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**ALCORN COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SPECIAL REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**



*Certified Public Accountants*

**ALCORN COUNTY, MISSISSIPPI  
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SEPTEMBER 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors  
Alcorn County, Mississippi

### Reports on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

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

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Alcorn County, Mississippi, as of September 30, 2015, or the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinions on Governmental and Business-Type Activities**

As discussed in Note 10 to the financial statements, the county has not recorded a liability for other postemployment benefits in the governmental and business-type activities and, accordingly, has not recorded expense for the current period change in those liabilities. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental and business-type activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental and business-type activities is not reasonably determinable.

### **Qualified Opinions**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on Governmental and Business-Type Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities of Alcorn County, Mississippi, as of September 30, 2015, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of September 30, 2015, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

### **Omission of Required Supplementary Information**

Alcorn County, Mississippi, has omitted the Management's Discussion and Analysis and the Funding Progress-Other Postemployment Benefits that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alcorn County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2017, on our consideration of Alcorn County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alcorn County, Mississippi's internal control over financial reporting and compliance.



The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
August 29, 2017

**ALCORN COUNTY, MISSISSIPPI  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

**Exhibit 1**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash	\$ 6,371,428	-	6,371,428
Property tax receivable	6,923,287	-	6,923,287
Fines receivable, Net of Uncollectibles, \$275,930	917,099	-	917,099
Capital lease receivables	515,979	-	515,979
Intergovernmental receivables	539,049	1,995,048	2,534,097
Other receivables	50,916	-	50,916
Prepaid items	249,997	-	249,997
Internal balances	2,742,846	(2,741,207)	1,639
Restricted assets-cash	-	1,254,654	1,254,654
Restricted assets - investments	-	1,724,727	1,724,727
Capital Assets:			
Land and Construction in Progress	1,916,520	35,000	1,951,520
Other Capital Assets - net	54,764,090	18,308,712	73,072,802
<b>Total Assets</b>	<b>74,991,211</b>	<b>20,576,934</b>	<b>95,568,145</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,643,773	436,952	2,080,725
<b>LIABILITIES</b>			
Claims payable	2,433,119	88,888	2,522,007
Intergovernmental payables	320,684	-	320,684
Accrued interest payable	113,200	208,645	321,845
Amounts held in custody for others	78,762	-	78,762
Long-Term Liabilities:			
Net pension liability	9,359,644	2,488,007	11,847,651
Due within one year:			
Capital related debt	171,905	981,669	1,153,574
Non-capital debt	1,148,918	-	1,148,918
Due in more than one year:			
Capital related debt	426,580	18,387,841	18,814,421
Non-capital debt	8,645,538	-	8,645,538
<b>Total Liabilities</b>	<b>22,698,350</b>	<b>22,155,050</b>	<b>44,853,400</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	377,920	100,460	478,380
Deferred revenues - property taxes	6,923,287	-	6,923,287
Capital leases for future reporting period	43,739	-	43,739
<b>Total Deferred Inflows of resources</b>	<b>7,344,946</b>	<b>100,460</b>	<b>7,445,406</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	56,082,125	-	56,082,125
Restricted Net Position:			
General government	2,865	-	2,865
Debt service	180,695	1,738,439	1,919,134
Public safety	83,387	1,240,942	1,324,329
Public works	2,021,238	-	2,021,238
Culture and recreation	3,856	-	3,856
Economic Development	3,981	-	3,981
Capital projects	4,632,272	-	4,632,272
Unrestricted	(16,418,731)	(4,221,005)	(20,639,736)
<b>Total Net Position</b>	<b>\$ 46,591,688</b>	<b>(1,241,624)</b>	<b>45,350,064</b>

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



**ALCORN COUNTY, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$ 4,146,612	284,730	-	-	(3,861,882)	-	(3,861,882)
Public safety	2,840,117	771,093	112,580	-	(1,956,444)	-	(1,956,444)
Public works	4,484,843	-	2,174,401	470,950	(1,839,492)	-	(1,839,492)
Health and welfare	497,850	-	-	-	(497,850)	-	(497,850)
Culture and recreation	1,483,184	-	-	-	(1,483,184)	-	(1,483,184)
Conservation of natural resources	130,799	-	-	-	(130,799)	-	(130,799)
Economic development and assistance	566,701	-	220,394	-	(346,307)	-	(346,307)
Interest on long-term debt	275,364	-	-	430,450	155,086	-	155,086
Pension Expense	976,567	-	-	-	(976,567)	-	(976,567)
Total Governmental Activities	<u>15,402,037</u>	<u>1,055,823</u>	<u>2,507,375</u>	<u>901,400</u>	<u>(10,937,439)</u>	<u>-</u>	<u>(10,937,439)</u>
Business-type activities:							
Alcorn County Regional Correctional Facility	4,422,313	4,795,270	-	-	-	372,957	372,957
Total Primary Government	<u>\$ 19,824,350</u>	<u>5,851,093</u>	<u>2,507,375</u>	<u>901,400</u>	<u>(10,937,439)</u>	<u>372,957</u>	<u>(10,564,482)</u>
General Revenues:							
Taxes:							
Property Taxes					7,266,409	-	7,266,409
Road and bridge privilege taxes					436,590	-	436,590
Grants and contributions not restricted to specific programs					1,605,769	-	1,605,769
Unrestricted interest income					23,380	5,331	28,711
Gain on Sale of Capital Assets					81,586	-	81,586
Miscellaneous					152,134	-	152,134
Total General Revenues and Transfers					<u>9,565,868</u>	<u>5,331</u>	<u>9,571,199</u>
Change in Net Position					<u>(1,371,571)</u>	<u>378,288</u>	<u>(993,283)</u>
Net Position - Beginning					<u>55,734,777</u>	<u>429,208</u>	<u>56,163,985</u>
Prior Period Adjustment					<u>(7,771,518)</u>	<u>(2,049,120)</u>	<u>(9,820,638)</u>
Net Position - Beginning Restated					<u>47,963,259</u>	<u>(1,619,912)</u>	<u>46,343,347</u>
Net Position - Ending					<u>\$ 46,591,688</u>	<u>(1,241,624)</u>	<u>45,350,064</u>

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

**ALCORN COUNTY, MISSISSIPPI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

**Exhibit 3**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Garbage and</b>	<b>Crossroads</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Solid Waste Fund</b>	<b>Park Project Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>ASSETS:</b>					
Cash	\$ 703,179	-	5,148,381	519,868	6,371,428
Property tax receivables	4,299,808	436,313	-	2,187,166	6,923,287
Fines receivable, Net of uncollectibles of \$275,930	917,099	-	-	-	917,099
Capital lease receivables	-	-	-	515,979	515,979
Intergovernmental receivables	288,840	-	-	60,361	349,201
Other receivables	13,497	-	-	37,419	50,916
Due from other funds	3,107,120	6,415	-	1,957,548	5,071,083
Advances to other funds	19,768	-	-	-	19,768
<b>Total Assets</b>	<b>9,349,311</b>	<b>442,728</b>	<b>5,148,381</b>	<b>5,278,341</b>	<b>20,218,761</b>
<b>LIABILITIES</b>					
<b>Liabilities:</b>					
Claims payable	1,803,279	58,104	527,923	43,813	2,433,119
Intergovernmental payables	320,684	-	-	-	320,684
Due to other funds	85,664	1,159,808	-	1,088,432	2,333,904
Advances from other funds	-	12,535	-	1,566	14,101
Amounts held in custody for others	78,762	-	-	-	78,762
<b>Total Liabilities</b>	<b>2,288,389</b>	<b>1,230,447</b>	<b>527,923</b>	<b>1,133,811</b>	<b>5,180,570</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	4,299,808	436,313	-	2,187,166	6,923,287
Unavailable revenue-fines	917,099	-	-	-	917,099
Unavailable revenue-capital lease receivable	-	-	-	515,979	515,979
<b>Total Deferred Inflows of Resources</b>	<b>5,216,907</b>	<b>436,313</b>	<b>-</b>	<b>2,703,145</b>	<b>8,356,365</b>
<b>FUND BALANCES:</b>					
<b>Nonspendable:</b>					
Advances	19,768	-	-	-	19,768
<b>Restricted:</b>					
General government	-	-	-	2,865	2,865
Public safety	-	-	-	83,387	83,387
Public works	-	-	-	2,021,238	2,021,238
Culture and recreation	-	-	-	3,856	3,856
Economic development and assistance	-	-	-	3,981	3,981
Debt service	-	-	-	293,895	293,895
Capital projects	-	-	4,620,458	11,814	4,632,272
Unassigned	1,824,247	(1,224,032)	-	(979,651)	(379,436)
<b>Total Fund Balances</b>	<b>1,844,015</b>	<b>(1,224,032)</b>	<b>4,620,458</b>	<b>1,441,385</b>	<b>6,681,826</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,349,311</b>	<b>442,728</b>	<b>5,148,381</b>	<b>5,278,341</b>	<b>20,218,761</b>

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

**ALCORN COUNTY, MISSISSIPPI**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

	<u>Amount</u>
Total Fund Balance- Governmental Funds	\$ 6,681,826
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1)	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, \$137,088,193, net of depreciation of \$80,407,583	56,680,610
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable, net	917,099
Prepaid insurance	249,997
Intergovernmental receivable-TVA	189,848
Long-term liabilities are not due and payable in the current-period and therefore, are not reported in the funds.	
Long-term debt	(10,392,941)
Net pension obligations are not due and payable in the current period and therefore, are not reported in the funds	(9,359,644)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,643,773
Deferred inflows of resources related to pensions	(377,920)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds	472,240
Accrued interest is not due and payable in the current-period and, therefore is not reported in the funds	<u>(113,200)</u>
Total Net Position - Governmental Activities	<u><u>\$ 46,591,688</u></u>

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

**ALCORN COUNTY, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Major Funds</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Garbage and</b>	<b>Crossroads</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Solid Waste Fund</b>	<b>Pack Project</b>	<b>Fund</b>	<b>Funds</b>
<b>REVENUES</b>					
Property taxes	\$ 4,600,199	369,454	-	2,296,756	7,266,409
Road and bridge privilege taxes	-	-	-	436,590	436,590
Licenses, commissions and other revenue	344,954	-	-	57,470	402,424
Fines and forfeitures	410,705	-	-	9,946	420,651
Intergovernmental revenues	1,118,625	-	-	3,463,132	4,581,757
Charges for services	284,730	-	-	359,139	643,869
Interest income	6,172	-	1,866	15,342	23,380
Miscellaneous revenues	72,107	173	-	68,997	141,277
<b>Total Revenues</b>	<b>6,837,492</b>	<b>369,627</b>	<b>1,866</b>	<b>6,707,372</b>	<b>13,916,357</b>
<b>EXPENDITURES</b>					
Current:					
General government	3,891,116	-	-	258,070	4,149,186
Public Safety	2,133,001	-	-	802,263	2,935,264
Public works	110,000	467,517	-	3,912,120	4,489,637
Health and welfare	455,603	-	-	21,230	476,833
Culture and recreation	172,648	-	883,632	282,324	1,338,604
Conservation of natural resources	139,078	-	-	-	139,078
Economic development and assistance	33,194	-	-	533,507	566,701
Debt Service:					
Principal	217,291	162,696	-	1,238,106	1,618,093
Interest	15,346	2,085	-	112,007	129,438
Bond Issue Cost	-	-	369,442	2,300	371,742
<b>Total Expenditures</b>	<b>7,167,277</b>	<b>632,298</b>	<b>1,253,074</b>	<b>7,161,927</b>	<b>16,214,576</b>
<b>Excess (deficiency) of Revenues</b>					
<b>over (under) expenditures</b>	<b>(329,785)</b>	<b>(262,671)</b>	<b>(1,251,208)</b>	<b>(454,555)</b>	<b>(2,298,219)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease principal payments	-	-	-	71,867	71,867
Long term capital debt issued	-	-	7,100,000	-	7,100,000
Long term non-capital debt issued	675,000	-	-	500,000	1,175,000
Proceeds from sale of capital assets	-	120,000	-	-	120,000
Compensation for loss of capital asset	10,857	-	-	-	10,857
Premiums on bonds issued	-	-	75,355	-	75,355
Payment to bond refunding escrow agent	-	-	(1,303,689)	-	(1,303,689)
<b>Total other financing sources and uses</b>	<b>685,857</b>	<b>120,000</b>	<b>5,871,666</b>	<b>571,867</b>	<b>7,249,390</b>
<b>Net change in fund balances</b>	<b>356,072</b>	<b>(142,671)</b>	<b>4,620,458</b>	<b>117,312</b>	<b>4,951,171</b>
<b>Fund Balances - Beginning</b>	<b>2,543,308</b>	<b>(1,081,361)</b>	<b>-</b>	<b>1,324,073</b>	<b>2,786,020</b>
<b>Prior Period Adjustment</b>	<b>(1,055,365)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,055,365)</b>
<b>Fund Balances - Beginning as Restated</b>	<b>1,487,943</b>	<b>(1,081,361)</b>	<b>-</b>	<b>1,324,073</b>	<b>1,730,655</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,844,015</b>	<b>(1,224,032)</b>	<b>4,620,458</b>	<b>1,441,385</b>	<b>6,681,826</b>

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

**ALCORN COUNTY, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 4,951,171
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,196,979 exceeded capital outlay of \$846,624 in the current period.	(350,355)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$81,586 and proceeds from the sale of \$120,000 in the current period.	(38,414)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(8,697)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
TVA In Lieu of Tax	30,363
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds \$8,350,355 exceeds debt payments \$2,843,093	(5,507,262)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources, thus, the change in net position differs from change in fund balances by the principal collections on capital leases.	(71,867)
Some items in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities are:	
Recording of pension expense for the current period	(976,567)
Recording contributions made during the year	591,369
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in prepaid insurance.	75,925
The amount of increase in accrued interest payable.	(67,237)
Change in Net Position of Governmental Activities	<u>\$ (1,371,571)</u>

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

**ALCORN COUNTY**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**SEPTEMBER 30, 2015**

	<b>Business-type Activities - Enterprise Fund Alcorn County Regional Correctional Facility Fund</b>
<b>ASSETS:</b>	
Current assets:	
Restricted assets - Cash	\$ 1,254,654
Restricted assets - Investments	1,724,727
Intergovernmental Receivables	1,995,048
Total Current Assets	<u>4,974,429</u>
Noncurrent assets:	
Capital assets:	
Land	35,000
Other capital assets - net	18,308,712
Total Noncurrent Assets	<u>18,343,712</u>
<b>Total Assets</b>	<u><b>23,318,141</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows related to pensions	<u>436,952</u>
<b>LIABILITIES:</b>	
Current liabilities:	
Claims payable	88,888
Accrued interest	208,645
Due to other funds	2,741,207
Capital debt:	
Other long-term liabilities	981,669
Total Current Liabilities	<u>4,020,409</u>
Noncurrent liabilities:	
Net pension liability	2,488,007
Capital debt:	
Other long-term liabilities	18,387,841
Total Noncurrent Liabilities	<u>20,875,848</u>
<b>Total Liabilities</b>	<u><b>24,896,257</b></u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows related to pensions	<u>100,460</u>
<b>NET POSITION:</b>	
Restricted For:	
Debt service	1,738,439
Public safety	1,240,942
Unrestricted	(4,221,005)
<b>Total Net Position</b>	<u><b>\$ (1,241,624)</b></u>

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

**ALCORN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Exhibit 6**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Alcorn County Regional Correctional Facility Fund</b>
<b>Operating Revenues:</b>	
Charges for services	\$ 4,754,655
Miscellaneous	40,615
Total Operating Revenues	<u>4,795,270</u>
<b>Operating Expenses:</b>	
Personal services	1,426,937
Pension expense	259,594
Contractual services	1,227,833
Materials and supplies	168,472
Depreciation expense	438,697
Insurance	35,530
Miscellaneous	3,314
Total Operating Expenses	<u>3,560,377</u>
Operating Income (Loss)	<u>1,234,893</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	5,331
Interest expense	(861,936)
Net Nonoperating Revenue (Expenses)	<u>(856,605)</u>
Changes in Net Position	<u>378,288</u>
<b>Net Position - Beginning</b>	429,208
Prior period adjustment	(2,049,120)
Net Position-Beginning as restated	<u>(1,619,912)</u>
<b>Net Position - Ending</b>	<u>\$ (1,241,624)</u>

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

**ALCORN COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Business-type Activities- Enterprise Fund Alcorn County Regional Correctional Facility Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers	\$ 4,351,957
Payments to suppliers	(1,496,656)
Payments to employees	(1,584,136)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>1,271,165</b>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Increase in due to other funds	960,110
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>960,110</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	(20,500)
Principal paid on long-term debt	(965,852)
Interest paid on debt	(856,472)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,842,824)</b>
<b>Cash Flows From Investing Activities:</b>	
Interest on deposits	3,703
Sale of Investments	153
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,856</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>392,307</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>862,347</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,254,654</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,234,893
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	438,697
Net pension expense	102,395
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(443,313)
Increase (decrease) in claims payable	(61,507)
Total Adjustments	36,272
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,271,165</b>

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



**ALCORN COUNTY, MISSISSIPPI  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
SEPTEMBER 30, 2015**

**EXHIBIT 8**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash	\$ 33,846
Accounts Receivable	14,618
Due from other funds	4,028
Advance to other funds	<u>12,535</u>
<b>Total Assets</b>	<u><u>65,027</u></u>
<b>LIABILITIES:</b>	
Checks drawn in excess of deposits	12,979
Intergovernmental payable	33,846
Advance from other funds	<u>18,202</u>
<b>Total Liabilities</b>	<u><u>\$ 65,027</u></u>

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies

A. Financial Reporting Entity

Alcorn County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Alcorn County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

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

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

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

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

B. Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies - continued

B. Basis of Presentation – continued

Government-wide Financial Statements (continued):

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies – continued

C. Measurement Focus and Basis of Accounting – continued

The county reports the following major Governmental Funds:

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

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

**Crossroads Park Project Fund** – This fund is used to account for and report resources used for improvements being made to the Crossroads Park for the benefit of the Corinth/Alcorn County Recreation Commission.

The county reports the following major Proprietary Fund:

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

Additionally, the county reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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

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

**PROPRIETARY FUND TYPES**

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

**FIDUCIARY FUND TYPES**

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

D. Account Classifications

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

**ALCORN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies – continued

E. Deposits and Investments

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

F. Receivables

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

G. Interfund Transactions and Balances

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

H. Prepaid Items

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

I. Restricted Assets

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies – continued

J. Capital Assets

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

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

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

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

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 18 for additional details.

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies – continued

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 18 for additional details.

L. Pensions.

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-term liabilities

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

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

N. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies – continued

Fund Financial Statements:

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

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

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

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

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

Fund Balance Flow Assumption:

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

O. Property Tax Revenues

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

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



**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. Significant Accounting Policies – continued

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

P. 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.

Q. Compensated Absences

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave or unused vacation leave. For the year ended September 30, 2015, Alcorn County recognized no liability.

R. Changes in Accounting Standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

2. Prior Period Adjustment

A summary of significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities

Explanation	Amount
<i>Governmental Activities</i>	
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (7,858,887)
Deferred outflows - contributions made subsequent to measurement date	150,294
Total PPA related to GASB 68 and 71	(7,708,593)
To record capital assets omitted in prior year	12,095
To remove capital asset disposed by capital lease in prior year	(75,020)
Total PPA <i>Governmental Activities</i>	(7,771,518)
<i>Business-type Activities</i>	
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	(2,089,071)
Deferred outflows - contributions made subsequent to measurement date	39,951
Total PPA - <i>Business-type Activities</i>	(2,049,120)
Total PPA - <i>Primary Government</i>	\$ (9,820,638)

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

2. Prior Period Adjustment – continued

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

<u>Explanation</u>	<u>Amount</u>
Liabilities previously reported as long term liabilities that were determined to be current liabilities	\$ (1,055,365)
	<u>\$ (1,055,365)</u>

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (2,089,071)
Deferred outflows - contributions made subsequent to measurement date	39,951
Total PPA related to GASB 68 and 71	<u>\$ (2,049,120)</u>

3. Deposits and Investments

Deposits

The carrying amount of the county's total deposits with financial institutions at September 30, 2015, was \$7,659,928 and the bank balance was \$8,301,075. 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. 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). Deposits above FDIC coverage are collateralized by the pledging financial institutions' trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

Investments

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

Investments balances at September 30, 2015, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
United States Treasury Bills	3 months	<u>\$ 1,724,727</u>	AAA

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

3. Deposits and Investments – continued

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

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investment, \$1,724,727 of underlying securities were held by the investment's counterparty on behalf of the county, not in the name of the county.

4. Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2015:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Garbage and Solid Waste Fund	\$ 999,808	Temporary Loan
General Fund	Regional Correctional Facility Fund	2,086,626	Temporary Loan
General Fund	Other Governmental	20,686	Temporary Loan
Other Governmental	Regional Correctional Facility Fund	653,507	Temporary Loan
Garbage and Solid Waste Fund	General Fund	6,415	Unsettled Taxes
Other Governmental	General Fund	4,528	Temporary Loan
Other Governmental	General Fund	71,767	Unsettled Taxes
Other Governmental	Garbage and Solid Waste Fund	160,000	Temporary Loan
Other Governmental	Other Governmental	1,067,746	Temporary Loan
Fiduciary Fund	General Fund	2,954	Temporary Loan
Fiduciary Fund	Regional Correctional Facility Fund	1,074	Temporary Loan
Total		<u>\$ 5,075,111</u>	

The receivables represent the tax revenue collected but not settled until October, 2015, and temporary loans to other funds. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

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

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

5. Intergovernmental Receivables

Intergovernmental receivables at September 30, 2015 consisted of the following:

Governmental Activities:

Description	Amount
Legislature Tax Credit	\$ 151,870
Due From State	132,017
Other	65,314
Total Governmental Activities	<u>\$ 349,201</u>

Business-type Activities:

State of Mississippi	\$ 304,701
Other local government payments for housing prisoners	1,690,347
Total Business-type Activities	<u>\$ 1,995,048</u>

6. Operating Leases

As Lessor:

The county receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$63,600 for the year ended September 30, 2015. The future minimum lease receivables for this lease is as follows:

Year Ended September 30	Amount
2016	\$ 63,600
2017	63,600
2018	63,600
2019	63,600
2020	63,600
2021	63,600
Total Minimum Payments Required	<u>\$ 381,600</u>

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**7. Capital Leases**

As Lessor:

On July 22, 2014 Alcorn County entered into a capital lease with Auctus Holdings LLC for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$7,267 per month in lease payments commencing July 22, 2014 for a term of 7 years. At the end of the lease term, Auctus Holdings LLC has the option to purchase the building for \$100.

The County leases the following property with varying terms and options as of September 30, 2015:

<u>Classes of Property</u>	<u>Amount</u>
Buildings	\$ 550,000
Total	<u>\$ 550,000</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2015 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 74,053	13,154
2017	76,306	10,902
2018	78,627	8,581
2019	81,018	6,190
2020	83,482	3,725
2021	78,754	1,187
Total	<u>\$ 472,240</u>	<u>43,739</u>

**8. Restricted Assets**

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

<u>Description</u>	<u>Amount</u>
Debt service reserve	\$ 1,738,439
Project fund	6,984
General	520,226
Insurance payment	54,845
Depreciation and operating reserve	169,220
Revenue	<u>489,667</u>
Total restricted assets	<u>\$ 2,979,381</u>

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

9. Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2015:

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Completions/ Adjustments	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 791,783	-	-	(70,000)	721,783
Construction in progress	377,573	817,164	-	-	1,194,737
Total non-depreciable capital assets	1,169,356	817,164	-	(70,000)	1,916,520
<u>Depreciable capital assets:</u>					
Infrastructure	115,384,800	-	-	-	115,384,800
Buildings	14,732,785	-	-	(560,335)	14,172,450
Improvements other than buildings	461,273	-	-	-	461,273
Mobile equipment	2,906,851	24,240	6,500	58,254	2,982,845
Furniture and equipment	1,271,789	5,220	-	26,306	1,303,315
Leased property under capital leases	1,302,869	-	377,625	(58,254)	866,990
Total depreciable capital assets	136,060,367	29,460	384,125	(534,029)	135,171,673
<u>Less accumulated depreciation for:</u>					
Infrastructure	69,039,067	682,196	-	-	69,721,263
Buildings	6,092,157	225,988	-	(11,208)	6,306,937
Improvements other than buildings	135,625	18,456	-	-	154,081
Mobile equipment	2,398,188	94,463	5,850	18,969	2,505,770
Furniture and equipment	1,107,515	35,563	-	14,211	1,157,289
Leased property under capital leases	780,760	140,313	339,861	(18,969)	562,243
Total accumulated depreciation	79,553,312	1,196,979	345,711	3,003	80,407,583
Total depreciable capital assets, net	56,507,055	(1,167,519)	38,414	(537,032)	54,764,090
Governmental activities capital assets, net	\$ 57,676,411	(350,355)	38,414	(607,032)	56,680,610

Adjustments represent removal of land and building disposed of by capital lease in prior year of \$619,127 net of depreciation, addition of furniture and equipment omitted from inventory listing of \$12,095, net of depreciation and transfer of leased property to mobile equipment.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

9. Capital Assets – Continued

Business-type activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 35,000	-	-	-	35,000
Total non-depreciable capital assets	35,000	-	-	-	35,000
<u>Depreciable capital assets:</u>					
Buildings	20,302,639	-	-	-	20,302,639
Mobile Equipment	-	20,500	-	-	20,500
Furniture and equipment	155,838	-	-	5,706	161,544
Leased property under capital leases	5,706	-	-	(5,706)	-
Total depreciable capital assets	20,464,183	20,500	-	-	20,484,683
<u>Less accumulated depreciation for:</u>					
Buildings	1,624,216	406,054	-	-	2,030,270
Mobile Equipment	-	3,690	-	-	3,690
Furniture and equipment	107,409	28,953	-	5,649	142,011
Leased property under capital leases	5,649	-	-	(5,649)	-
Total accumulated depreciation	1,737,274	438,697	-	-	2,175,971
Total depreciable capital assets, net	18,726,909	(418,197)	-	-	18,308,712
Business-type activities capital assets, net	<u>\$18,761,909</u>	<u>(418,197)</u>	<u>-</u>	<u>-</u>	<u>18,343,712</u>

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 61,930
Public safety	59,237
Public works	907,672
Health and welfare	23,560
Culture and recreation	144,580
Total governmental activities depreciation expense	<u>\$ 1,196,979</u>
<u>Business-type activities:</u>	
Correctional facility	<u>\$ 438,697</u>
Total business-type activities depreciation expense	<u>\$ 438,697</u>

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**10. Other Postemployment Benefits**

**Plan Description**

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

**11. Capital Leases**

**As Lessee:**

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

Class of Property	Governmental Activities
Mobile equipment	\$ 570,675
Other furniture and equipment	296,315
Total	866,990
Less: Accumulated depreciation	562,243
Leased Property Under Capital Leases	<u>\$ 304,747</u>

The following is a schedule by years of the total payments due as of September 30, 2015:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2016	\$ 150,140	3,299
2017	83,334	1,115
2018	26,100	161
Total	<u>\$ 259,574</u>	<u>4,575</u>



**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

12. Long-Term Debt

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. Limited Obligation Bonds:			
Taxable Special Obligation Bonds - Series 2015	\$ 7,100,000	4.50% - 5.75%	11/37
Total General Obligation Bonds	<u>\$ 7,100,000</u>		
B. Capital Leases:			
2006 John Deere Backhoe	\$ 21,164	1.620%	6/17
IBM Power 720	25,935	2.270%	11/16
E-911 Telephone Equipment	6,413	2.790%	1/16
IBM Servers	14,088	1.850%	7/18
2012 Ford F-150	5,072	2.250%	6/16
2001 Volvo Dump Truck	4,944	2.050%	6/16
2012 Chevy C-3500	5,069	2.050%	7/16
Alamo Side Cutter	9,496	1.650%	8/17
JD 6100 Tractor	24,230	1.770%	4/18
JD 310 Backhoe	12,639	1.740%	11/16
John Deere Tractor & Mower	36,706	1.650%	8/17
Ford One Ton Truck	1,196	1.850%	1/16
John Deere CX 15 Mower	4,804	1.650%	10/16
John Deere 310 5K Backhoe	42,732	1.550%	4/18
2014 JD Tractor & Mower	25,609	1.700%	5/18
2006 Dump Truck	19,477	1.550%	5/17
Total Capital Leases	<u>\$ 259,574</u>		
C. Other Loans:			
Road Construction & Repair	\$ 251,861	1.500%	4/16
Road Construction & Repair	500,000	1.610%	9/17
MDA/Final Touch	338,911	3.000%	8/28
County Wide Note	720,000	1.550%	10/18
County Wide Note	675,000	1.450%	12/19
MDA/Avectus	472,240	3.000%	8/21
Total Other Loans	<u>\$ 2,958,012</u>		
<b>Business-type Activities:</b>			
A. Limited Obligation Bonds:			
Urban Renewal Revenue Bonds - Series 2009	\$ 19,340,000	2.0% - 5.0%	7/31
Total Limited Obligation Bonds	<u>\$ 19,340,000</u>		
B. Other Loans:			
Negotiable Note	\$ 185,070	1.89%	10/16
Total Other Loans	<u>\$ 185,070</u>		

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

12. Long-Term Debt – continued

Pledge of Future Revenues – The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$22,700,000 in limited obligation urban renewal revenue bonds issued in October, 2009. Proceeds from the bonds provided financing for the construction of the Alcorn County Regional Correction Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through 2031. Annual principal and interest payments on the bonds are expected to require less than 37 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$27,494,469. Principal and interest paid for the current year and total inmate housing net revenues were \$1,736,105 and \$4,754,205, respectively.

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

Governmental Activities:

Year Ending September 30,	Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 260,000	295,025	910,683	55,913
2017	180,000	344,100	665,729	40,475
2018	190,000	335,775	416,736	28,618
2019	200,000	327,000	419,830	20,749
2020	210,000	317,775	243,018	12,786
2021-2025	1,190,000	1,436,325	213,093	24,908
2026-2030	1,520,000	927,688	88,923	4,024
2031-2035	1,945,000	676,084	-	-
2036-2038	1,405,000	122,625	-	-
Total	<u>\$ 7,100,000</u>	<u>4,782,397</u>	<u>2,958,012</u>	<u>187,473</u>

Business-type Activities:

Year Ending September 30,	Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 890,000	827,775	\$ 91,669	3,498
2017	920,000	801,075	93,401	1,765
2018	945,000	771,175	-	-
2019	980,000	739,281	-	-
2020	1,015,000	704,981	-	-
2021-2025	5,755,000	2,834,688	-	-
2026-2030	7,195,000	1,397,594	-	-
2031	1,640,000	77,900	-	-
Total	<u>\$ 19,340,000</u>	<u>8,154,469</u>	<u>185,070</u>	<u>5,263</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 county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2015, the amount of outstanding debt was equal to 4.70% of the latest property assessment.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

12. Long-Term Debt – continued

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct 1, 2014	Additions	Reductions	Balance Sept 30, 2015	Amount due within one year
Governmental Activities:					
General obligations bonds	\$ 1,595,000	-	1,595,000	-	-
Limited Obligation Bonds	-	7,100,000	-	7,100,000	260,000
Add: Bond Premiums	-	75,355	-	75,355	-
Capital leases	611,538	-	351,964	259,574	150,140
Other loans	2,679,141	1,175,000	896,129	2,958,012	910,683
Total	<u>\$ 4,885,679</u>	<u>8,350,355</u>	<u>2,843,093</u>	<u>10,392,941</u>	<u>1,320,823</u>
Business-type Activities:					
Limited obligations bonds	\$ 20,205,000	-	865,000	19,340,000	890,000
Add: Bond premiums	27,668	-	1,628	26,040	-
Less: Bond discounts	(192,950)	-	(11,350)	(181,600)	-
Capital Leases	10,883	-	10,883	-	-
Other Loans	275,038	-	89,968	185,070	91,669
Total	<u>\$ 20,325,639</u>	<u>-</u>	<u>956,129</u>	<u>19,369,510</u>	<u>981,669</u>

Advance Refunding – On June 30, 2015 the County issued \$1,360,000 in limited obligation refunding bonds with an average interest rate of 5.30% to advance refund \$1,225,000 of the following outstanding bond issue(s):

Issue	Average Interest Rate	Outstanding Amount Refunded
Crossroads Arena Refunding Bonds Series 2005	4.217%	\$ 1,225,000

The County advance refunded the above bonds to acquire additional financing of \$5,750,000 to provide needed improvements to the Crossroads Park. This extended the total debt service payments over 22 years. The advanced refunding resulted in an economic loss of \$94,314.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**13. No Commitment Debt (Not Included in Financial Statements)**

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

	Balance at Sept. 30, 2015	Alcorn County Share
Hospital revenue refunding bonds 2011A	<u>\$ 79,605,000</u>	<u>\$ 43,782,750</u>

**14. Contingencies**

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

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

**15. Deficit Fund Balance**

The following funds had a deficit balance at September 30, 2015:

Garbage and Solid Waste Fund	\$ 1,224,032
Kimberly Clark ROW Fund	110,178
Sheriff's Dare Grant	1,492
Youth Court Grant	1,565
Volunteer Fire Fund	40,656
CAP LOAN Final Touch	167,575
State Road Fund	1,821
Farmers Market Fund	204
Emergency 911 Fund	576,940
Caterpillar DIP Fund	57,628
Ayrshire Grant Fund	12,140
Avectus Grant	2,427
Reappraisal Fund	7,025
	<u><u>\$ 2,203,683</u></u>

All funds except for Garbage and Solid Waste Fund had expenditures that should have been paid out of General County. These funds were reimbursed in Fiscal Year 2016.

**16. Jointly Governed Organizations**

The Regional IV Health-Mental Retardation Commission operates in a district composed of the Counties of Alcorn, Prentiss, Tippah and Tishomingo. The Alcorn County Board of Supervisors appoints one of the four members of the board of commissioners. The county appropriated \$50,088 for the maintenance and support of the commission in the fiscal year 2015.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

16. Jointly Governed Organizations – continued

Northeast Mississippi Planning and Development District operates in a district composed of the Counties of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Alcorn County Board of Supervisors appoints four of the 24 members of the board of directors. The county appropriated \$18,494 for support of the district in fiscal year 2015.

The Northeast Mississippi Community College operates in a district composed of the Counties of Alcorn, Prentiss, Tippah, Tishomingo and Union. The Alcorn County Board of Supervisors appoints two of the 15 members of the college board of trustees. The county levied \$1,003,444 in taxes for maintenance and support of the college in fiscal year 2015.

TAP Alliance (TAP) is an alliance among Tishomingo, Alcorn and Prentiss Counties and the City of Corinth, City of Booneville and City of Iuka. The county appoints two of the nine members of the board of directors, which is to be appointed by and from that particular county's Board of Supervisors. The county appropriated \$0 for the support of the alliance in fiscal year 2015.

17. Joint Ventures

The county participates in the following joint ventures:

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

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by HB #1183, 1972 Session, to operate the Corinth-Alcorn Area Chamber of Commerce, The Alliance. The joint venture was created to foster, encourage and facilitate economic development in the county. The Alcorn County Board of Supervisors appoints four of the 32 members of the board of directors. The county levied taxes of \$280,840 for the operation of the entity during the 2015 fiscal year. Complete financial statements for the Corinth-Alcorn Area Chamber of Commerce can be obtained from The Alliance, 810 Tate Street, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Airport. The joint venture was created to provide an airport for the area, and is governed by a five-member board of commissioners appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. Alcorn County provided \$110,000 for the operation of the entity during the 2015 fiscal year. Complete financial statements for the Corinth-Alcorn County Airport can be obtained from Corinth-Alcorn County Airport, 56 CR 613, Corinth, Mississippi 38834.

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

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate Magnolia Hospital. The joint venture was created to provide a community hospital for the area and is governed by a five-member board of trustees; two appointed by the county Board of Supervisors, two appointed by the city and one jointly appointed. Alcorn County provided \$21,230 for the 2015 fiscal year. Complete financial statements for the Magnolia Hospital can be obtained from Magnolia Hospital, 611 Alcorn Drive, Corinth, Mississippi 38834.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

17. Joint Ventures - continued

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 55-9-1, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Recreational Commission. The joint venture was created to provide recreational opportunities for the area, and is governed by a five-member board. Each entity appoints two of the five board members and the fifth is jointly appointed. Alcorn County provided \$272,142 for the 2015 fiscal year. Complete financial statements for the Corinth-Alcorn Recreation Commission can be obtained from Corinth-Alcorn Recreation Commission, P.O. Box 699, Corinth, Mississippi 38835.

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

18. Defined Benefit Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

18. Defined Benefit Pension Plan – continued

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employees 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, 2015, 2014 and 2013 were \$748,568, \$775,501, \$763,397, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2015, the County reported a liability of \$11,847,651 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.0766 percent, which was a decrease of 0.005 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,236,161. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 182,329	
Net difference between projected and actual earnings on pension plan investments	693,214	
Changes of assumptions	1,020,635	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions		478,380
County contributions subsequent to the measurement date	184,547	
Total	<u>\$ 2,080,725</u>	<u>478,380</u>

\$184,547 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2016	\$ 439,695
2017	439,695
2018	365,105
2019	173,303
Total	<u>1,417,798</u>

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

18. Defined Benefit Pension Plan - continued

Actuarial Assumptions. The total pension liability in June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 - 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males' rates set forward one year.

The actuarial assumptions used in June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit programs to determine the total pension liability.



**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**18. Defined Benefit Pension Plan - continued**

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 15,616,289	11,847,651	8,720,386

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**19. Subsequent Events:**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Alcorn County evaluated the activity of the county through, August 29, 2017, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements. The Office of the State Auditor has concluded its investigation related to funds that were spent out of the Inmate Welfare Fund, Technology Fund, and Commissary Fund. The County will reimburse these funds for the monies spent out of these funds.

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

Subsequent to September 30, 2015, Alcorn County issued the following debt obligations:

<b>Issue Date</b>	<b>Interest Rate</b>	<b>Issue Amount</b>	<b>Type of Financing</b>	<b>Source of Financing</b>
4/18/2016	1.71%	500,000	Other Loan	Ad valorem taxes
5/2/2016	1.82%	95,765	Capital Lease	Ad valorem taxes
5/2/2016	2.10%	109,133	Capital Lease	Ad valorem taxes
2/16/2016	1.86%	51,144	Capital Lease	Ad valorem taxes
12/15/2016	3-4.00%	8,760,000	Go Refunding Bond	Ad valorem taxes
10/24/2016	1.25%	600,000	Other Loan	Ad valorem taxes
11/7/2016	2.56%	29,249	Capital Lease	Ad valorem taxes
2/6/2017	4.45%	101,384	Capital Lease	Ad valorem taxes
3/20/2017	1.87%	500,000	Other Loan	Ad valorem taxes
4/3/2017	2.00%	56,920	Capital Lease	Ad valorem taxes
4/3/2017	2.00%	28,460	Capital Lease	Ad valorem taxes
5/15/2017	2.32%	540,500	Capital Lease	Ad valorem taxes
2/16/2017	1.20-4.00%	10,055,000	Urban Renewal	User Fees

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

20. Claims and Judgments.

Risk Financing

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participating agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

21. Effects of Deferred Amounts of Net Position

The unrestricted net position amount of (\$20,639,736) includes the effect of deferring the recognition of expenses resulting from the deferred outflow from pensions. The \$2,080,725 balance of deferred outflows of resources at September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$20,639,736) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$478,380 balance of deferred inflow of resources at September 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

Please reference Note 18 for details on amortization of deferred outflows/inflows related to pensions.

*REQUIRED  
SUPPLEMENTARY  
INFORMATION*

**ALCORN COUNTY, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,298,277	4,601,697	4,600,199	(1,498)
Licenses, commissions and other reven	332,923	332,974	345,524	12,550
Fines and forfeitures	403,400	409,890	410,705	815
Intergovernmental revenues	1,285,382	1,014,094	1,116,629	102,535
Charges for services	188,050	278,632	278,632	-
Interest income	20,984	6,056	12,831	6,775
Miscellaneous revenues	367,470	122,328	66,662	(55,666)
<b>Total Revenues</b>	<b>6,896,486</b>	<b>6,765,671</b>	<b>6,831,182</b>	<b>65,511</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,928,263	3,886,149	3,938,644	(52,495)
Public safety	2,046,483	1,551,793	1,551,793	-
Public works	110,000	110,000	110,000	-
Health and welfare	473,158	456,728	456,728	-
Culture and recreation	282,897	172,647	172,648	(1)
Conservation of natural resources	147,485	137,383	137,383	-
Economic development and assistanc	33,200	33,194	33,194	-
Principal & interest	-	38,686	232,637	(193,951)
<b>Total Expenditures</b>	<b>7,021,486</b>	<b>6,386,580</b>	<b>6,633,027</b>	<b>(246,447)</b>
<b>Excess (deficiency) of Revenues over (under) expenditures</b>	<b>(125,000)</b>	<b>379,091</b>	<b>198,155</b>	<b>(180,936)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	901,119	675,000	(226,119)
Compensation for loss of capital assets	-	-	10,857	10,857
Transfers out	-	3,707	-	(3,707)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>904,826</b>	<b>685,857</b>	<b>(218,969)</b>
<b>Net change in fund balance</b>	<b>(125,000)</b>	<b>1,283,917</b>	<b>884,012</b>	<b>(399,905)</b>
<b>Fund Balance - Beginning</b>	<b>(253,515)</b>	<b>2,144,941</b>	<b>3,013,404</b>	<b>868,463</b>
<b>Fund Balance - Ending</b>	<b>\$ (378,515)</b>	<b>3,428,858</b>	<b>3,897,416</b>	<b>468,558</b>

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

**ALCORN COUNTY, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
GARBAGE AND SOLID WASTE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 394,981	369,171	369,171	-
Intergovernmental Revenue	-	1,250	-	(1,250)
Charges for services	-	-	-	-
Miscellaneous revenues	-	173	173	-
<b>Total Revenues</b>	<b>394,981</b>	<b>370,594</b>	<b>369,344</b>	<b>(1,250)</b>
<b>EXPENDITURES</b>				
Current:				
Public works	330,598	427,836	429,086	(1,250)
Debt Service:				
Principal	62,154	164,781	162,696	2,085
Interest	2,229	-	2,085	(2,085)
<b>Total Expenditures</b>	<b>394,981</b>	<b>592,617</b>	<b>593,867</b>	<b>(1,250)</b>
<b>Excess (deficiency) of Revenues over (under) expenditures</b>	<b>-</b>	<b>(222,023)</b>	<b>(224,523)</b>	<b>(2,500)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From sale of capital assets	-	120,000	120,000	-
<b>Total other financing sources</b>	<b>-</b>	<b>120,000</b>	<b>120,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(102,023)</b>	<b>(104,523)</b>	<b>(2,500)</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>(745,323)</b>	<b>(1,059,471)</b>	<b>(314,148)</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>(847,346)</b>	<b>(1,163,994)</b>	<b>(316,648)</b>

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

**ALCORN COUNTY, MISSISSIPPI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**UNAUDITED**

Notes to the Required Supplementary Information

A. Budgetary Information

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

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Garbage and Solid Waste Fund</u>
Budget (Cash Basis)	\$ 884,012	(104,523)
Increase (Decrease)		
Net adjustments for revenue accruals	6,310	283
Net adjustments for expenditures accruals	(534,250)	(38,431)
GAAP Basis	<u>\$ 356,072</u>	<u>(142,671)</u>

- D. Excess of actual expenditures over budget in individual funds.  
The following funds had an excess of actual expenditures over budget for the year ended September 30, 2015:

<u>Fund</u>	<u>Excess</u>
General Fund	246,447
Garbage and Solid Waste Fund	1,250

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

**Alcorn County**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2015**

	<u>2015</u>
County's proportion of the net pension liability (asset)	0.076644%
County's proportionate share of the net pension liability (asset)	\$ 11,847,651
County's covered-employee payroll	\$ 4,752,796
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	249.28%
Plan fiduciary net position as a percentage of the total pension liability	61.70%

\*The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30, 2015 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**Alcorn County**  
**Schedule of County Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2015**

	<u>2015</u>
Contractually required contribution	\$ 748,568
Contributions in relation to the contractually required contribution	<u>748,568</u>
Contribution deficiency (excess)	<u>\$ -</u>
County's covered-employee payroll	4,752,786
Contributions as a percentage of covered-employee payroll	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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



**ALCORN COUNTY, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**UNAUDITED**

Pension Schedules

A. Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

# *SUPPLEMENTARY INFORMATION*

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity ID Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Passed-through Mississippi Development Authority:</b>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii*	14.228	1130-13-002-PF-01	<u>470,950</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>470,950</u>
<b>U.S. Department of Transportation - Federal Highway Administration</b>			
Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205	N/A	<u>29,540</u>
<b>Total U.S. Department of Transportation</b>			<u>29,540</u>
<b>Social Security Administration</b>	96.xxx	N/A	<u>3,600</u>
<b>Total Social Security Administration</b>			<u>3,600</u>
<b>U.S. Department of Homeland Security</b>			
Passed-through the Mississippi Emergency Management Agency Emergency Management Performance Grants	97.042	2015 EMPG	<u>35,364</u>
<b>Total Expenditures of Federal Awards</b>			<u>35,364</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 539,454</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant of activity of Alcorn County under programs of the federal government for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

\*Denotes major federal program

# *OTHER INFORMATION*

**ALCORN COUNTY**  
**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**UNAUDITED**

Name	Position	Company	Bond
Lowell Hinton	Supervisor District 1	Travelers Casualty & Surety Co.	100,000
Dal Nelms	Supervisor District 2	Travelers Casualty & Surety Co.	100,000
Ralph Coln	Supervisor District 2	Travelers Casualty & Surety Co.	100,000
Tim Mitchell	Supervisor District 3	Travelers Casualty & Surety Co.	100,000
Gary Ross	Supervisor District 4	Travelers Casualty & Surety Co.	100,000
Jimmy Waldon	Supervisor District 5	RLI Insurance Company	100,000
Bobby Marolt	Chancery Clerk	RLI Insurance Company	100,000
Paul Rhodes	Purchase Clerk	Travelers Casualty & Surety Co.	75,000
Jill Goodwin	Assistant Purchase Clerk	Travelers Casualty & Surety Co.	50,000
Carolyn James	Receiving Clerk	Travelers Casualty & Surety Co.	75,000
Eddie Clark	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Leroy Marlar	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Shelly Hopkins	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Keven Moss	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Anecia Miles	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Pat Marlar	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Anthony Hutcheson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Laura Lawson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Bobby Marolt	Inventory Control Clerk	Travelers Casualty & Surety Co.	75,000
Charles Hines Jr.	Constable	Travelers Casualty & Surety Co.	50,000
Roger D Voyles	Constable	RLI Insurance Company	50,000
Joe Caldwell	Circuit Clerk	RLI Insurance Company	100,000
Charles Rinehart	Sheriff	RLI Insurance Company	100,000
Steven Little	Justice Court Judge	RLI Insurance Company	50,000
Jimmy McGee	Justice Court Judge	Travelers Casualty & Surety Co.	50,000
Jone Dixon	Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Carol Derrick	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Par Marlar	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Donna Taylor	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Jeannette Marie Tullis	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Cindy Davis	Deputy Justice Court Clerk	Brierfield Insurance Co.	50,000
Larry Ross	Tax Collector	RLI Insurance Company	100,000
Kenneth Brawner	Tax Assessor	RLI Insurance Company	50,000
Crystal Starling	Deputy Circuit Clerk	RLI Insurance Company	100,000
Heather Boyer	Deputy Circuit Clerk	RLI Insurance Company	100,000
Sherra Green	Deputy Circuit Clerk	RLI Insurance Company	100,000
Kalee Smith	Deputy Circuit Clerk	RLI Insurance Company	100,000
Leigh Stevens	Deputy Tax Collector	Western Surety	50,000
Jennifer Edwards	Deputy Tax Collector	Western Surety	50,000
Melissa Gaines	Deputy Tax Collector	Western Surety	50,000
Caroline Lancaster	Deputy Tax Collector	Western Surety	50,000
Tammy Mask	Deputy Tax Collector	Western Surety	50,000
Heather Crabb	Deputy Tax Collector	Western Surety	50,000

# *SPECIAL REPORTS*



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

Members of the Board of Supervisors  
Alcorn County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2017. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities and business-type activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2015-001, 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009 and 2015-010 to be material weaknesses.

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### Compliance and Other Matters

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

We noted certain matters that we reported to the management of Alcorn County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated August 29, 2017, included within this document.

### Alcorn County's Responses to Findings

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

### Purpose of this Report

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



The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
August 29, 2017





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

Members of the Board of Supervisors  
Alcorn County, Mississippi

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

We have audited Alcorn County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alcorn County, Mississippi's major federal programs for the year ended September 30, 2015. Alcorn County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, Alcorn County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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## Report on Internal Control Over Compliance

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

A *deficiency in internal control* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
August 29, 2017



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

Members of the Board of Supervisors  
Alcorn County, Mississippi

We have examined Alcorn County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Alcorn County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Inventory Control Clerk.

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

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

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

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## Purchase Clerk

2. Finding – Section 31-7-13 (d), Mississippi Code Ann. (1972), requires all purchases of more than \$5,000 but not more than \$50,000 to be made from the lowest and best bidder without publishing or posting advertisement for bids, provide at least 2 competitive quote bids are obtained. During expenditure testing, it was noted that County made one purchase of more than \$5,000 without obtaining competitive quotes. Also, it was noted the County paid a travel reimbursement with no supporting documentation.

Recommendation – The Purchase Clerk should ensure that all purchases in excess of \$5,000 but not more than \$50,000 have at least 2 competitive quotes.

Response: Steps will be taken to ensure that this will not happen in the future.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Alcorn County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

This report is intended for use in evaluating Alcorn County, Mississippi's compliance with the aforementioned requirements, 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.



The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
August 29, 2017

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES NOT MADE  
FROM THE LOWEST BIDDER  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF EMERGENCY PURCHASES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Our test results did not identify any emergency purchases.

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY  
FROM A SOLE SOURCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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



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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Alcorn County, Mississippi

In planning and performing our audit of the financial statements of Alcorn County, Mississippi for the year ended September 30, 2015, we considered Alcorn County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Alcorn County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 29, 2017 on the financial statements of Alcorn County, Mississippi.

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

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

### Board of Supervisors.

1. Finding – Thirteen funds had deficit fund balances at year end (see Note 15).

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

Response:

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

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

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

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
August 29, 2017

# *SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2015**

**Section 1: Summary of Auditor's Results**

**Financial Statements:**

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

**Federal Awards**

- |  |               |
|--|---------------|
| 4. Internal control over major federal programs:   |               |
| a. Material weakness identified?   | No            |
| b. Significant deficiency identified?  | None Reported |
| <br>5. Type of auditor's report issued on compliance for major federal programs:   | Unmodified    |
| <br>6. Any audit finding(s) disclosed that are required to be reported in accordance with Section __.510(a) of OMB Circular A-133? | No            |
| <br>7. Identification of major federal programs:   |               |
| a. CFDA#14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii                             |               |
| <br>8. Dollar threshold used to distinguish between type A and type B programs:  | \$300,000     |
| <br>9. Auditee qualified as low-risk auditee?  | No            |

## **Section 2: Financial Statements Findings**

### **Chancery Clerk**

#### **Material Weakness**

##### **2015-001 Finding – Controls should be strengthened in the payroll function.**

###### Criteria:

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

###### Condition:

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

###### Effect:

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

###### Cause:

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

###### Recommendation:

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

###### Response:

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

##### **2015-002 Finding – Financial data for Crossroads Park Project not included in the general ledger.**

###### Criteria:

Internal controls over financial reporting requires all financial data be included in the financial records.

###### Condition:

The financial data for the Crossroads Park Project was not properly recorded in the financial records.

###### Effect:

Failure to properly include financial data could result in the financial statements of the County to be misleading.

###### Cause:

Unknown

###### Recommendation:

We recommend that all financial data be properly recorded in the County's financial records.

Response:

We will take steps to ensure that this does not occur again in the future.

**Board of Supervisors**

**Material Weakness**

**2015-003 Finding – The County should implement controls to ensure preparation of its financial statements.**

Criteria:

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

Condition:

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

Effect:

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

Cause:

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

Recommendation:

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

Response

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

**Material Weakness**

**2015-004 Finding – Financial data for component units not included in the financial statements.**

Criteria:

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

Condition:

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

Effect:

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

Cause:

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

Recommendation:

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

Response:

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

**Material Weakness**

**2015-005 Finding – The County should implement controls to ensure equipment is properly marked.**

Criteria:

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

Condition:

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

Effect:

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

Cause:

Unknown

Recommendation:

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

Response:

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

## **Material Weakness**

### **2015-006 Finding – The County failed to pay the Alcorn County Regional Jail for housing the County inmates.**

#### Criteria:

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

#### Condition:

Alcorn County did not pay to the Alcorn County Regional Jail the amount billed for housing the County inmates in the amount of \$1,654,465 thru September 30, 2015.

#### Effect:

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

#### Cause:

The County has not been making these payments due to serious cash flow problems in recent years, which continue at this time.

#### Recommendation:

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

#### Response:

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

## **Material Weakness**

### **2015-007 Finding – Controls surrounding cash maintenance should be strengthened.**

#### Criteria:

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

#### Condition:

The Garbage and Solid Waste Fund, Sheriff's Dare Grant, Juvenile Detention Monitoring Grant Fund, Kimberly Clark ROW Fund, Final Touch Cap Loan Fund, Emergency -911 Fund, Volunteer Fire Fund, Farmer's Market Fund, Caterpillar DIP Fund, Ayrshire Grant Fund, Avectus Fund, Reappraised Fund and the Alcorn County Regional Correctional Faculty Fund had deficit cash balances for the period ended September 30, 2015.

#### Effect:

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

Cause:

Expenditures have exceeded revenues collected.

Recommendation:

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

Response:

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

**Material Weakness**

**2015-008 Finding – Liability for postemployment benefits not recorded and note disclosures for postemployment benefits not reported.**

Criteria:

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

Condition:

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

Effect:

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

Cause:

The County did not have an annual actuarial valuation.

Recommendation:

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

Response:

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

**Justice Court**

**Material Weakness**

**2015-009 Finding – Internal controls over receipts and collections should be strengthen**

Criteria:

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



Condition:

The Office of the State Auditor has been asked to investigate questionable activity of a former employee and the alleged misappropriation of funds from the justice court office.

Effect:

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

Cause:

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

Recommendation:

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

Response:

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

**Purchase Clerk**

**Material Weakness**

**2015-010 Finding**

Criteria:

Section 31-7-13(d), Mississippi Code Ann. (1972), requires all purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, exclusive of freight and shipping charges be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two competitive written bids have been obtained. Also, the County is required to have completed travel vouchers supporting the amount of reimbursement paid to employees on all travel-related expenditures.

Condition:

During expenditure testing, it was noted that the County made one purchase of more than five thousand dollars but less than fifty thousand dollars without obtaining competitive written bids. Also, during expenditure testing, it was noted the County had paid a travel reimbursement without supporting documentation.

Effect:

The lack of adequate internal controls over state purchase laws could result in a loss of funds of the County.

Cause:

There were inadequate internal controls over state purchase laws to ensure compliance with all purchases.

Recommendation:

The Purchase Clerk should ensure that all purchases in excess of \$5,000 but less than \$50,000 have at least 2 competitive quotes, and that there is supporting documentation for all expenditures.

Response:

Steps will be taken to ensure that this will not happen in the future.

**Section 3: Federal Award Findings and Questioned Costs**

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