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Coahoma County
Financial Statements
September 30, 2011

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi

COAHOMA COUNTY

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COAHOMA COUNTY

FINANCIAL SECTION

COAHOMA COUNTY

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Coahoma County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the basic financial statements of the County's government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi, as of September 30, 2011 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 on our consideration of Coahoma County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Ellis & Hirsberg CPA's PLLC

June 29, 2012

COAHOMA COUNTY

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COAHOMA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

COAHOMA COUNTY

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COAHOMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

INTRODUCTION

The discussion and analysis of Coahoma County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2011. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

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

Coahoma County is located in northwestern Mississippi along the Mississippi River. The population, according to the 2010 census, is 26,151. The local economic base is driven mainly by agriculture.

FINANCIAL HIGHLIGHTS

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

Coahoma County continues to grow economically yet is decreasing in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government tax rate has remained relatively flat over the last 10 years. This does not include school tax increases.

Total net assets decreased \$2,092,679 which represents a 1.78% decrease from the prior fiscal year. The County's ending cash and investments balance decreased by \$397,107, which represents a .97% decrease under the prior fiscal year.

The County had \$13,717,835 in total revenues. Tax revenues account for \$5,339,214 or 39% of total revenues. State revenues in the form of reimbursements, shared revenue, or grants, account for \$2,093,082 or 15% of total revenues.

The County had \$15,810,514 in total expenses, which represents an increase of \$526,576 or 3.45% increase over the prior fiscal year. Expenses in the amount of \$4,633,067 were offset by charges for services, grants, outside contributions or debt being issued. General revenues of \$9,084,768 were not adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$7,823,040 in revenues and \$9,046,784 in expenditures. The General Fund's balance decreased \$681,435 under the prior year. The decrease was created by a decrease in intergovernmental revenues as well as an increase in total expenditures during the year.

The Road Fund had \$1,499,660 in revenues and had \$1,345,826 in total expenditures. The Road Fund's net increase in fund balance for the year was \$156,480.

The Economic Development Authority Fund had \$474,006 in revenues and had \$620,028 in total expenditures. The Economic Development Authority Fund had a net decrease in fund balance of \$40,734.

The Hospital Reserve Fund had \$354,258 in revenues. The Hospital Reserve Fund had a net increase in fund balance of \$200,508.

Capital assets, net of accumulated depreciation, decreased by \$1,082,880. The decrease is the result of annual depreciation being more than acquisitions and construction during the year.

Long-term debt decreased by \$189,115. There was no new debt issued during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

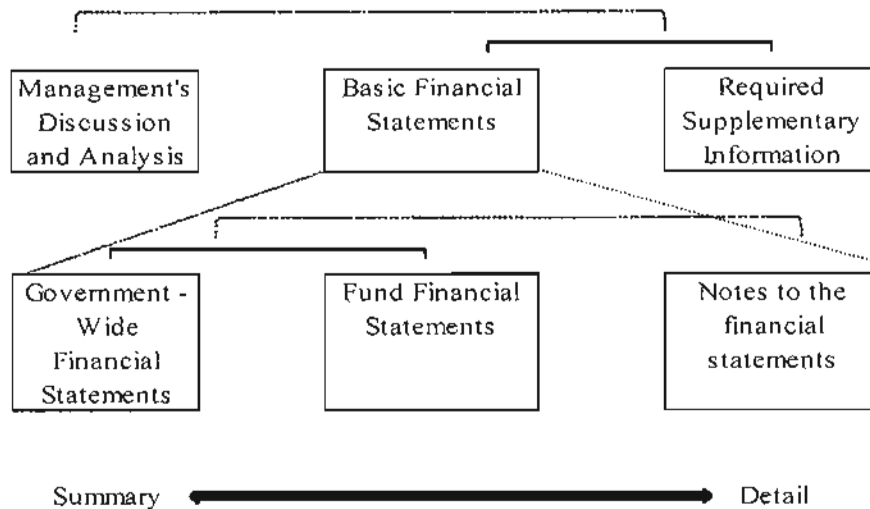


Figure 1 shows how required parts of this annual report are arranged and related to one another.

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

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

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

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

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

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

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

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

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

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

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

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

The basic governmental funds financial statements can be found on pages 20 through 32 of this report.

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

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

statements. The proprietary funds financial statements can be found on pages 28 through 31 of this report.

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

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

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 57 through 62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets - Net assets may serve over time as a useful indicator of government's financial position. In the case of Coahoma County, assets exceeded liabilities by \$115,218,607 as of September 30, 2011.

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

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

The following table presents a summary of the County's net assets for the fiscal years ended September 30, 2011 and 2010.

	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Current assets	13,387,457	13,194,408	802,416	1,088,624
Other assets	35,034,916	36,016,725		
Capital assets, net	68,733,110	70,071,273	6,632,613	6,377,330
Total assets	<u>117,155,483</u>	<u>119,282,406</u>	<u>7,435,029</u>	<u>7,465,954</u>
Current liabilities	6,894,894	6,494,068	264,704	106,393
Long-term debt outstanding	1,514,359	1,615,016	697,948	1,221,597
Total liabilities	<u>8,409,253</u>	<u>8,109,084</u>	<u>962,652</u>	<u>1,327,990</u>
Net assets:				
Invested in capital assets, net of related debt	67,605,337	68,844,040	6,133,592	5,786,619
Restricted	46,608,865	46,821,358	486,224	600,313
Unrestricted	(5,467,972)	(4,492,076)	(147,439)	(248,968)
Total net assets	<u>108,746,230</u>	<u>111,173,322</u>	<u>6,472,377</u>	<u>6,137,964</u>

The County's governmental net assets decreased by \$2,427,092. The largest change in assets was a decrease in capital assets of \$1,338,163. Other assets also decreased by \$981,809 with the most significant change being a decrease in internal balances of \$431,792.

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

The business-type activities net assets increased by \$334,413. Operating activities created enough cash flow that internal balances (advances from other funds) could be reduced as noted above by \$431,792. Thus, the overall effect for the net asset balance was an increase for the year.

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

- Equipment purchased during the year totaled \$809,051
- Work began on the Airport project with \$19,501 being spent during the year
- Work continued on two railroad multimodal projects with a total of \$554,653 being spent during the year
- No new debt was issued during the year. Principal payments of \$191,147 were made against existing debt.

Changes in Net Assets - Coahoma County's total revenues for the fiscal year ended September 30, 2011 was \$13,717,835. The total cost for all services provided was \$15,810,514. The change in net assets was a decrease of \$2,092,679. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2011 and 2010.

	2011 <u>Amount</u>	2010 <u>Amount</u>
Revenues:		
Program revenues		
Charges for services	2,333,145	2,771,513
Operating grants and contributions	789,106	783,715
Capital grants and contributions	1,510,816	1,907,404
General revenues		
Property taxes	5,339,214	5,350,667
Grants and contributions not restricted to specific programs	2,093,082	2,670,352
Unrestricted investment income	514,088	482,833
Other	1,138,384	1,170,710
Total Revenues	<u>13,717,835</u>	<u>15,137,194</u>
Expenses:		
General government	4,801,069	4,759,851
Public safety	4,726,928	4,531,173
Public works	3,909,559	3,537,747
Health and welfare	309,692	293,353
Economic development	969,626	1,112,270
Other expenses	1,093,640	1,049,544
Total Expenses	<u>15,810,514</u>	<u>15,283,938</u>
Increase (Decrease) in Net Assets	<u>(2,092,679)</u>	<u>(146,744)</u>

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

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

	2011 Total Costs	2010 Total Costs	2011 Net Costs	2010 Net Costs
General government	4,801,069	4,759,851	3,934,737	3,702,168
Public safety	4,726,928	4,531,173	4,044,623	3,247,552
Public works	3,909,559	3,537,747	2,291,444	1,791,671
Health and welfare	309,692	293,353	246,431	258,608
Economic development and assistance	969,626	1,112,270	664,285	555,199
Culture and recreation	221,908	186,485	221,908	186,485
Education		2,000		2,000
Conservation of natural resources	87,054	97,510	87,054	97,510
Interest and other expenses on long-term liabilities	117,118	130,087	117,118	130,087

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds - At the close of the fiscal year, Coahoma County's governmental funds reported a combined fund balance of \$40,356,184, a 2% decrease of \$917,732.

The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$681,435. Intergovernmental revenues decreased \$421,558. Intergovernmental revenues include gaming fees which were down due to casinos being closed in the spring due to high water on the Mississippi River.

The Road Fund reported an increase in net assets for the year in the amount of \$156,480. The fund accounts for activities associated with road maintenance financed in part by tax assessments and state source revenue.

The Economic Development Authority Fund reported a decrease in fund balance of \$40,734 for the year. The fund accumulates activities associated with industrial development within the County.

The Hospital Reserve Fund reported an increase in fund balance of \$200,508 for the year.

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

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

The General fund was amended down because expenditures were less than expected for general county capital project activities.

The Road fund budget was increased slightly during the year.

The Economic Development Authority fund budget decreased \$47,100 during the year.

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

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General

Fund and other major funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2011, Coahoma County's total capital assets was \$156,377,091. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$792,880. The largest portion of the increase was from purchases of mobile equipment which totaled \$713,019 for the year.

Total accumulated depreciation as of September 30, 2011 was \$81,011,368, including \$2,328,220 of depreciation expense for the year. The balance in total net capital assets was \$75,365,723 at year-end.

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

Debt Administration - At September 30, 2011, Coahoma County had \$2,136,794 in long-term debt outstanding. This includes loans from Mississippi Department of Economic and Community Development and Mississippi Department of Transportation. No new long-term debt was issued during the year.

The State of Mississippi limits the amount of debt a County can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$27.2 million dollars.

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

CURRENT AND FUTURE ITEMS OF IMPACT

Currently, Coahoma County has no major projects or plans in place that have the potential to change the County's financial position. We have recently closed one of the largest projects in recent years (Water and Sewer Extension Project). This project was largely financed by a 592 Corps grant comprising \$7,065,881 in funds. In addition, we have closed multiple Mississippi Department of Transportation Multi-Modal grants recently. These grants are a part of our continuing efforts to upgrade the county-owned 60 mile railroad. We have two inter-fund loans that were recently approved. One is a 2.3 million dollar loan to the Economic Development Authority to help the Clint Williams Company to construct a new Peanut Buying Point here in Coahoma County. This new business, with a total project value of over 6 million dollars, will create at least ten full time jobs and over thirty seasonal jobs. The other inter-fund loan is a 2.2 million dollar loan to the Economic Development Authority to construct a new Department of Human Services building in Coahoma County. We recently received two Community Development Block Grants. A \$300,000 Saf-T-Cart CDBG project will create twenty jobs and an \$800,000 Taylor Chair CDBG project will create 40 jobs.

The budget for the next fiscal year reflected an increase of \$1,047,736 or 5.4% in revenues and a decrease of \$128,233 or .58% in expenses.

Coahoma County has an unemployment rate of 11.6 percent as of May 2012. This compares unfavorably with the state average of 8.9 percent and U. S. average of 7.9 percent.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

COAHOMA COUNTY

BASIC FINANCIAL STATEMENTS

COAHOMA COUNTY
Statement of Net Assets
September 30, 2011

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 5,023,025	594,367	5,617,392
Investments	2,147,650	100,000	2,247,650
Cash with fiscal agent	161,258		161,258
Property tax receivable	5,451,503		5,451,503
Accounts receivable (net of allowance for uncollectibles of \$71,814 and \$40,000 respectively)	121,780	57,249	179,029
Fines receivable (net of allowance for uncollectibles of \$9,667,747)	251,882		251,882
Loans receivable	818,488		818,488
Capital leases receivable	1,155,369		1,155,369
Intergovernmental receivables	344,321	50,800	395,121
Other receivables	118,753		118,753
Internal balances	290,809	(290,809)	-
Prepaid items	19,167		19,167
Restricted assets	32,518,368		32,518,368
Capital assets:			
Land and construction in progress	8,470,547	717,234	9,187,781
Other capital assets, net	60,262,563	5,915,379	66,177,942
Total Assets	117,155,483	7,144,220	124,299,703
LIABILITIES			
Claims payable	601,677	172,822	774,499
Claims and judgements payable	40,098		40,098
Intergovernmental payables	350,308		350,308
Deferred revenue	5,599,822		5,599,822
Unearned revenue	128,093		128,093
Other payables	51,482		51,482

Long term liabilities			
Due within one year			
Capital related debt	103,229	91,882	195,111
Non-capital related debt	20,185		20,185
Due in more than one year:			
Capital related debt	1,024,544	407,139	1,431,683
Non-capital related debt	489,815		489,815
Total Liabilities	<u>8,409,253</u>	<u>671,843</u>	<u>9,081,096</u>
NET ASSETS			
Invested in capital assets, net of related debt	67,605,337	6,133,592	73,738,929
Restricted net assets:			
Expendable:			
General government	361,681		361,681
Debt service	252,706		252,706
Public safety	108,315		108,315
Public works	409,808		409,808
Economic development	1,256,308	486,224	1,742,532
Unemployment compensation	21,461		21,461
Other purposes	43,036		43,036
Non-expendable:			
Hospital reserve	44,155,550		44,155,550
Unrestricted	<u>(5,467,972)</u>	<u>(147,439)</u>	<u>(5,615,411)</u>
Total Net Assets	<u>\$ 108,746,230</u>	<u>6,472,377</u>	<u>115,218,607</u>

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

COAHOMA COUNTY

Statement of Activities

For the Year Ended September 30, 2011

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
General government	\$ 4,801,069	812,693	7,739	45,900	(3,934,737)	(3,934,737)
Public safety	4,726,928	531,733	80,572	70,000	(4,044,623)	(4,044,623)
Public works	3,909,559	475,934	649,011	493,170	(2,291,444)	(2,291,444)
Health and welfare	309,692		51,784	11,477	(246,431)	(246,431)
Culture and recreation	221,908				(221,908)	(221,908)
Conservation of natural resources	87,054				(87,054)	(87,054)
Economic development and assistance	969,626			305,341	(664,285)	(664,285)
Interest and other expenses on long-term liabilities	117,118				(117,118)	(117,118)
Total Governmental Activities	15,142,954	1,820,360	789,106	925,888	(11,607,600)	(11,607,600)
Business-type activities:						
Federal building	390,058	412,344				22,286
Railroad	277,502	100,441		584,928		407,867
Total Business-type Activities	667,560	512,785	-	584,928	-	430,153
Total Primary Government	\$ 15,810,514	2,333,145	789,106	1,510,816	(11,607,600)	(11,177,447)

General revenues:			
Property taxes	\$ 5,109,472		5,109,472
Road & Bridge privilege taxes	229,742		229,742
Grants and contributions not restricted to specific programs	2,093,082		2,093,082
Unrestricted investment income	507,345	6,743	514,088
Miscellaneous	1,060,867	77,517	1,138,384
Transfers	180,000	(180,000)	-
Total General Revenues	<u>9,180,508</u>	<u>(95,740)</u>	<u>9,084,768</u>
Changes in Net Assets	(2,427,092)	334,413	(2,092,679)
Net Assets - Beginning	<u>111,173,322</u>	<u>6,137,964</u>	<u>117,311,286</u>
Net Assets - Ending	<u>\$ 108,746,230</u>	<u>\$ 6,472,377</u>	<u>\$ 115,218,607</u>

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

COAHOMA COUNTY
Balance Sheet - Governmental Funds
September 30, 2011

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	Economic Development Authority Fund	Hospital Reserve Fund	Other Governmental Funds	
ASSETS						
Cash	\$ 1,637,257	366,262	2,283,872		575,281	4,862,672
Investments	1,475,000		222,650		425,000	2,122,650
Cash with fiscal agent					161,258	161,258
Property tax receivable	4,082,853	465,950	160,000		742,700	5,451,503
Accounts receivable (net of allowance for uncollectibles \$71,814)					121,780	121,780
Fines receivable (net of allowance for uncollectibles \$9,667,747)	251,882					251,882
Loans receivable			818,488			818,488
Capital lease receivable	200,846		954,523			1,155,369
Intergovernmental receivables	308,987	16,463			11,370	336,820
Other receivables	18,961		6,000		70,179	95,140
Due from other funds		25,156	2,057	1,631,896	10,863	1,669,972
Advances to other funds	125,000		19,167	10,005,286		10,130,286
Prepaid expenses						19,167
Restricted assets						
Total Assets	\$ 8,100,786	873,831	4,466,757	32,518,368	2,118,431	59,715,355
LIABILITIES AND FUND BALANCES						
Liabilities:						
Claims payable	\$ 345,514	77,074			179,089	601,677
Intergovernmental payables	350,251					350,251
Due to other funds	1,070,251		134,120		175,625	1,379,996
Advances from other funds	6,523,727		3,039,683		358,599	9,922,009
Deferred revenue	4,535,581	465,950	1,114,523		809,609	6,925,663
Unearned revenue					128,093	128,093
Amounts held in custody for others	47,278				4,204	51,482
Total Liabilities	12,872,602	543,024	4,288,326	-	1,655,219	19,359,171

Fund balances:					
Nonspendable:					
Prepaid items					19,167
Advances					10,130,286
Permanent fund principal					33,973,135
Restricted for:					
General government					152,835
Public safety					127,507
Public works					121,332
Economic development and assistance					452,139
Debt service					249,417
Unemployment compensation					252,706
Committed to:					21,461
General government					706,757
Assigned to:					
General government					198,761
Unassigned					(6,087,251)
Total Fund Balances					40,356,184
Total Liabilities and Fund Balances					59,715,355

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

COAHOMA COUNTY

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COAHOMA COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2011

Exhibit 3-1

	Amount
Total Fund Balance - Governmental Funds	\$ 40,356,184
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$78,682,542	68,733,110
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines receivable	251,882
Waste disposal	66,909
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(1,637,773)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds	1,007,050
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets	(31,132)
Total net assets - Governmental Activities	\$ 108,746,230

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

COAHOMA COUNTY

Exhibit 4

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

For the year ended September 30, 2011

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	Economic Development Authority Fund	Hospital Reserve Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 3,821,189	426,887	162,137		699,259	5,109,472
Road and bridge privilege taxes		229,742				229,742
Licenses, commissions and other revenue	539,824	3,477			21,671	564,972
Fines and forfeitures	238,692				7,489	246,181
Intergovernmental revenues	2,154,778	666,657	189,293		797,580	3,808,308
Charges for services	303,645				725,541	1,029,186
Interest income	58,868	1,538	68,833	354,258	17,868	501,365
Miscellaneous revenues	706,044	171,359	53,743		124,847	1,055,993
Total Revenues	7,823,040	1,499,660	474,006	354,258	2,394,255	12,545,219
EXPENDITURES						
General government	3,765,843				74,715	3,840,558
Public safety	3,824,212				632,356	4,456,568
Public works	576,367	1,345,826			1,816,134	3,738,327
Health and welfare	293,065					293,065
Culture and recreation	196,500				25,408	221,908
Education						-
Conservation of natural resources	87,054					87,054
Economic development and assistance	267,918		508,049		151,038	927,005
Debt service:						
Principal			46,446		53,011	99,457
Interest	35,825		65,533		15,760	117,118
Total Expenditures	9,046,784	1,345,826	620,028	-	2,768,422	13,781,060

Excess of Revenues over (under) Expenditures	(1,223,744)	153,834	(146,022)	354,258	(374,167)	(1,235,841)
OTHER FINANCING SOURCES (USES)						
Transfers in	633,750				115,736	749,486
Transfers out	(115,736)			(153,750)	(300,000)	(569,486)
Proceeds from sale of assets	6,708	2,646			5,880	15,234
Lease principal payments	17,587		105,288			122,875
Total Other Financing Sources and Uses	542,309	2,646	105,288	(153,750)	(178,384)	318,109
Net Changes in Fund Balances	(681,435)	156,480	(40,734)	200,508	(552,551)	(917,732)
Fund Balances - Beginning	(4,090,381)	174,327	219,165	43,955,042	1,015,763	41,273,916
Fund Balances - Ending	<u>\$ (4,771,816)</u>	<u>\$ 330,807</u>	<u>\$ 178,431</u>	<u>\$ 44,155,550</u>	<u>\$ 463,212</u>	<u>\$ 40,356,184</u>

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

COAHOMA COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2011

Exhibit 4-1

Amount

\$ (917,732)

Net Changes in Fund Balances - Governmental Funds

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$2,008,850 exceeded capital outlays of \$828,552

(1,180,298)

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$142,631 and the proceeds from the sale of \$15,234

(157,865)

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

(29,455)

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

19,298

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$99,457 exceeded debt proceeds of \$0.

99,457

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

Compensated absences	(2,032)
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An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities	(135,585)
--	-----------

Lease principal payments on capital leases recognized on the modified accrual basis in the funds is reduced because prior year recognition of gain would have been required on the Statement of Activities using the full-accrual basis of accounting.	(122,875)
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Other	(5)
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Change in Net Assets of Governmental Activities	<u>\$ (2,427,092)</u>
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The notes to the financial statements are an integral part of this statement.

COAHOMA COUNTY
Statement of Net Assets - Proprietary Funds
September 30, 2011

Exhibit 5

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash	\$ 473,890	120,477	594,367	160,353
Investments	25,000	75,000	100,000	25,000
Accounts receivable (net of allowance for uncollectibles \$40,000)		57,249	57,249	
Intergovernmental receivables		50,800	50,800	
Other receivables			-	23,613
Total Current Assets	498,890	303,526	802,416	208,966
Noncurrent assets:				
Land and construction in progress	60,000	657,234	717,234	
Capital assets, net	1,284,568	4,630,811	5,915,379	
Total Noncurrent Assets	1,344,568	5,288,045	6,632,613	-
Total Assets	1,843,458	5,591,571	7,435,029	208,966
LIABILITIES				
Current liabilities:				
Claims payable	12,666	160,156	172,822	
Claims and judgements payable			-	40,098
Due to other funds		82,532	82,532	200,000
Advances from other funds		208,277	208,277	
Current portions of long-term capital-related debt:				
Current portions of other long-term liabilities		91,882	91,882	
Total Current Liabilities	12,666	542,847	555,513	240,098
Noncurrent liabilities:				
Capital-related debt:				
Other long-term liabilities		407,139	407,139	
Total Noncurrent Liabilities	-	407,139	407,139	-
NET ASSETS				
Invested in capital assets, net of related debt	1,344,568	4,789,024	6,133,592	
Restricted for economic development	486,224		486,224	
Unrestricted		(147,439)	(147,439)	(31,132)
Total Net Assets	\$ 1,830,792	4,641,585	6,472,377	(31,132)

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

COAHOMA COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds

For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Operating Revenues				
Refunds			-	41,406
Premiums			-	1,216,555
Rent	412,344	100,441	512,785	
Miscellaneous		77,517	77,517	
Total Operating Revenues	412,344	177,958	590,302	1,257,961
Operating Expenses				
Personal services	41,463		41,463	
Contractual services	222,489	2,563	225,052	
Materials and supplies	67,568	10,976	78,544	
Depreciation expense	58,538	260,832	319,370	
Claims payment			-	1,050,740
Administrative			-	328,063
Insurance premiums			-	15,548
Total Operating Expenses	390,058	274,371	664,429	1,394,351
Operating Income (Loss)	22,286	(96,413)	(74,127)	(136,390)
Nonoperating Revenues (Expenses)				
Interest income	5,087	1,656	6,743	805
Intergovernmental grants		584,928	584,928	
Interest expense		(3,131)	(3,131)	
Net Nonoperating Revenue (Expenses)	5,087	583,453	588,540	805
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	27,373	487,040	514,413	(135,585)
Transfers Out	(180,000)		(180,000)	
Changes in Net Assets	(152,627)	487,040	334,413	(135,585)
Net Assets - Beginning	1,983,419	4,154,545	6,137,964	104,453
Net Assets - Ending	\$ 1,830,792	4,641,585	6,472,377	(31,132)

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

COAHOMA COUNTY
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2011

Exhibit 7

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Cash Flows From Operating Activities				
Receipts from rent	\$ 412,344	157,664	570,008	
Receipts for premiums			-	1,216,555
Receipts for insurance stop loss payments				31,032
Payments to suppliers	(292,069)	(13,539)	(305,608)	
Payments to employees	(41,463)		(41,463)	
Payments for claims			-	(1,044,588)
Payments to administrator for services			-	(328,063)
Payments for insurance premiums			-	(15,548)
Other operating cash receipts		77,517	77,517	
Net Cash Provided (Used) by Operating Activities	78,812	221,642	300,454	(140,612)
Cash Flows From Noncapital Financing Activities				
Cash received from other funds:				
Operating transfers in				
Loans from other funds			-	200,000
Interfund loan repayments				
Cash paid to other funds:				
Operating transfers out	(180,000)		(180,000)	
Interfund loan repayments		(431,792)	(431,792)	(110,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(180,000)	(431,792)	(611,792)	90,000
Cash Flows From Capital and Related Financing Activities				
Capital grants received		534,128	534,128	
Acquisition and construction of capital assets	(20,000)	(394,497)	(414,497)	
Principal paid on long-term debt		(91,690)	(91,690)	
Interest paid on debt		(3,131)	(3,131)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,000)	44,810	24,810	-
Cash Flows From Investing Activities				
Proceeds from maturities of certificates of deposit	575,000	425,000	1,000,000	175,000
Purchase of certificates of deposit	(150,000)	(150,000)	(300,000)	(50,000)
Interest and dividends on investments	5,087	1,656	6,743	805
Net Cash Provided (Used) by Investing Activities	430,087	276,656	706,743	125,805
Net Increase (Decrease) in Cash and Cash Equivalents	308,899	111,316	420,215	75,193
Cash and Cash Equivalents at Beginning of Year	164,991	9,161	174,152	85,160
Cash and Cash Equivalents at End of Year	\$ 473,890	120,477	594,367	160,353

Reconciliation of Operating Income (Loss) to Net Cash

Provided (Used) by Operating Activities:

Operating income (loss)	\$ 22,286	(96,413)	(74,127)	(136,390)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	58,538	260,832	319,370	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable		57,223	57,223	(10,374)
Increase (decrease) in claims payable	(2,012)		(2,012)	
Increase (decrease) in claims and judgments liability			-	6,152
Total Adjustments	56,526	318,055	374,581	(4,222)
Net Cash Provided (Used) by Operating Activities	\$ 78,812	221,642	300,454	(140,612)

Noncash Capital Financing Activity:

Claims payable of \$160,156 was related to acquisition and construction of capital assets.

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

COAHOMA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2011

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash and investments	129,021
Other receivables	5,828
Due from other funds	<u>57</u>
Total Assets	<u>134,906</u>
LIABILITIES	
Intergovernmental payables	127,405
Due to other funds	<u>7,501</u>
Total Liabilities	<u>134,906</u>

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

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

(I) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Coahoma County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Coahoma County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations which should be discretely presented as component units.

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

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

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

Governmental activities which are generally financed through taxes, intergovernmental revenues and other nonexchange revenues are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPES

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

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

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

FIDUCIARY FUND TYPE

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

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Prepaid Items

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

J. Restricted Assets.

The assets of the hospital reserve fund are shown as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

K. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and proprietary funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives.

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	n/a
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years

L. Long-term liabilities.

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

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

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

M. Equity Classifications.

Government-wide Financial Statements:

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

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements of those assets.

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

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

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

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

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

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

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

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

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

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

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

N. Property Tax Revenues.

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

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

(2) Changes in Accounting Standards

For the fiscal year ended September 30, 2011, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2011, was \$25,576,039, and the bank balance was \$25,813,589. The collateral for public entities' deposits in financial institutions, is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investment balances at September 30, 2011 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of Deposit	November 3, 2011	\$ 5,000,000
Certificate of Deposit	December 7, 2011	5,000,000
Certificate of Deposit	February 2, 2012	5,000,000
Certificate of Deposit	March 13, 2012	31,254
Certificate of Deposit	March 15, 2012	33,020
Certificate of Deposit	March 15, 2012	33,376
Total		<u>\$ 15,097,650</u>

Interest Rate Risk.

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

Credit Risk.

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

Custodial Credit Risk - Investments.

Custodial credit risk is the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the County's investment, \$0 of underlying securities was held by the investment's counterparty, not in the name of the County.

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2011:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Road Fund	General Fund	\$ 25,156
Economic Development Authority Fund	General Fund	2,057
Hospital Reserve Fund	General Fund	1,032,118
Hospital Reserve Fund	Economic Development Authority Fund	134,120
Hospital Reserve Fund	Enterprise Fund *	82,532
Hospital Reserve Fund	Internal Service Funds	200,000
Hospital Reserve Fund	Agency Funds	7,501
Hospital Reserve Fund	Other Governmental Funds	175,625
Other Governmental Funds	General Fund	10,863
Agency Funds	General Fund	57
Total		<u>\$ 1,670,029</u>

The interfund loans were made to provide operating capital, finance construction projects and prevent borrowing from outside sources. A portion of the above amounts reflect amounts collected by the tax collector and are expected to be remitted in October 2011.

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

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund *	\$ 125,000
Hospital Reserve Fund	General Fund	6,523,727
Hospital Reserve Fund	Economic Development Authority Fund	3,039,683
Hospital Reserve Fund	Enterprise Fund *	83,277
Hospital Reserve Fund	Other Governmental Funds	358,599
Total		<u>\$ 10,130,286</u>

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

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

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Hospital Reserve Fund	\$ 153,750
General Fund	Other Governmental Funds	300,000
General Fund	Enterprise Fund	180,000
Other Governmental Funds	General Fund	<u>115,736</u>
Total		<u>\$ 749,486</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2011 consisted of the following:

Governmental Activities:

Description	Amount
Engineering	\$ 7,383
Gaming	171,699
Grant receivable	30,529
Land redemptions	4,326
Legislative tax credit	104,014
Other	9,423
Tax collection services	4,242
Youth court	<u>12,705</u>
Total Governmental Activities	<u>\$ 344,321</u>

Business-type Activities:

Grant receivable	<u>\$ 50,800</u>
Total Business-type Activities	<u>\$ 50,800</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2011, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Standard Industrial	4/6/09	3.00%	4/1/29	<u>818,488</u>
Total				<u>\$ 818,488</u>

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

(7) Restricted Assets.

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

Cash	\$ 19,668,368
Certificate of deposit	<u>12,850,000</u>
Total Restricted Assets	<u>\$ 32,518,368</u>

(8) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2011:

Governmental activities:

	Balance Oct. 1, 2010	Additions	Deletions	Adjustments	Balance Sept. 30, 2011
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,879,732				3,879,732
Construction in progress	4,571,314	19,501			4,590,815
Total non-depreciable capital assets	<u>8,451,046</u>	<u>19,501</u>	<u>-</u>	<u>-</u>	<u>8,470,547</u>
<u>Depreciable capital assets:</u>					
Infrastructure	77,431,116				77,431,116
Buildings	49,034,882				49,034,882
Improvements other than buildings	2,118,440				2,118,440
Mobile equipment	7,228,733	713,019	(390,858)		7,550,894
Furniture and equipment	2,933,208	96,032	(219,467)		2,809,773
Total depreciable capital assets	<u>138,746,379</u>	<u>809,051</u>	<u>(610,325)</u>	<u>-</u>	<u>138,945,105</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	51,610,511	234,608			51,845,119
Buildings	17,825,353	962,993			18,788,346
Improvements other than buildings	481,748	77,541			559,289
Mobile equipment	5,373,858	513,949	(309,506)		5,578,301
Furniture and equipment	1,834,682	219,759	(142,954)		1,911,487
Total accumulated depreciation	<u>77,126,152</u>	<u>2,008,850</u>	<u>(452,460)</u>	<u>-</u>	<u>78,682,542</u>
Total depreciable capital assets, net	<u>61,620,227</u>	<u>(1,199,799)</u>	<u>(157,865)</u>	<u>-</u>	<u>60,262,563</u>
Governmental activities capital assets, net	<u>\$ 70,071,273</u>	<u>(1,180,298)</u>	<u>(157,865)</u>	<u>-</u>	<u>68,733,110</u>

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

Business-type activities:

	Balance Oct. 1, 2010	Additions	Deletions	Adjustments	Balance Sept. 30, 2011
<u>Non-depreciable capital assets:</u>					
Land	\$ 40,000				40,000
Construction in progress	553,850	574,653		(451,269)	677,234
Total non-depreciable capital assets	593,850	574,653	-	(451,269)	717,234
<u>Depreciable capital assets:</u>					
Infrastructure	6,069,518			451,269	6,520,787
Buildings	1,723,418				1,723,418
Total depreciable capital assets	7,792,936	-	-	451,269	8,244,205
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,629,143	260,832			1,889,975
Buildings	380,313	58,538			438,851
Total accumulated depreciation	2,009,456	319,370	-	-	2,328,826
Total depreciable capital assets, net	5,783,480	(319,370)	-	451,269	5,915,379
Business-type activities capital assets, net	\$ 6,377,330	255,283	-	-	6,632,613

The adjustments column reflects the completed construction for Swan Lake railroad improvements.

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 922,894
Public safety	542,913
Public works	483,795
Economic development	42,621
Health and welfare	16,627
Total governmental activities depreciation expense	\$ 2,008,850
<u>Business-type Activities:</u>	
Federal Building	\$ 58,538
Railroad	260,832
Total business-type activities depreciation expense	\$ 319,370

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

As of September 30, 2011 the County had the following commitments with respect to unfinished capital projects:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Multi Modal - Delta Oil Mill	\$ 29,700	November 2011
Multi Modal - 3 Bridges	55,200	November 2011
Airport	447,891	September 2012

(9) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2011, to January 1, 2012. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$40,000 and the aggregate policy covers all submitted claims in excess of \$ 1,234,914.

The County has expended more in claims than was collected for the year. The Coahoma County Insurance's net asset balance at September 30, 2011 was \$(149,774). The overall Internal Service net asset balance was \$(31,132) at September 30, 2011.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2011, the amount of these liabilities was \$40,098. An analysis of claims activities is presented below:

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2009-2010	\$ 111,161	1,025,623	1,102,838	33,946
2010-2011	\$ 33,946	893,449	887,297	40,098

(10) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$704,411 for the year ended September 30, 2011. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2012	\$ 703,223
2013	667,741
2014	647,751
2015	627,389
2016	627,389
2017-2021	2,680,668
2022-2026	2,000,325
2027-2031	325
2032-2036	130
Total Minimum Payments Required	<u>\$ 7,954,941</u>

The County receives income from property it leases in Enterprise Funds. Total income from such leases was \$512,785 for the year ended September 30, 2011. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2012	\$ 529,767
2013	468,860
2014	402,086
2015	340,848
2016	226,348
2017-2021	33,744
	<u>\$ 2,001,653</u>

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

As Lessee:

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$79,993 for the year ended September 30, 2011. The future minimum lease payments for these leases are \$0.00 as the leases are on a month to month basis.

(11) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2011:

Classes of Property	Amount
Buildings	\$ 1,271,316
Equipment	37,749
Total	<u>\$ 1,309,065</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2011, are as follows:

Year Ended September 30	Principal	Interest
2012	\$ 113,818	26,115
2013	117,349	22,801
2014	111,299	19,398
2015	96,487	16,067
2016	82,152	13,354
2017-2021	275,180	34,962
2022-2026	135,987	14,939
2027-2031	74,778	683
Total	<u>\$ 1,007,050</u>	<u>148,319</u>

(12) Short-term Debt and Liquidity.

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

(13) Long-term Debt.

Debt outstanding as of September 30, 2011, consisted of the following:

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General obligation bonds			
Qualified Zone Academy Bond	<u>\$ 250,000</u>	0.00%	11-14
B. Other Loans:			
Incubator building	\$ 18,300	3.00%	2-13
MDECD capital improvements loan - multi-purpose livestock facility	222,003	3.00%	7-18
MDECD rail loan - Cooper Tire	75,210	3.75%	12-14
Mississippi Development Authority - Standard Industrial	<u>812,260</u>	3.00%	4-29
Total Other Loans	<u>\$ 1,127,773</u>		

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Other Loans:			
MDECD 2002 rail loan	449,021	0.25%	7-17
MDOT rail loan	<u>50,000</u>	0.00%	7-13
Total Other Loans	<u>\$ 499,021</u>		

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

Governmental Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2012	\$ 103,229	32,965
2013	100,297	29,611
2014	85,001	26,504
2015	69,000	24,234
2016	71,098	22,135
2017 - 2021	301,336	80,099
2022 - 2026	258,712	41,076
2027 - 2031	<u>139,100</u>	<u>5,258</u>
Total	<u>\$ 1,127,773</u>	<u>261,882</u>

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

See Note 20 for Qualified Zone Academy Bonds.

Business-type Activities: Year Ending September 30	Other Loans	
	Principal	Interest
2012	\$ 91,882	1,046
2013	92,050	879
2014	67,218	711
2015	67,386	542
2016	67,554	374
2017 - 2021	112,931	247
Total	<u>\$ 499,021</u>	<u>3,799</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever the county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2011, the amount of outstanding debt was equal to 5.61% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2011:

	Balance Oct. 1, 2010	Additions	Reductions	Adjustments	Balance Sept. 30, 2011	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 257,968	2,032			260,000	
General obligation bonds	250,000				250,000	20,185
Other loans	1,227,230		(99,457)		1,127,773	103,229
Total	<u>\$ 1,735,198</u>	<u>2,032</u>	<u>(99,457)</u>	<u>-</u>	<u>1,637,773</u>	<u>123,414</u>
	Balance Oct. 1, 2010	Additions	Reductions	Adjustments	Balance Sept. 30, 2011	Amount due within one year
Business-type Activities:						
Other loans	\$ 590,711		(91,690)		499,021	91,882
Total	<u>\$ 590,711</u>	<u>-</u>	<u>(91,690)</u>	<u>-</u>	<u>499,021</u>	<u>91,882</u>

Obligations for the County's two remaining rail loans were made in accordance with the loan terms. These amounts are paid from the Railroad Fund.

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

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

(14) Deficits Fund Balance of Individual Funds.

The following funds reported deficits in fund balances or net assets at September 30, 2011:

<u>Fund</u>	<u>Deficit Amount</u>
Major Fund:	
General Fund	\$ 4,771,816
Nonmajor Funds:	
MDA A RRA EECBG 2009	4,000
Victim Assistance 08VA1141	15,190
Moon Lake Park	17,584
CDBG Home Rehab	1,923
Livestock/Fairgrounds	314,107
County Fire Protection	99,136
SAP Engineering	10,106
Total Nonmajor funds	462,046
Internal Service Funds:	
Coahoma County Insurance Trust Fund	149,774

(15) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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

General Obligation Debt Contingencies - The County issues general obligation notes to provide funds for improvement of water and sewer systems for three communities in the County. 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 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:

<u>Description</u>	<u>Balance at Sept. 30, 2011</u>
General obligation water and sewer notes	\$ 208,786
Total	\$ 208,786

(16) Related Organizations.

The Board of Supervisor's is responsible appointing members to the Board of the Coahoma County Tourism Commission. The members are appointed for terms of 5 years. The Board of Supervisor's is provided a copy and reviews the budget for the Tourism Commission but cannot force a modification to the budget. The member's

COAHOMA COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2011

appointed to the Tourism Board serve without fear of replacement by the Board of Supervisor's until that member's term has been served.

(17) Joint Ventures.

The County participates in the following joint ventures:

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

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

(18) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints six of the twelve members of the college board of trustees. The County collected \$1,677,345 for maintenance and support of the college in fiscal year 2011.

North Delta Planning and Development District is comprised of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Coahoma County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$76,020 for support of the district in fiscal year 2011.

The Region I Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$65,000 for the support of the center in fiscal year 2011.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Coahoma County Board of Supervisors appoints one of the twenty-one members of the board of commissioners. The County levied a .61 mill tax which resulted in \$97,673 to help finance the district in fiscal year 2011.

(19) Defined Benefit Pension Plan.

Plan Description. Coahoma 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

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2011, PERS members are required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2011 was 12% 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, 2011, 2010 and 2009 were \$551,257, \$527,631, and \$501,393, respectively, equal to the required contributions for each year.

(20) Qualified Zone Academy Bonds.

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

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

Year Ended September 30	Deposit
2012	\$ 20,185
2013	20,185
2014	20,185
2015	20,185

The above deposits will be used to purchase securities. The amounts deposited plus earnings from the securities will be used to pay off the bonds at maturity. Accumulations of deposits and earnings being held by the trustee at September 30, 2011 was \$161,258.

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

(21) Joint Project.

The County entered into a "Memorandum of Understanding" with the City of Clarksdale and Clarksdale Public Utilities. The project provides for the rehabilitation, improvement and extension of water and sewer lines within the City to Highway 61 by-pass. The total cost of the project is estimated to be 9.4 million dollars. The federal share is to be approximately seventy-five percent and the local share is to be twenty-five percent.

The project will be funded by a Community Development Block Grant obtained by the City along with a loan obtained through the State Revolving Loan Fund by Clarksdale Public Utilities. The remaining funds will be provided by the County through a reimbursement program with the United States Corp of Engineers (Army Corps) pursuant to Section 592 of the Water Resource Development Act of 1999.

Clarksdale Public Utilities is responsible for design, implementation, construction and maintenance of the project. The County will ensure proper documentation and request for funds are submitted to the Army Corps. The County, after receipt of the funds from the Army Corps, will reimburse Clarksdale Public Utilities upon their request. During the year expenses totaling \$16,832 were incurred on the project.

COAHOMA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2011

(22) Subsequent Events.

Events that occur after the statement of net assets but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of Coahoma County evaluated the activity of the county through June 29, 2012, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

The tax assessor/collector, Judy Noland was replaced by Hattie Shivers as tax assessor/collector effective January 1, 2012. Hattie has been an employee of the tax assessor's office for a number of years. Thus, a smooth transition is expected.

A grant of \$536,000 for improvements to water system at Davenport was received.

COAHOMA COUNTY

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COAHOMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

COAHOMA COUNTY

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COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 General Fund
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,866,743	3,816,243	3,819,502	3,259
Licenses, commissions and other revenue	577,250	535,500	539,613	4,113
Fines and forfeitures	273,000	226,500	236,896	10,396
Special assessments	11,000	9,500		(9,500)
Intergovernmental revenues	2,975,827	2,778,880	2,204,089	(574,791)
Charges for services	235,500	314,500	315,735	1,235
Interest income	69,300	55,700	58,217	2,517
Miscellaneous revenues	647,085	886,844	688,963	(197,881)
Total Revenues	<u>8,655,705</u>	<u>8,623,667</u>	<u>7,863,015</u>	<u>(760,652)</u>
EXPENDITURES				
Current:				
General government	3,831,428	3,872,979	3,709,849	163,130
Public safety	3,887,920	3,949,292	3,856,174	93,118
Public works	2,561,384	853,987	574,819	279,168
Health and welfare	303,892	302,812	293,191	9,621
Culture and recreation	196,500	196,500	196,500	-
Education				-
Conservation of natural resources	96,598	96,168	89,983	6,185
Economic development and assistance	69,170	94,170	249,340	(155,170)
Debt service:				
Principal	483,003	1,065,400		1,065,400
Interest			35,824	(35,824)
Total Expenditures	<u>11,429,895</u>	<u>10,431,308</u>	<u>9,005,680</u>	<u>1,425,628</u>
Excess of Revenues over (under) Expenditures	<u>(2,774,190)</u>	<u>(1,807,641)</u>	<u>(1,142,665)</u>	<u>664,976</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	4,285,897	4,371,000	4,379,600	8,600
Other financing uses	(4,438,175)	(3,066,305)	(3,854,879)	(788,574)
Total Other Financing Sources and Uses	<u>(152,278)</u>	<u>1,304,695</u>	<u>524,721</u>	<u>(779,974)</u>
Net Change in Fund Balance	(2,926,468)	(502,946)	(617,944)	(114,998)
Fund Balances - Beginning	<u>(5,722,911)</u>	<u>(4,812,021)</u>	<u>(4,792,278)</u>	<u>19,743</u>
Fund Balances - Ending	<u>\$ (8,649,379)</u>	<u>(5,314,967)</u>	<u>(5,410,222)</u>	<u>(95,255)</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Road Fund
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 421,000	425,800	426,871	1,071
Road and bridge privilege taxes	240,000	240,800	240,852	52
Licenses, commissions and other revenue	3,750	3,350	3,477	127
Intergovernmental revenues	647,000	650,500	652,116	1,616
Interest income	3,000	1,000	1,462	462
Miscellaneous revenues	99,738	173,312	175,599	2,287
Total Revenues	<u>1,414,488</u>	<u>1,494,762</u>	<u>1,500,377</u>	<u>5,615</u>
EXPENDITURES				
Current:				
Public works	<u>1,472,396</u>	<u>1,494,762</u>	<u>1,325,993</u>	<u>168,769</u>
Excess of Revenues over (under) Expenditures	<u>(57,908)</u>	<u>-</u>	<u>174,384</u>	<u>174,384</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			2,646	2,646
Total Other Financing Sources and Uses		-	<u>2,646</u>	<u>2,646</u>
Net Change in Fund Balance	(57,908)	-	177,030	177,030
Fund Balances - Beginning	<u>160,750</u>	<u>59,633</u>	<u>191,005</u>	<u>131,372</u>
Fund Balances - Ending	<u>\$ 102,842</u>	<u>59,633</u>	<u>368,035</u>	<u>308,402</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Economic Development Authority Fund
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 159,950	161,375	161,989	614
Intergovernmental revenues	231,870	189,870	190,093	223
Interest income	74,935	51,935	41,788	(10,147)
Miscellaneous revenues	21,100	29,800	30,079	279
Total revenues	<u>487,855</u>	<u>432,980</u>	<u>423,949</u>	<u>(9,031)</u>
EXPENDITURES				
Current:				
Economic development and assistance	423,655	378,955	378,742	213
Debt Service:				
Interest	<u>64,200</u>	<u>61,800</u>	<u>61,713</u>	<u>87</u>
Total Expenditures	<u>487,855</u>	<u>440,755</u>	<u>440,455</u>	<u>300</u>
Net Change in Fund Balance	-	(7,775)	(16,506)	(8,731)
Fund Balances - Beginning	<u>118,771</u>	<u>121,271</u>	<u>(347,705)</u>	<u>(468,976)</u>
Fund Balances - Ending	<u>\$ 118,771</u>	<u>113,496</u>	<u>(364,211)</u>	<u>(477,707)</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Hospital Reserve Fund
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 320,000	320,000	348,123	28,123
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	320,000	320,000	348,123	28,123
OTHER FINANCING SOURCES (USES)				
Transfers out	(320,000)	(320,000)	(153,750)	166,250
Total Other Financing Sources and Uses	(320,000)	(320,000)	(153,750)	166,250
Net Change in Fund Balance	-	-	194,373	194,373
Fund Balances - Beginning	44,497,488	44,487,488	43,943,245	(544,243)
Fund Balances - Ending	\$ 44,497,488	44,487,488	44,137,618	(349,870)

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

COAHOMA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2011

Notes to the Required Supplementary Information

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

COAHOMA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2011

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>Road Fund</u>	<u>Economic Development Authority Fund</u>	<u>Hospital Reserve Fund</u>
Budget (Cash Basis)	\$ (617,944)	177,030	(16,506)	194,373
Increase (Decrease)				
Net adjustments for revenue accruals	(22,387)	(717)	155,345	6,135
Net adjustments for expenditure accruals	<u>(41,104)</u>	<u>(19,833)</u>	<u>(179,573)</u>	
GAAP Basis	<u>\$ (681,435)</u>	<u>156,480</u>	<u>(40,734)</u>	<u>200,508</u>

D. Excess of Actual Expenditures Over Budget in Individual Funds.

There were no funds with an excess of actual expenditures over budget for the year ended September 30, 2011.

E. Unbudgeted Funds.

There were no unbudgeted funds.

COAHOMA COUNTY

SPECIAL REPORTS

COAHOMA COUNTY

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

Members of the Board of Supervisors
Coahoma County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Coahoma County, Mississippi is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Coahoma County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in the internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting as Findings 11-1, 11-2 and 11-3. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted a certain matter that we reported to management of Coahoma County, Mississippi in a separate letter dated June 29, 2012.

Coahoma County, Mississippi's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Coahoma County, Mississippi's, responses and, accordingly, we express no opinion on them.

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

Ellis & Hirsberg CPA's PLLC

June 29, 2012

ELLIS & HIRSBERG
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

219 EAST SECOND STREET - P. O. BOX 400 - CLARKSDALE, MISSISSIPPI 38614
662-624-4332
FAX 662-624-4335

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

Members of the Board of Supervisors
Coahoma County, Mississippi

We have examined Coahoma County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2011. The Board of Supervisors of Coahoma County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Coahoma County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2011.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Coahoma County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Ellis & Hirsberg CPA's PLLC

June 29, 2012

COAHOMA COUNTY

Schedule I

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2011

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

COAHOMA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2011

Schedule 2

Our test results did not identify any emergency purchases.

COAHOMA COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2011

Schedule 3

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Coahoma County, Mississippi

In planning and performing our audit of the financial statements of Coahoma County, Mississippi for the year ended September 30, 2011, we considered Coahoma County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Coahoma County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 29, 2012 on the financial statements of Coahoma County, Mississippi.

Due to the reduced scope, these review procedures and compliance test 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 an instance of noncompliance with state laws and regulations. Our finding, recommendation, and your response are disclosed below:

Circuit Clerk

1. Finding

Section 9-1-43, Miss. Code Ann. (1972), limits expenditures to those which would be allowed as a Schedule C deduction on IRS Form 1040. Upon a review of the Circuit Clerk's cash journal expenditures, it was noted an expenditure was made for a treadmill in the amount of \$631.29.

Recommendation

Comply with code section 9-1-43 Miss. Code Ann. (1972).

Circuit Clerk's Response

Upon being advised of the finding, the Clerk repaid the funds to the County.

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

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

Ellis & Hinshaw CPAs PLLC

June 29, 2012

COAHOMA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

COAHOMA COUNTY

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COAHOMA COUNTY

Schedule of Findings and Responses For the year ended September 30, 2011

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

Board of Supervisors

Significant Deficiencies

11-1. Finding

Criteria

The County writes numerous checks each month to a variety of vendors. It is essential in this environment that account payable software recognize if an invoice has been entered twice for a particular vendor. Invoices which have been paid should be stamped as paid.

Condition

A construction invoice in the amount of \$45,342 was paid twice during the year. One check was dated June 6, 2011 and the second check was dated June 15, 2011.

Cause

The invoice did not have an invoice number which would have enabled the software to detect a duplicate payment. The invoice was not properly cancelled and was paid twice.

Effect

The affect if not detected on a timely basis is an overstatement of expenditures for the year. The vendor could also fail to detect the overpayment and not refund the money to the county. The situation was detected by audit procedures and repayment of the funds from the vendor occurred after year end.

Recommendation

Invoices should be appropriately cancelled when paid.

COAHOMA COUNTY

Schedule of Findings and Responses For the year ended September 30, 2011

Response

Closer attention will be given to marking invoices as paid in the future.

11-2 Finding

Criteria

Fixed asset records and depreciation schedules are maintained to enable the County to track all of its assets and recognize the appropriate amount of depreciation expense each year in order for financial statements to be in accordance with generally accepted accounting principles.

Condition

The software the County uses for depreciation appears to have the ability to track assets, record depreciation and roll forward balances to the succeeding year if everything is done perfectly the first time. Once the depreciation report is printed it does appear it can be changed. The report contained items which were deleted in 2009 and 2010. The depreciation schedule had to be manually adjusted to remove these items as it could not be reprinted.

Cause

The 2009 and 2010 deletions were not purged from the system.

Effect

The inability to correct the depreciation schedule adds to audit time as well as time County personnel must devote the following year to correct prior year errors. It would seem the process could be more efficient if the software could be modified to allow errors to be corrected in a systematic manner.

Recommendation

The County's equipment inventory should be accurate to allow for accurate financial statement reporting. County personnel has worked with the software company each year to improve the end report; however, it seems progress is slow. Continued efforts are needed in this area to improve the software's ability to satisfy the County's needs.

Response

We are working with the software vendor to improve reporting and are also exploring other software options.

Tax Collector

Significant Deficiency

11-3. Finding

Criteria

Each sub-office of the County maintains its own cash journals. At year end, a trial balance is taken from the cash journal totals. The debits and credits of the trial balance should agree.

COAHOMA COUNTY

Schedule of Findings and Responses For the year ended September 30, 2011

Condition

The trial balance taken from the cash journal did not balance at September 30, 2011. The out of balance amount appears to be \$6,159.45. A similar condition was present in the prior year.

Effect

In order to maintain proper internal controls, the books should be in balance at all times. Fraud and errors are likely to occur in situations where books are not properly balanced.

Recommendation

The cash journal should balance at any and all points during the year.

Response

We are attempting to utilize the software we have to avoid out of balance issues in the future.

