Jimmy McGee	Justice Court Judge	Travelers Casualty & Surety Co.	50,000
Jone Dixon	Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Carol Derrick	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Pat Marlal	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Donna Taylor	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Jeannette Marie Tullis	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Larry Ross	Tax Collector	RLI Insurance Company	100,000
Kenneth Brawner	Tax Assessor	RLI Insurance Company	50,000



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

Members of the Board of Supervisors
Alcorn 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 Alcorn County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 24, 2016 .

Internal Control Over Financial Reporting

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

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 Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 deficiencies described in the accompanying Schedule of Findings and Responses as 2014-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007 and 2014-008 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alcorn County, Mississippi's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Alcorn County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated October 24, 2016, included within this document.

Alcorn County's Responses to Findings

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

Purpose of this Report

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

Parsons, Vanstony & Co. P.A.

October 24, 2016
Booneville, Mississippi



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

Members of the Board of Supervisors
Alcorn County, Mississippi

We have examined Alcorn 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, 2014. The Board of Supervisors of Alcorn 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 Alcorn County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Inventory Control Clerk.

1. Finding – During the physical inspection of Capital Assets of Alcorn County, several pieces of equipment were not marked as being the property of Alcorn County.

Recommendation – We recommend that all equipment that is owned by Alcorn County be properly marked.

Response – The Inventory Control Department has developed a plan to make sure that all equipment is marked as required and has set the plan in motion.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Alcorn County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

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

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

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

Pyrawner, Vanstony & Co. P.A.

October 24, 2016
Booneville, Mississippi

**ALCORN COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES NOT MADE
FROM THE LOWEST BIDDER
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

**ALCORN COUNTY, MISSISSIPPI
SCHEDULE OF EMERGENCY PURCHASES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Our test results did not identify any emergency purchases.

**ALCORN COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY
FROM A SOLE SOURCE
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Alcorn County, Mississippi

In planning and performing our audit of the financial statements of Alcorn County, Mississippi for the year ended September 30, 2014, we considered Alcorn 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 Alcorn 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 October 24, 2016 on the financial statements of Alcorn County, Mississippi.

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

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

Board of Supervisors.

1. Finding – Ten funds had deficit fund balances at year end (see Note 14).

Recommendation – All funds should be examined on a regular basis to see sufficient funds are available before incurring costs. Transfers should be made to funds to keep from having deficit fund balances.

Response:

We will monitor the funds more closely to insure when budgets are required to be amended, that amendments are made in the correct amount and avoid deficit fund balances.

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

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

Brewer, Vansterg & Co. P.A

October 24, 2016
Booneville, Mississippi

**ALCORN COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2014**

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statements Findings

Chancery Clerk

Material Weakness

2014-001 Finding – Controls should be strengthened in the payroll function.

Condition:

As reported in the prior years' audit reports, inadequate controls exist in the payroll functions.

Criteria:

Adequate internal controls over the payroll function should include properly completed I-9 forms and documentation approving the pay rate in the personnel files.

Cause:

Procedures have not been put in place to insure that all required forms and current pay rates are in personnel files.

Effect:

The lack of adequate controls could result in a loss of funds to the county due to incorrect payroll amounts.

Recommendation:

The Chancery Clerk should implement an adequate system of internal control over the payroll function to insure that all required forms are properly prepared and there is adequate documentation of all approved pay rates.

Chancery Clerk's Response

We will strive to make sure that all forms are completed in existing personnel files and that forms are completed properly on the outset for future hires.

Board of Supervisors

Material Weakness

2014-002 Finding – The County should implement controls to ensure preparation of its financial statements.

Condition:

The County's accounting records are maintained on a cash basis and the auditors assisted in the preparation of accrual entries and the financial statements. However, the County has made all management decisions including approving the accrual entries, designating an individual with a basic understanding of the financial statements and related note disclosures to oversee the financial statement preparation, evaluating the adequacy and results of the services performed, and accepting responsibility for the results of the services.

Criteria:

A critical aspect of effective financial management is the preparation of accurate financial statements.

Cause:

The Board of Supervisors did not assign the preparation of the financial statements to the accounting personnel.

Effect:

The Board of Supervisors chose not to prepare the financial statements and related notes.

Recommendation:

The Board of Supervisors should establish adequate controls and procedures to ensure that the financial statements and note disclosures are prepared in accordance with generally accepted accounting principles.

Response

Like many small to medium sized counties, Alcorn County must rely heavily for assistance on our contract auditors. We will continue our efforts to achieve a goal of excellence in our accounting procedures, with the ultimate goal of preparing our own financial statements.

Material Weakness

2014-003 Finding – Financial data for component units not included in the financial statements.

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Response:

Alcorn County Human Resources Agency issues a separate audited financial statement. The County did not choose to include the component units in the County financial statements. The Board does not believe the financial statements are misleading without the component units included.

Material Weakness

2014-004 Finding – The County should implement controls to ensure equipment is properly marked.

Condition:

During the physical inspection of capital assets of Alcorn County, several pieces of equipment were not marked as being the property of Alcorn County.

Criteria:

Section 25-1-87, Miss. Code Ann. (1972) requires that the property of the County being properly marked.

Cause:

Unknown

Effect:

Failure to properly mark the equipment as required by law could allow for the misuse of County property.

Recommendation:

We recommend that all equipment of Alcorn County be properly marked as required by Section 25-1-87, Miss. Code Ann. (1972).

Response:

The Inventory Control Department has developed a plan to make sure that all equipment is marked as required and has set the plan in motion.

Material Weakness

2014-005 Finding – The County failed to pay the Alcorn County Regional Jail for housing the County inmates.

Condition:

Alcorn County did not pay to the Alcorn County Regional Jail the amount billed for housing the County inmates in the amount of \$1,055,365 thru September 30, 2014.

Criteria:

Alcorn County is required to pay the Alcorn County Regional Jail monthly for the housing of county inmates.

Cause:

Unknown

Effect:

Failure to properly pay for the housing of inmates could result in a lack of funds to cover the cost of operations.

Recommendation:

We recommend that Alcorn County make the monthly payments for the housing of inmates and pay the past due amounts as soon as possible.

Response:

The County has not been making these payments due to serious cash flow problems in recent years, which continue even up to the time of the preparation of this response. We are in the process of restructuring the bonds at this time, and when that is complete we may re-evaluate our ability to send these payments.

Material Weakness

2014-006 Finding – Controls surrounding cash maintenance should be strengthened.

Condition:

The Garbage and Solid Waste Fund, Juvenile Detention Monitoring Grant Fund, Kimberly Clark ROW Fund, Final Touch Cap Loan Fund, Emergency -911 Fund, Volunteer Fire Fund, Farmer's Market Fund, Caterpillar DIP Fund, and the Alcorn County Regional Correctional Faculty Fund had deficit cash balances for the period ending September 30, 2014.

Criteria:

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. Warrants were issued on funds which did not have sufficient money to pay the warrants.

Cause:

Expenditures have exceeded revenues collected

Effect:

This causes money from other funds to be used to pay the warrants.

Recommendation:

The Board of Supervisors should ensure that no warrants are written on funds when cash is not available to pay the same.

Response:

The County has taken steps to correct this situation and will continue to do so as time goes on.

Material Weakness

2014-007 Finding – Liability for postemployment benefits not recorded and note disclosures for postemployment benefits not reported.

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

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

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

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

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

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

Justice Court

Material Weakness

2014-008 Finding – Internal controls over receipts and collections should be strengthen

Condition: The Office of the State Auditor has been ask to investigate questionable activity of a former employee and the alledged misappropriation of funds from the justice court office.

Criteria: Strong internal controls should be in place to prevent misappropriation of funds.

Cause: Internal controls were not strong enough to prevent the misappropriation of funds.

Effect: Ineffective internal controls over receipts can result in a loss of funds of the county.

Recommendation: Stronger internal controls over receipts and collections should be implemented to prevent the misappropriation of county funds.

Response: The Justice Court Clerk took all the correct steps when the alledged misappropriation was discovered and has put in place safeguards to insure that it does not happen again. Funds will be allocated to put a camera system in place and all recommendations from the Office of the State Auditor will be followed.