

# **@COUNTY COUNTY, MISSISSIPPI**

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2013



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@COUNTY COUNTY

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

~~\*\*\* CHOOSE THE APPLICABLE OPINION \*\*\*~~

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~~Adverse opinion on the basic financial statements of a primary government that omits the financial data of each discrete component unit and that does not issue audited financial statements for the reporting entity.~~

Members of the Board of Supervisors  
@County County, Mississippi

~~Use with all type reports~~

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of @County County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the 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 the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

~~Use with all type reports~~

**Auditor's Responsibility**

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

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

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

**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 unit(s). Accounting principles applicable to the County's cash basis of accounting require the financial data for this ~~(those)~~ component unit(s) 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 unit(s). The County has not issued such reporting entity financial statements. ~~(Auditor Note: Select and complete this sentence only if audited financial statements are available for ALL discrete component units)~~ Because of this departure from accounting principles applicable to the County's cash basis of accounting, the cash basis assets, net position, receipts and disbursements of the aggregate discretely presented component units would have been presented as \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_. ~~(Auditor Note: Select this sentence if audited financial statements are NOT available for ALL discrete component units.)~~ The amount by which this departure would affect the cash basis assets, net position, receipts and disbursements 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 cash basis financial position of the aggregate discretely presented component units of @County County, Mississippi, as of September 30, 2013, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

**Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of @County County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

~~**For Qualifications to the Opinion delete paragraphs above and include qualification opinions.**~~

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**~~Unmodified opinions on the basic financial statements – No component units~~**

Members of the Board of Supervisors  
@County County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of @County County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

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

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

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

**~~Unmodified opinion~~**

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of @County County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

**FOR Qualifications to the Opinion, delete 3<sup>rd</sup> paragraph and include qualification opinion(s).**

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~~Unmodified opinion on financial statements, with reference to an audit by another auditor.~~

Members of the Board of Supervisors  
@County County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of @County County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 did not audit the financial statements of \_\_\_\_\_, \_\_\_\_\_, component units, which represent \_\_ percent, \_\_ percent, and \_\_ percent, respectively, of the cash basis assets, net position, and receipts of the (identify the governmental and/or proprietary component units). Those statements were audited by other auditors whose reports have been furnished to us, and our opinion(s), insofar as it (they) relate(s) to the amounts included for the aforementioned component units, is (are) based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. ~~However, the financial statements of \_\_\_\_\_, \_\_\_\_\_, component units, audited by other auditors were not audited in accordance with *Government Auditing Standards*.~~

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

**Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, ~~the business-type activities~~, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of @County County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

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**Qualified or Adverse opinion because one (but not all) discretely presented component units are not audited.**

Members of the Board of Supervisors  
@County County, Mississippi

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, ~~the aggregate discretely presented component units~~, each major fund and the aggregate remaining fund information of @County County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

~~USE THE LANGUAGE BELOW FOR A DISCLAIMER OF OPINION OTHERWISE DELETE IT~~

~~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 @County County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements. We were engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the County’s basic financial statements as listed in the table of contents.~~

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

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

~~USE THE LANGUAGE BELOW FOR A DISCLAIMER OF OPINION OTHERWISE DELETE IT~~

~~Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter(s) described in the “Basis for Disclaimer of Opinion” paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units.~~

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of 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.

~~USE THE FOLLOWING THREE PARAGRAPHS FOR QUALIFICATION OF OPINION ON THE AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS~~

**Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units**

The financial statements of (identify component unit or units omitted) have not been audited, and we were not engaged to audit the (identify the component unit or units) financial statements as part of our audit of the County’s basic financial statements. The (identify component unit or units omitted) financial activities are included in the County’s basic financial statements as a discretely presented component unit and represent XX percent, XX percent, and XX percent of the assets, net position, and receipts, respectively, of the County’s aggregate discretely presented component units.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the aggregate discretely presented component units of @County County, Mississippi, as of September 30, 2013, and the changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of @County County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

~~USE THE FOLLOWING THREE PARAGRAPHS FOR DISCLAIMER OF OPINION ON THE AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS~~

~~**Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units**~~

~~The financial statements of (identify component unit or units omitted) have not been audited, and we were not engaged to audit the (identify the component unit or units) financial statements as part of our audit of the County’s basic financial statements. The (identify component unit or units omitted) financial activities are included in the County’s basic financial statements as a discretely presented component unit and represent XX percent, XX percent, and XX percent of the assets, net position, and receipts, respectively, of the County’s aggregate discretely presented component units.~~

~~**Disclaimer of Opinion**~~

~~Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of @County County, Mississippi. Accordingly, we do not express an opinion on these financial statements.~~

~~**Unmodified Opinions**~~

~~In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for @County County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.~~

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~~\*\*\* THE REMAINING PARAGRAPHS ARE THE SAME WITH ALL OPINIONS \*\*\*~~

~~(NOTE TO AUDITOR: Edit or delete the following paragraph(s) to describe the required supplemental information. SI is the SEFA and Schedule of Operating Costs of Solid Waste. OI is MD&A, the budgetary comparison schedule(s), Schedule of Changes in Long-term Debt, Schedule of Interfund Loans and Advances and Schedule of Capital Assets.)~~

**Other Matters**

*Supplementary and Other Information*

~~(NOTE TO AUDITOR: Edit next paragraph if no single audit and/or no Schedule of Operating Costs of Solid Waste.)~~

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

Management's Discussion and Analysis, the Budgetary Comparison Schedule(s), Schedule of Investments, Schedule of Interfund Loans ~~and Advances~~, Schedule of Capital Assets, Schedule of Changes in Short-term Debt, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basis financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated @Date, on our consideration of @County 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 @County County, Mississippi's internal control over financial reporting and compliance.

@Date

~~(Note: For modifications to the Independent Auditor's Report refer to the AICPA Audit and Accounting Guide on Audits of State and Local Governments)~~

## MANAGEMENT'S DISCUSSION AND ANALYSIS

@COUNTY COUNTY

FINANCIAL STATEMENTS

Statement of Net Position – Cash Basis

Statement of Activities – Cash Basis

Statement of Cash Basis Assets and Fund Balances – Governmental Funds

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

Statement of Net Position - Cash Basis - Proprietary Fund(s)

Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund(s)

Statement of Fiduciary Assets and Liabilities – Cash Basis

~~NOTE TO PREPARER: If the County has private purpose trust funds, then change name of statement to “Statement of Fiduciary Net Position” and include Exhibit 9.~~

Statement of Changes in Fiduciary Net Position – Cash Basis

@COUNTY COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

@County County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require @County County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. ~~There are no outside organizations that should be included as component units of the County's reporting entity.~~

~~(NOTE TO PREPARER: Edit as appropriate for one/or more component units)~~

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

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

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

~~(NOTE TO PREPARER: Reletter the notes if the County has Component units.~~

B. ~~Individual Component Unit Disclosures.~~

~~Blended Component Units~~

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

@COUNTY COUNTY

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

~~(Describe herein each blended CU in separate paragraphs.)~~

Discretely Presented Component Units

~~The component units columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. (NOTE TO PREPARER: Edit next sentence as appropriate.) Except for the (give names of CUs), a majority of the members of the governing bodies of these component units are appointed by the County Board of Supervisors.~~

~~(Describe herein each discretely presented CU in separate paragraphs.)~~

~~Consult your supervisor, if the County has discretely presented component units which are not reported separately in the financial statements. See the blue book, page 202, for list of minimum information required to be included in the "Condensed Statement of Net Assets" and the "Condensed Statement of Activities" for these component units. May add combining exhibits for the component units.~~

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government ~~and its component units~~. For the most part, the effect of interfund activity has been removed from these statements. ~~(NOTE TO PREPARER: Delete strike out in the following sentence, if there are business type activities.)~~ Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts ~~and are reported separately from business type activities. Business type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.~~

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities ~~and business type activities~~ of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities ~~and business type activities~~. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. ~~Internal service fund balances have been eliminated against the disbursements and program receipts.~~ The comparison of direct disbursements with program receipts identifies the extent to which each ~~business type activity or~~ governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental, ~~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.

@COUNTY COUNTY

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

D. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

~~(List other individual major funds and a description of each. See the following examples.)~~

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

~~Debt Service Fund - This fund is used to account for resources accumulated and used for the payment of long term debt principal, interest and related costs of borrowing used for road projects.~~

The County reports the following major Enterprise Fund(s):

~~(NOTE TO PREPARER: Document the name of the fund and explain the purpose of the fund.~~

~~EXAMPLE: Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.)~~

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

Permanent Funds - These funds are used to account for and report resources that are restricted to the extent that only interest received, and not principal, may be used for purposes that support the County's programs.

PROPRIETARY FUND TYPES

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of receipts collected, disbursements paid and/or net income is necessary for management accountability.

@COUNTY COUNTY

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

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

~~(NOTE TO PREPARER: Need to define the County's internal service fund, such as: The County's internal service fund reports on self insurance programs for employee medical benefits.)~~

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.

Private-purpose Trust Funds - These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

E. Account Classifications.

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

F. ~~Deposits and Investments.~~

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

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

G. Equity Classifications.

Government-wide Financial Statements:

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

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."

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.

@COUNTY COUNTY

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

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County: ~~(NOTE TO PREPARER: Delete any classification not relevant to the County.)~~

*Nonspendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form or amounts that are legally or contractually required to be maintained intact.

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

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

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the \_\_\_\_\_ pursuant to authorization established by [input policy].

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

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

H. Property Tax Receipts.

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

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

@COUNTY COUNTY

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

(2) Change in Accounting Principle.

~~(NOTE TO PREPARER: Delete note if the basic financial statements were prepared on a cash basis of accounting in the prior year.)~~

Prior to October 1, 2012, the County’s financial statements were presented using the accrual basis of accounting. For the fiscal year ended September 30, 2013, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

(3) Deposits.

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

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

(4) Interfund Transfers.

~~(NOTE TO PREPARER: Transfers will be listed by individual fund name for the General Fund and all Major Funds. These transactions will tie to Exhibit 4. Any transfers between 2 nonmajor funds will be listed as either “Other Governmental Funds” or “Other Enterprise Funds.” Do not list the individual fund names. There should not be any interfund transfers from the General Fund to the General Fund. Interfund loans and advances will be presented in the other information section of the report and will not be shown in the exhibits)~~

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

Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	General Fund	\$
List individual major fund(s)	List individual major fund(s)	
Other Governmental Funds	Other Governmental Funds	
Other Enterprise Fund	Other Enterprise Fund	
Agency Funds	Agency Funds	
Total		\$ <u><u>0</u></u>

@COUNTY COUNTY

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

~~(NOTE TO PREPARER: The purpose of the transfers should be disclosed. An example follows: The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.)~~

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is

remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2013. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Other Postemployment Benefits.

~~(NOTE TO PREPARER: Please refer to GASB No. 45, paragraphs 24, 25 and 26 for details of required disclosures for other postemployment benefits.)~~

~~(NOTE TO PREPARER: This is an example disclosure and will need to be edited to properly disclose the County's specific situation. Any other postemployment benefits such as life, vision, dental, long term disability insurances offered to retirees will also need to be addressed.)~~

Plan Description

The @County County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the @County 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 healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2013, retiree premiums range from \$ \_\_\_\_ to \$ \_\_\_\_ depending on dependent coverage and Medicare eligibility. Although, with regard to retirees, these amounts contain an implied rate subsidy by the County through a reduced blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

@COUNTY COUNTY

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

Contributions Made

Because the retiree insurance premiums are paid entirely by retiree contributions, there is no net cash outflow by the County related to these benefits when paid. Therefore, there are no cash basis disbursements reported for the County in regard to the plan benefits for retirees. For fiscal year 2013, retiree and beneficiaries receiving benefits contributed \$\_\_\_\_\_ in the form of insurance premium payments.

(6) Contingencies.

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

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

(7) Segment Information for Enterprise Funds.

(8) Related Organizations.

(9) Joint Ventures.

The County participates in the following joint ventures:

~~(NOTE TO PREPARER: Include a statement on the amount the County contributes to the joint venture. Do not state that the County appropriated funds to the joint venture instead word the statement as the County contributed funds to the joint venture)~~

(10) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

~~(NOTE TO PREPARER: Include a statement on the amount the County contributes to the jointly governed organization. Do not state that the County appropriated funds to the jointly governed organization instead word the statement as the County contributed funds to the jointly governed organization)~~

(11) Defined Benefit Pension Plan.

Plan Description. @County 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.

@COUNTY COUNTY

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

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$\_\_\_\_\_, \$\_\_\_\_\_ and \$\_\_\_\_\_, respectively, equal to the required contributions for each year.

- (12) Extraordinary Items and/or Special Items.  
(Describe any extraordinary or special items if applicable)

@COUNTY COUNTY

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards

~~(NOTE TO PREPARER: Use this schedule when solid waste costs are paid and recorded in a Special Revenue Fund. Delete lines as necessary for a particular situation.)~~

@COUNTY COUNTY

Schedule of Operating Costs of Solid Waste  
For the Year Ended September 30, 2013

Operating Disbursements, Cash Basis:

Salaries	\$	
Expendable Commodities:		
Gasoline and petroleum products		
Repair parts		
Clothing		
Capital Outlay		
Maintenance		
Insurance on equipment		
Supplies ( <del>includes equipment under the capitalization thresholds</del> )		<hr/>
Solid Waste Operating Cost Disbursements	\$	<hr/> <u>0</u>

@COUNTY COUNTY

OTHER INFORMATION

Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – General Fund

Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – Major Special Revenue Fund

Schedule of Investments

@COUNTY COUNTY  
 Schedule of Interfund Loans and Advances  
 For the Year Ended September 30, 2013  
 UNAUDITED

~~(NOTE TO PREPARER: Loans & advances will be listed by individual fund name for the General Fund and all Major Funds. Any loans or advances between 2 nonmajor funds will be listed as either "Other Governmental Funds" or "Other Enterprise Funds." Do not list the individual fund names. There should not be any interfund transactions from the General Fund to the General Fund.) Delete Loans/Advances depending on the presence of interfund loans and advances.~~

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2013</u>
General	General	\$
List individual major fund(s)	List individual major fund(s)	
Other Governmental Funds	Other Governmental Funds	
Other Enterprise Fund	Other Enterprise Fund	
Agency Funds	Agency Funds	<u>                    </u>
Total		\$ <u><u>                    0</u></u>

~~(NOTE TO PREPARER: The purpose of the loans should be disclosed, along with any amounts not expected to be paid within one year.) (Example: The receivables represent an error in posting receipts during the year. OR The amount payable to Countywide Road Fund represents supplies purchased for Countywide Bridge Fund, which are not expected to be repaid within one year.) All interfund balances are expected to be repaid within one year from the date of the financial statements.~~

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2013</u>
General	General	\$
List individual major fund(s)	List individual major fund(s)	
Other Governmental Funds	Other Governmental Funds	
Other Enterprise Fund	Other Enterprise Fund	
Agency Funds	Agency Funds	<u>                    </u>
Total		\$ <u><u>                    0</u></u>

~~(NOTE TO PREPARER: The purpose of the advances should be disclosed, along with any amounts not expected to be paid within one year.) (Example: The amount payable to the internal service funds represent unpaid charges.)~~

Schedule of Capital Assets

Schedule of Changes in Short-term Debt

Schedule of Changes in Long-term Debt

Schedule of Surety Bonds for County Officials

@COUNTY COUNTY

Notes to the Other Information  
For the Year Ended September 30, 2013  
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

C. Excess of Actual Disbursements Over Budget in Individual Funds.

~~(NOTE TO PREPARER: If a material violation occurs, then this note should be part of the notes to the financial statements.)~~

The following funds had an excess of actual disbursements over budget for the year ended September 30, 2013:

Fund	Excess
General Fund	\$
Special Revenue Funds: (list individual funds)	

~~(NOTE TO PREPARER: Edit or delete the following sentences)~~

All the funds listed above, (or The (list the funds) are in violation of Section 19-11-17, Miss. Code Ann. (1972). However, the County has no obligation associated with these violations.

D. Unbudgeted Funds.

The following funds were not budgeted for the year ended September 30, 2013:

Special Revenue Funds:  
(List individual funds)

The unbudgeted funds are in violation of state law. However, the County has no obligation associated with the violation.

@COUNTY COUNTY

Notes to the Other Information  
For the Year Ended September 30, 2013  
UNAUDITED

(2) Long-term Debt information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was equal to \_\_\_\_\_% of the latest property assessments.

~~(NOTE TO PREPARER: Edit following paragraph, as appropriate.)~~

B. General Obligation Debt Contingencies - The County issued general obligation bonds ~~(notes)~~ to provide funds for constructing and improving capital facilities of the (give name of hospital) and the Sample County Department of Education. Such debt is being retired from pledged resources of these entities and, therefore, is reported as a liability of those entities. However, because general obligation bonds ~~(notes)~~ are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

Description	Balance at Sept. 30, 2013
General obligation enterprise bonds <del>(notes)</del>	\$
General obligation school bonds <del>(notes)</del>	_____
Total	\$ <u><u>0</u></u>

~~(NOTE TO PREPARER: Edit following paragraph, as appropriate.)~~

C. Hospital Revenue Bond ~~(Note)~~ Contingencies - The County issues revenue bonds ~~(notes)~~ to provide funds for constructing and improving capital facilities of the (give name of hospital). Revenue bonds ~~(notes)~~ are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds ~~(notes)~~ because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds ~~(notes)~~ outstanding at September 30, 2013, is \$\_\_\_\_\_.

D. No Commitment Debt - 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. 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:

Description	Balance at Sept. 30, 2013
Industrial revenue bonds and notes	\$ _____

@COUNTY COUNTY

Notes to the Other Information  
For the Year Ended September 30, 2013  
UNAUDITED

E. Subsequent Events.

~~(NOTE TO PREPARER: Contingently liable debt should be disclosed. Do not disclose no commitment debt.)~~

Subsequent to September 30, 2013, the County issued the following debt obligation(s):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
-----------------------	--------------------------	-------------------------	------------------------------	--------------------------------

\$

@COUNTY COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors  
@County County, Mississippi

We have audited, 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, the financial statements of the governmental activities, ~~the business-type activities, the aggregate discretely presented component units,~~ each major fund and the aggregate remaining fund information of @County County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated @Date. ~~(NOTE TO AUDITOR: Describe any departures from the standard report (for example, a qualified opinion, a reference to the report of other auditors). Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.)~~

**Internal Control Over Financial Reporting**

~~(NOTE TO AUDITOR: Choose the correct option below and delete others.)~~

~~[OPTION #1 >>> Use the following language if there are NO findings in internal control.]~~

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

\*\*\*\*\*

~~[OPTION #2 >>> Use the following language if there are one or more significant deficiencies in internal control over financial reporting, NOT considered to be a material weakness.]~~

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs ~~and Responses~~ as 2013-001, 2013-002 and 2013-003 that we consider to be significant deficiencies.

~~NOTE TO AUDITOR: Change “Schedule of Findings and Questioned Costs” to “Schedule of Findings and Responses” if this report is issued for an audit that is not subject to compliance with OMB Circular A-133.~~

~~NOTE TO AUDITOR: Edit findings numbers included in the phrase “2013-001, 2013-002 and 2013-003” as appropriate.~~

\*\*\*\*\*

~~{OPTION #3 >>> Use the following language if one or more material weakness exists and one or more significant deficiencies exist.}~~

In planning and performing our audit of the financial statements, we considered @County 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs ~~and Responses~~, we identified certain deficiencies in internal control that we consider to be material weaknesses [and significant deficiencies]. ~~NOTE TO AUDITOR: If not significant deficiencies are identified, the text within the brackets is omitted from the report.~~

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs ~~and Responses~~ as 2013-001, 2013-002 and 2013-003 to be material weaknesses.

[A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs ~~and Responses~~ as 2013-001, 2013-002 and 2013-003 to be significant deficiencies.] ~~NOTE TO AUDITOR: If no significant deficiencies are identified, the text within the brackets is omitted from the report.~~

~~NOTE TO AUDITOR: Change “Schedule of Findings and Questioned Costs” to “Schedule of Findings and Responses” if this report is issued for an audit that is not subject to compliance with OMB Circular A-133.~~

~~NOTE TO AUDITOR: Edit findings numbers included in the phrase “2013-001, 2013-002 and 2013-003” as appropriate.~~

### **Compliance and Other Matters**

~~{OPTION #1 >>> Use the following language if tests disclosed NO instances of noncompliance.}~~

As part of obtaining reasonable assurance about whether @County County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of @County County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated @Date, included within this document.

\*\*\*\*\*

[OPTION #2 >>> Use the following language if instances of noncompliance are reported.]

As part of obtaining reasonable assurance about whether @County County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs and Responses as items 2013-001, 2013-002 and 2013-003.

~~NOTE TO AUDITOR: Change "Schedule of Findings and Questioned Costs" to "Schedule of Findings and Responses" if this report is issued for an audit that is not subject to compliance with OMB Circular A-133.~~

~~NOTE TO AUDITOR: Edit findings numbers included in the phrase "2013-001, 2013-002 and 2013-003" as appropriate.~~

We also noted certain matters which we have reported to the management of @County County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated @Date, included within this document.

\*\*\*\*\*

~~[NOTE TO AUDITOR: Use the following language with all scenarios and edit or delete as appropriate.]~~

**@County County's Response(s) to Finding(s)**

@County County's response(s) to the finding(s) identified in our audit is(are) described in the accompanying Schedule of Findings and Questioned Costs and Responses. @County County's response(s) was (were) not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it (them).

~~[NOTE TO AUDITOR: Change "Schedule of Findings and Questioned Costs" to "Schedule of Findings and Responses" if this report is issued for an audit that is not subject to compliance with OMB Circular A-133.]~~

**Purpose of this Report**

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

@Date

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

Members of the Board of Supervisors  
@County County, Mississippi

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of @County County, Mississippi's major federal program(s) based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about @County County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on @County County, Mississippi's compliance.

~~{NOTE TO AUDITOR: Choose the correct opinion paragraph below and delete others.}~~

~~{OPTION #1 >>> Use the next paragraph if you have an UNMODIFIED opinion on compliance and NO findings.}~~

**Opinion on Each Major Federal Program**

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

\*\*\*\*\*

~~{OPTION #2 >>> Use the next paragraph if you have an UNMODIFIED opinion and immaterial finding(s). Edit for singular finding.}~~

**Opinion on Each Major Federal Program**

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items (*list the reference numbers of the related findings, for example, 2013-005, 2013-006 and 2013-007*). Our opinion on each major federal program is not modified with respect to these matters.

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

\*\*\*\*\*

[OPTION #3 >>> Use the next two paragraphs if you have a **qualified opinion on compliance due to a scope limitation**. Delete next two paragraphs if opinion is not qualified due to a scope limitation.]

**Basis for Qualified on {Identify Major Federal Program}**

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient documentation supporting the compliance of @County County, Mississippi with [*identify the major federal program and associated finding number(s) matched to the type(s) of compliance requirement*], nor were we able to satisfy ourselves as to @County County’s compliance with those requirements by other auditing procedures.

**Qualified Opinion on {Identify Major Federal Program}**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, @County County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on (each of) its other major federal program(s) for the year ended September 30, 2013.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, @County County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on (each of) its other major federal program(s) identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2013.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items (*list the reference numbers of the related findings, for example, 2013-005, 2013-006 and 2013-007*). Our opinion on each major federal program is not modified with respect to these matters.

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

\*\*\*\*\*

[OPTION #4 >>> Use the next paragraph for a **qualified opinion** on compliance due to a failure to comply with a compliance requirement. A qualified opinion will most likely address noncompliance with only one type of compliance requirement, whereas an adverse opinion will most likely address noncompliance with two or more types of compliance requirements. Delete the following paragraphs if opinion is other than qualified due to a failure to comply with one or more compliance requirements.]

**Basis for Qualified Opinion on {Identify Major Federal Program}**

As described in the accompanying Schedule of Findings and Questioned Costs, @County County, Mississippi did not comply with requirements regarding [identify the major federal program and associated finding number(s) matched to the type(s) of compliance requirement]. Compliance with such requirements is necessary, in our opinion, for @County County, Mississippi, to comply with the requirements applicable to that program.

**Qualified Opinion on {Identify Major Federal Program}**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, @County County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ~~(each of)~~ its other major federal program~~(s)~~ for the year ended September 30, 2013.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, @County County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ~~(each of)~~ its other major federal program~~(s)~~ identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2013.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items (list the reference numbers of the related findings, for example, 2013-005, 2013-006 and 2013-007). Our opinion on each major federal program is not modified with respect to these matters.

@County County’s response~~(s)~~ to the noncompliance finding~~(s)~~ identified in our audit is ~~(are)~~ described in the accompanying Schedule of Findings and Questioned Costs. @County County’s response~~(s)~~ was ~~(were)~~ not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response~~(s)~~.

\*\*\*\*\*

~~[OPTION #5 >>> Use the next paragraph for an **adverse opinion** on compliance due to a failure to comply with more than one compliance requirement. A qualified opinion will most likely address noncompliance with only one type of compliance requirement, whereas an adverse opinion will most likely address noncompliance with two or more types of compliance requirements. Delete the following paragraphs if opinion is other than adverse due to a failure to comply with one or more compliance requirements.]~~

**Basis for Adverse Opinion on {Identify Major Federal Program}**

As described in the accompanying Schedule of Findings and Questioned Costs, @County County, Mississippi did not comply with the requirements regarding [identify the major federal program and associated finding number(s) matched to the types of compliance requirement]. Compliance with such requirements is necessary, in our opinion, for @County County, Mississippi to comply with the requirements applicable to that program.

**Adverse Opinion on {Identify Major Federal Program}**

In our opinion, because of the significance of the effects of the noncompliance described in the “Basis for Adverse Opinion” paragraph, @County County, Mississippi, did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on [identify the major federal program] for the year ended September 30, 2013.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, @County County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ~~(each of)~~ its other major federal program~~(s)~~ identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2013.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items *(list the reference numbers of the related findings, for example, 2013-005, 2013-006 and 2013-007)*. Our opinion on each major federal program is not modified with respect to these matters.

@County County’s response(s) to the noncompliance finding(s) identified in our audit is ~~(are)~~ described in the accompanying Schedule of Findings and Questioned Costs. @County County’s response(s) was ~~(were)~~ not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response(s).

**Report on Internal Control Over Compliance**

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

~~[OPTION #1 >>> NO FINDINGS. The next paragraph states, “We noted no matters involving the internal control over compliance...” Delete next paragraph if findings are reported.]~~

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

\*\*\*\*\*

~~[OPTION #2 >>> Select the next two paragraphs if significant deficiencies are reported. Otherwise, delete next two paragraphs if significant deficiencies are not reported.]~~

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as items (*list the reference numbers of the related findings, for example 2013-005, 20 13-006 and 2013-007*) that we consider to be significant deficiencies.

\*\*\*\*\*

~~[OPTION #3 >>> Select the next two paragraphs if significant deficiencies and/or material weaknesses are reported. Otherwise, delete next two paragraphs if significant deficiencies and/or material weaknesses are not reported.]~~

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies. ~~However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.~~ [NOTE TO AUDITOR: ~~If no significant deficiencies were identified, delete last sentence and replace with the struck out sentence.~~]

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonably possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items (*list the reference numbers of the related findings, for example 2013-005, 2013-006 and 2013-007*) to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items (*list the reference numbers of the related findings, for example 2013-005, 2013-006 and 2013-007*) to be significant deficiencies. [NOTE TO AUDITOR: ~~If no significant deficiencies were identified, this paragraph should be deleted.~~]

\*\*\*\*\*

~~[NOTE TO AUDITOR: If NO findings are referred to in this report, the next paragraph should be omitted.]~~

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

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

@Date

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

Members of the Board of Supervisors  
@County County, Mississippi

We have examined @County County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of @County 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 @County 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.

~~(NOTE TO AUDITOR: Select next paragraph if opinion is unmodified. Otherwise, delete it.)~~

In our opinion, @County County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

~~(NOTE TO AUDITOR: Select next paragraph if opinion is either qualified or adverse. Otherwise, delete it.)~~

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:

Purchase Clerk.

1. (Insert Finding Heading here. Finding Heading is a brief one sentence description of the finding that is underlined).

Finding

Recommendation

Purchase Clerk's Response

~~(NOTE TO AUDITOR: The opinion paragraph below addresses two qualifications: (1) an inventory qualification as explained in the third paragraph of this report, and (2) a noncompliance qualification with the central purchasing system. Select next paragraph if opinion is qualified; however, delete the phrase, "except as explained in the third paragraph," if the opinion on the financial statements does not address a capital assets qualification. Delete next paragraph altogether if the opinion on both central purchasing and inventory is unqualified.~~

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, @County County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

~~(NOTE TO AUDITOR: Select next paragraph if opinion is adverse. Otherwise, delete it.)~~

In our opinion, because of the noncompliance referred to in the preceding paragraph, @County County, Mississippi, did not comply, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

~~(NOTE TO AUDITOR: If an adverse opinion is issued but the County passes a retest prior to the issuance of the report, include the following paragraph.)~~

~~————@County County's purchasing system was not in compliance with state laws governing central purchasing for fiscal year 2013. The system was retested and as of (date of retest), @County County was in compliance with the central purchasing system.~~

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.

@County County's response(s) to the finding(s) included in this report was ~~(were)~~ not audited, and accordingly, we express no opinion on it ~~(them)~~.

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

@Date

~~(NOTE TO AUDITOR: If there are no purchases from other than the lowest bidder, then delete the rows with column headings and leave the statement, "Our tests results...". Otherwise, delete the row with the statement.)~~  
~~(NOTE TO AUDITOR: If a bid did not meet the County's specifications, it should NOT be considered as a low bid item. The bid should not have been considered and therefore, not accepted by the Board of Supervisors.)~~

@COUNTY COUNTY

Schedule 1

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

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

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
		\$		\$	

~~(NOTE TO AUDITOR: If there are no emergency purchases, then delete the rows with column headings and leave the statement, "Our test results..." Otherwise, delete the row with the statement.)~~

~~(NOTE TO AUDITOR: If the County includes an item which is not an emergency purchase, a finding should be included in the purchase report.)~~

@COUNTY COUNTY

Schedule 2

Schedule of Emergency Purchases

For the Year Ended September 30, 2013

Our test results did not identify any emergency purchases.

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
		\$		

~~(NOTE TO AUDITOR: If there are no purchases made noncompetitively from a sole source, then delete the rows with column headings and leave the statement, "Our test results..." Otherwise, delete the row with the statement.)~~

~~(NOTE TO AUDITOR: If the County includes an item which is not a sole source purchase, a finding should be included in the purchase report.)~~

@COUNTY COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2013

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
-------------	---------------------------	------------------------	---------------

\$

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
@County County, Mississippi

In planning and performing our audit of the financial statements of @County County, Mississippi (the County) for the year ended September 30, 2013, we considered @County 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 @County 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 @Date, on the financial statements of @County County, Mississippi.

~~(NOTE TO AUDITOR: Select next paragraph if no findings are reported. Otherwise, delete the next paragraph and disclose findings.)~~

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

~~(NOTE TO AUDITOR: Delete next two paragraphs and the finding references if no findings are reported)~~

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

The results of our review procedures and compliance tests identified certain areas *(delete “areas” and replace with the following phrase as appropriate)* ~~immaterial instances of noncompliance with state laws and regulations~~ that are opportunities for strengthening internal controls and operating efficiency. Our finding(s), recommendation(s), and your response(s) are disclosed below:

Board of Supervisors.

1. (Insert Finding Heading here. Finding Heading is a brief one sentence description of the finding that is underlined).

Finding

Recommendation

Board of Supervisors’ Response

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exception(s) and disposition(s) are as follows:

Exception Issued On/Demand Issued On:

(Name, Title)

Nature of Exception/Demand:

See (Name of Office?) Finding # \_\_\_\_ described in this report.

Amount of Exception/Demand:

\$

Disposition of Exception/Demand:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

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

@Date

~~When no single audit, delete the words “and Questioned Costs” and replace with “and Responses” in the title below and subsequent pages~~

~~SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND RESPONSES~~

Schedule of Findings and Questioned Costs ~~and Responses~~  
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

~~(NOTE TO AUDITOR: Section 1, Summary of Auditor's Results, will always be presented as part of the Schedule of Findings and Questioned Costs. However, when no single audit is required, delete the table containing items 4 through 9. Read carefully and include the appropriate response in the last column to each item, except for identification of major programs. The response options are included after the statement and should be deleted when removing the strikeout.)~~

***Financial Statements:***

1. Type of auditor's report issued on the financial statements: ~~(Unmodified)~~  
~~(Note to Auditor: If any opinion unit is other than unqualified, then report each opinion unit separately)~~  
~~Governmental activities (Unmodified, Qualified, Adverse or Disclaimer)~~  
~~Business type activities (Unmodified, Qualified, Adverse or Disclaimer)~~  
~~Aggregate discretely presented component units (Unmodified, Qualified, Adverse or Disclaimer)~~  
~~Each major fund (Unmodified, Qualified, Adverse or Disclaimer)~~  
~~Aggregate remaining fund information (Unmodified, Qualified, Adverse or Disclaimer)~~
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? ~~(Yes or No)~~
  - b. Significant deficiency(ies) identified? ~~(Yes or None Reported)~~
3. Noncompliance material to the financial statements noted? ~~(Yes or No)~~

***Federal Awards:***

4. Internal control over major programs:
  - a. Material weakness(es) identified? ~~(Yes or No)~~
  - b. Significant deficiency(ies) identified? ~~(Yes or None Reported)~~
5. Type of auditor's report issued on compliance for major federal programs: ~~(Unmodified, Qualified, Adverse or Disclaimer)~~  
~~(NOTE TO AUDITOR: If report is other than unmodified, specify the major federal program and type of report issued.)~~
6. Any audit finding(s) disclosed that are required to be reported in accordance with Section \_\_.510(a) of OMB Circular A-133? ~~(Yes or No)~~
7. Identification of major programs:
  - a. ~~(CFDA #, Program name)~~
  - b. ~~(CFDA #, Program name)~~
  - c. ~~(CFDA #, Program name)~~

Schedule of Findings and Questioned Costs ~~and Responses~~  
For the Year Ended September 30, 2013

8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? (~~Yes or No~~)

~~(NOTE TO AUDITOR: Federal program names listed above should be identified exactly as reported on both the Schedule of Expenditures of Federal Awards and as on the data collection form. Example, Community development block grants/state's program or Highway planning and construction.)~~

Section 2: Financial Statement Findings

~~(NOTE TO AUDITOR: Select next sentence if no findings related to the financial statements are reported. Otherwise, delete sentence and disclose findings.)~~

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

~~(NOTE TO AUDITOR: Identify each finding by type. Example: Significant Deficiency, Material Weakness, & Material Noncompliance)~~

Board of Supervisors.

Material Weakness

- 2013-001. (Insert Finding Heading here. Finding Heading is a brief one sentence description of the finding that is underlined. Example: Controls over budgeting should be strengthened. Example 2: Bond should be obtained for Purchase Clerk in accordance with state law).

Finding

Recommendation

Board of Supervisors' Response

(Include response if the audit has no corrective action plan for a single audit. If the audit has a corrective action plan for a single audit, include responses for all findings if any of the findings include an auditor's note. Otherwise, do not include responses in this section.)

Significant Deficiency

- 2013-002. (Insert Finding Heading here. Finding Heading is a brief one sentence description of the finding that is underlined).

Finding

Recommendation

Board of Supervisors' Response

(Include response if the audit has no corrective action plan for a single audit. If the audit has a corrective action plan for a single audit, include responses for all findings if any of the findings include an auditor's note. Otherwise, do not include responses in this section.)

Schedule of Findings and Questioned Costs ~~and Responses~~  
For the Year Ended September 30, 2013

Section 3: Federal Award Findings and Questioned Costs

~~(NOTE TO AUDITOR: Select next sentence if no findings related to federal awards are reported. Otherwise, delete sentence and disclose findings.)~~

The results of our tests did not disclose any findings and questioned costs related to federal awards.

2013-003. (Insert Finding Heading here. Finding Heading is a brief one sentence description of the finding that is underlined).

Finding

Program: (CFDA Title & #; Federal Award # & Year; Name of Federal Agency and Pass-through Agency)

Compliance Requirement: (Identify specific requirement upon which audit finding is based.)

(Describe finding. Be sure to include the condition found, including facts that support the deficiency identified in the audit finding, information to provide proper perspective for judging the prevalence and consequences of the audit finding, and the possible asserted effect to provide sufficient information to permit the determination of the cause and effect of the finding to facilitate prompt and proper corrective action. Be sure to include the Code of Federal Regulations (CFR) reference that details the criteria.)

Questioned Costs: (Identify amount of questioned costs or state that this finding did not result in any questioned costs. The issue of questioned costs is only addressed in findings related to compliance.)

Recommendation

(Describe recommendation to prevent future occurrences of the deficiencies identified in the audit finding. Be very clear as to what you recommend the client should do to correct the deficiency.)

Auditee's Response

(Include responses for all findings if any of the findings include an auditor's note. Otherwise, do not include responses in this section.)

@COUNTY COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN  
AND  
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS