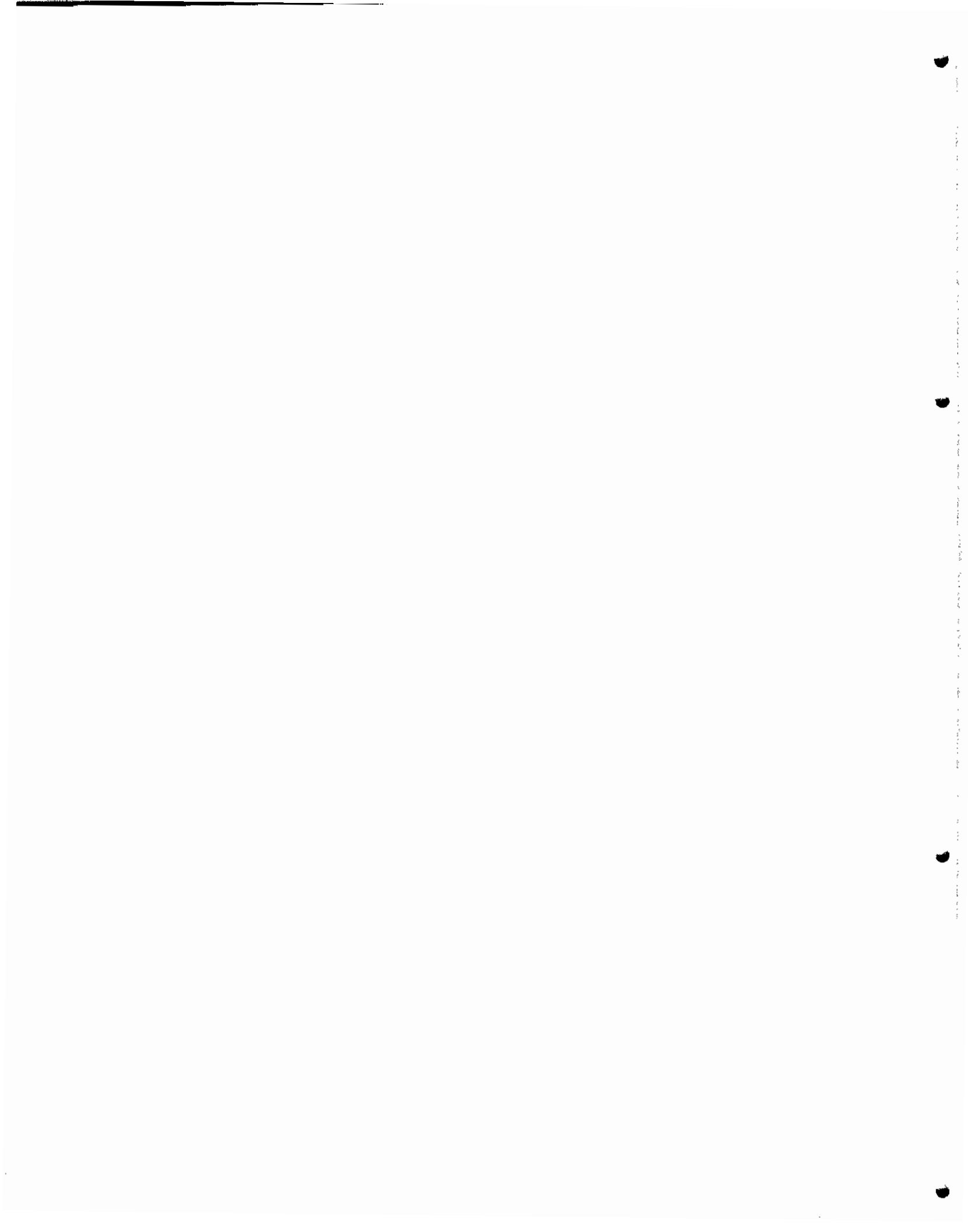




The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

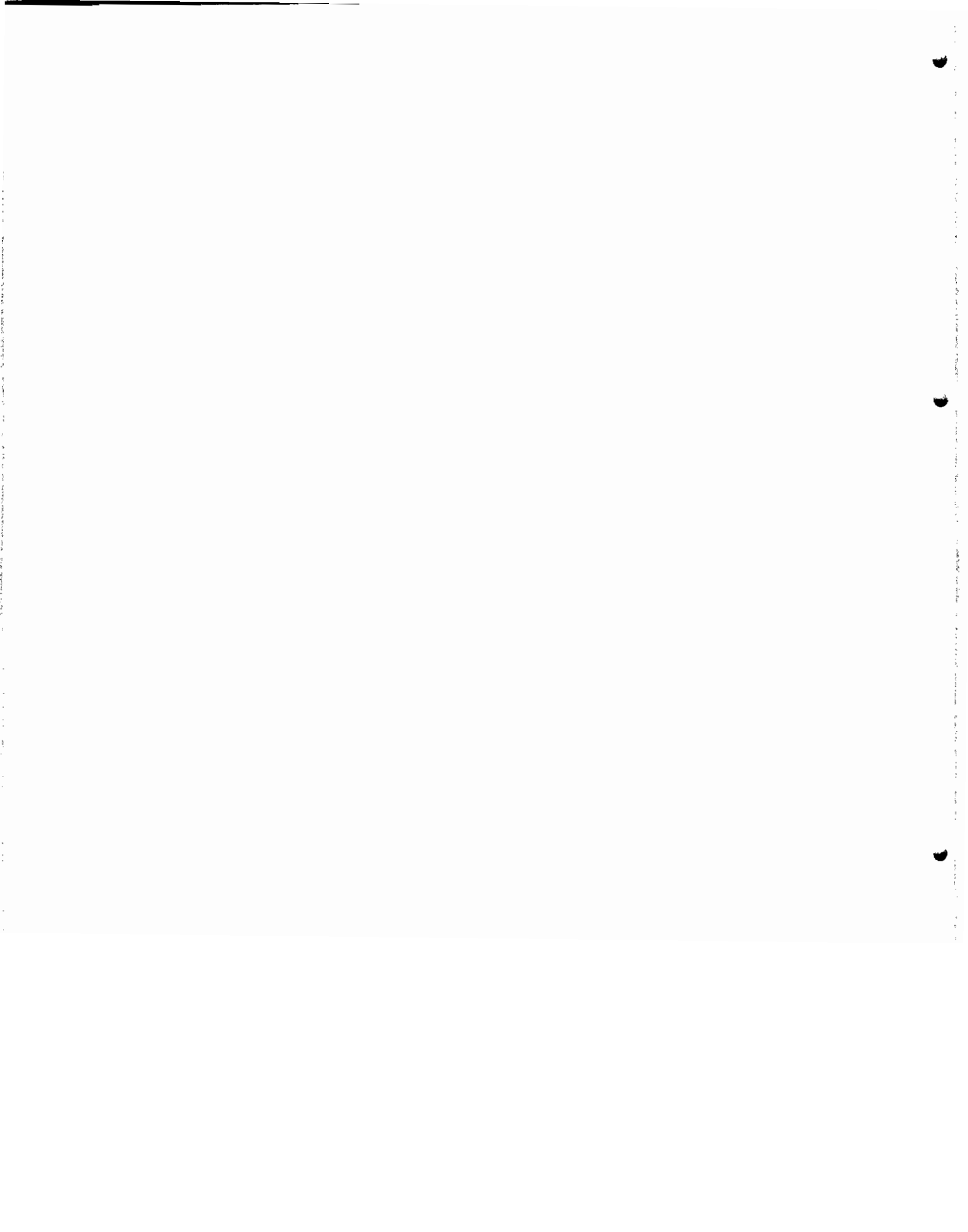


**ALCORN COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2008**



**ALCORN COUNTY, MISSISSIPPI  
TABLE OF CONTENTS  
SEPTEMBER 30, 2008**

Independent Auditors' Report on the Basic Financial Statements and Supplemental Information	1
Financial Statements	
Statement of Net Assets	3
Statement of Activities	4
Balance Sheet – Governmental Funds	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	8
Statement of Fiduciary Assets and Liabilities	9
Notes to Financial Statements	10-25
Required Supplementary Information	
Budgetary Comparison for Major Funds	26-27
Notes to Budgetary Comparison Schedule	28-29
Compliance and Internal Control Reports	
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 <i>Government     Auditing Standards</i>	30-31
Independent Auditors' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules Required by Section 37-7-115, Miss Code Ann. (1972)	32-33
Schedule of purchases not made from lowest bidder	34
Schedule of emergency purchases	35
Schedule of purchases made noncompetitively from a sole source	36
Limited Internal Control and Compliance Review Management Report	37-38
Schedule of Findings and Responses	39-40





**Certified Public Accountants**  
Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA  
Terry E. Cartwright, CPA  
Christopher D. Murphy, CPA

106 South First Street  
Post Office Box 540  
Booneville, Mississippi 38829  
Telephone (662) 728-6172  
Fax (662) 728-6176

## INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors  
Alcorn County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements do not include financial data for the county's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component unit is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of Alcorn County, Mississippi, as of September 30, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of September 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Alcorn County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Browner, Vanstony + Co. P.A.*

February 22, 2010  
Booneville, Mississippi

ALCORN COUNTY, MISSISSIPPI  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2008

Exhibit I

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 2,986,370
Investments	2,654,458
Interest receivable	6,848
Property tax receivable	4,620,941
Fines receivable, Net of Uncollectibles, \$61,362	687,478
Intergovernmental receivables	727,242
Accounts receivable - Net	133,502
Other receivables	70,244
Prepaid items	191,828
Advances to other funds	5,667
Capital Assets,	
Land and Construction in Progress	2,222,635
Other Capital Assets - net	45,009,970
<b>Total Assets</b>	<u>59,317,183</u>
<b>LIABILITIES</b>	
Claims payable	574,566
Intergovernmental payables	366,919
Accrued interest payable	81,743
Deferred revenue	4,620,941
Long-Term Liabilities	
Due within one year:	
Capital related debt	919,615
Non-capital debt	496,761
Due in more than one year:	
Capital related debt	4,736,105
Non-capital debt	253,239
<b>Total Liabilities</b>	<u>12,049,889</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	41,576,885
Restricted Net Assets:	
General government	208,227
Debt service	270,809
Public safety	312,463
Public works	1,143,152
Culture and recreation	4,861
Economic development	5,185
Capital projects	11,821
Unrestricted	3,733,891
<b>Total Net Assets</b>	<u>\$ 47,267,294</u>

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, 2008

Exhibit 2

Functions/Programs	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
					Governmental Activities
					Total
Primary Government					
Governmental Activities:					
General government	\$ 3,722,783	800,200			(2,922,583)
Public safety	2,705,572	624,646	19,100		(2,061,826)
Public works	4,650,204	1,102,360	798,644	880,800	(1,868,400)
Health and welfare	520,919				(520,919)
Culture and recreation	651,291				(651,291)
Conservation of natural resources	154,568				(154,568)
Economic development and assistance	552,378		52,589		(499,789)
Interest on long-term debt	201,125			422,445	221,320
Total Governmental Activities	<u>\$ 13,158,840</u>	<u>2,527,206</u>	<u>870,333</u>	<u>1,303,245</u>	<u>(8,458,056)</u>
General Revenues:					
Taxes:					
Property Taxes					5,802,571
Road and bridge privilege taxes					417,922
Grants and contributions not restricted to specific programs					1,322,098
Unrestricted interest income					281,758
Gain on Sale of Capital Assets					10,279
Miscellaneous					182,129
Total General Revenues					<u>8,016,757</u>
Change in Net Assets					<u>(441,299)</u>
Net Assets- Beginning					47,784,259
Prior Period Adjustment-Note 17					(75,666)
Net Assets - Beginning as restated					<u>47,708,593</u>
Net Assets - Ending					<u>\$ 47,267,294</u>

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

ALCORN COUNTY, MISSISSIPPI  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

Exhibit 3

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Garbage and Solid Waste		
<b>ASSETS</b>				
Cash	\$ 1,113,930	-	1,872,440	2,986,370
Investments	2,654,458	-	-	2,654,458
Interest Receivables	6,848	-	-	6,848
Property tax receivables	2,356,750	431,123	1,833,068	4,620,941
Fine receivables, Net of uncollectibles of \$61,362	687,478	-	-	687,478
Intergovernmental receivables	483,129	-	244,113	727,242
Accounts receivable - Net	-	133,502	-	133,502
Other receivables	25,288	-	44,956	70,244
Due from other funds	-	13,187	242,537	255,724
Advances to other funds	19,768	-	-	19,768
<b>Total Assets</b>	<b>\$ 7,347,649</b>	<b>577,812</b>	<b>4,237,114</b>	<b>12,162,575</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Claims payable	\$ 154,470	295,643	124,453	574,566
Intergovernmental payables	366,919	-	-	366,919
Due to other funds	95,724	160,000	-	255,724
Advances from other funds	-	12,535	1,566	14,101
Deferred revenue	3,044,228	431,123	1,833,068	5,308,419
<b>Total Liabilities</b>	<b>3,661,341</b>	<b>899,301</b>	<b>1,959,087</b>	<b>6,519,729</b>
<b>FUND BALANCES</b>				
Reserved for:				
Debt Service	-	-	270,829	270,829
Advances	19,768	-	-	19,768
Unreserved:				
General funds	3,666,540	-	-	3,666,540
Special revenue funds	-	(321,489)	1,995,377	1,673,888
Capital project funds	-	-	11,821	11,821
<b>Total Fund Balances</b>	<b>3,686,308</b>	<b>(321,489)</b>	<b>2,278,027</b>	<b>5,642,846</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,347,649</b>	<b>577,812</b>	<b>4,237,114</b>	<b>12,162,575</b>

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

**ALCORN COUNTY, MISSISSIPPI  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008**

**EXHIBIT 3-1**

	<u>Amount</u>
Total Fund Balance- Governmental Funds	\$ 5,642,846
Amounts reported for governmental services in the Statement of Net Assets (Exhibit 1)	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, \$120,837,991, net of depreciation of \$73,605,386	47,232,605
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	687,478
Prepaid insurance	116,600
Long-term liabilities are not due and payable in the current-period and therefore, are not reported in the funds.	(6,405,720)
Bond issuance cost are deferred in the Statement of Net Assets and are amortized over the term of the bonds.	75,228
Accrued interest is not due and payable in the current-period and, therefore is not reported in the funds	<u>(81,743)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 47,267,294</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, 2008

EXHIBIT 4

	Major Funds		Other	Total
	General Fund	Garbage and Solid Waste	Governmental Fund	Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 3,032,377	533,086	2,237,108	5,802,571
Road and bridge taxes	-	-	417,922	417,922
Licenses, commissions and other revenue	352,138	-	61,590	413,728
Fines and forfeitures	369,033	-	11,262	380,295
Intergovernmental revenues	1,262,402	13,457	2,219,817	3,495,676
Charges for services	299,092	1,102,360	386,472	1,787,924
Interest income	203,598	-	78,160	281,758
Miscellaneous	109,709	461	24,922	135,092
<b>Total Revenues</b>	<b>5,628,349</b>	<b>1,649,364</b>	<b>5,437,253</b>	<b>12,714,966</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,857,997	-	251,988	4,109,985
Public Safety	2,078,337	-	610,745	2,689,082
Public works	101,048	1,903,867	3,717,714	5,722,629
Health and welfare	423,786	-	35,133	458,919
Culture and recreation	287,534	-	247,335	534,869
Conservation of natural resources	154,568	-	-	154,568
Economic development and assistance	33,481	-	510,497	543,978
Debt Service:				
Principal	65,512	45,753	1,294,079	1,405,344
Interest	8,872	3,931	192,238	205,041
<b>Total Expenditures</b>	<b>7,011,135</b>	<b>1,953,551</b>	<b>6,859,729</b>	<b>15,824,415</b>
<b>Excess (deficiency) of Revenues over (under) expenditures</b>	<b>(1,382,786)</b>	<b>(304,187)</b>	<b>(1,422,476)</b>	<b>(3,109,449)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long term capital debt issued	544,950	15,602	534,294	1,094,846
Long term non-capital debt issued	-	-	500,000	500,000
Compensation for loss of assets	28,774	-	18,263	47,037
Proceeds from sale of capital assets	-	-	78,007	78,007
Transfers in	11,720	492,704	635,260	1,139,684
Transfers out	(921,502)	-	(218,182)	(1,139,684)
<b>Total other financing sources and uses</b>	<b>(336,058)</b>	<b>508,306</b>	<b>1,547,642</b>	<b>1,719,890</b>
<b>Net change in fund balance</b>	<b>(1,718,844)</b>	<b>204,119</b>	<b>125,166</b>	<b>(1,389,559)</b>
<b>Fund Balances - Beginning</b>	<b>5,405,152</b>	<b>(525,608)</b>	<b>2,218,744</b>	<b>7,098,288</b>
<b>Prior Period Adjustment - Note 17</b>	<b>-</b>	<b>-</b>	<b>(65,883)</b>	<b>(65,883)</b>
<b>Fund Balances - Beginning as Restated</b>	<b>5,405,152</b>	<b>(525,608)</b>	<b>2,152,861</b>	<b>7,032,405</b>
<b>Fund Balances - Ending</b>	<b>\$ 3,686,308</b>	<b>(321,489)</b>	<b>2,278,027</b>	<b>5,642,846</b>

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

ALCORN COUNTY, MISSISSIPPI  
**RECONCILIATIONS OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 SEPTEMBER 30, 2008**

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (1,389,559)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$2,097,031 exceeded depreciation of \$835,608 in the current period.	1,261,423
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$10,279 and proceeds from the sale of \$78,007 in the current period.	(67,728)
Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(54,741)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds \$1,594,846 exceeds debt repayments \$1,405,344.	(189,502)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
The amount of increase in prepaid insurance.	2,415
The amount of decrease in accrued interest payable.	3,916
Amortization of bond issuance cost.	(7,523)
Change in Net Assets of Governmental Activities	<u>\$ (441,299)</u>

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

**ALCORN COUNTY, MISSISSIPPI  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
SEPTEMBER 30, 2008**

**EXHIBIT 5**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 87,621
Advance to other funds	12,535
<b>Total Assets</b>	<u>100,156</u>
<b>LIABILITIES</b>	
Claims Payable	215
Intergovernmental payable	81,739
Advance from other funds	18,202
<b>Total Liabilities</b>	<u>\$ 100,156</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, 2008**

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 unit which has significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Alcorn County Human Resource Agency

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

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

B. Basis of Presentation

The county's basic financial statements consist of Government-Wide Statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. 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.

The Statement of Net Assets presents the financial condition of the governmental 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. 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 for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

1. Significant Accounting Policies - continued

B. Basis of Presentation - continued

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting

The Government-Wide 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 revenue is 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.

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 sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

**General Fund** – This fund is used to account for all activities of the general government for which a separate fund has not been established.

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

Additionally, the county reports the following fund types:

**GOVERNMENTAL FUND TYPES**

**Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

**Debt Service Funds** – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

1. Significant Accounting Policies - continued

C. Measurement Focus and Basis of Accounting - continued

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds issues and federal grants.

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 2005 by the Government Finance Officers Association.

E. Deposits and Investments

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

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

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 fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

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.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

I. Significant Accounting Policies - continued

I. Capital Assets

Governmental accounting and financial reporting standards require governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980 are reported on the government wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure 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 activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets used to report capital assets in the government-wide statements. 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.

	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.

J. 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.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

1. Significant Accounting Policies – continued

J. Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

K. Equity Classifications

Government-wide Financial Statements:

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

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

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

Unrestricted net assets – All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

L. 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.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

1. Significant Accounting Policies - continued

L. Property Tax Revenues - continued

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

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

M. 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.

2. Deposits and Investments

Deposits

The carrying amount of the county's total deposits with financial institutions at September 30, 2008, was \$5,728,449 and the bank balance was \$6,053,005. 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 Depository Insurance Corporation.

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

Investments

Investments balances at September 30, 2008, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of Deposit	1 Year	\$2,654,458	Not Rated

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

2. Deposits and Investments – continued

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

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

**Custodial Credit Risk – Investments.** Custodial credit risk is the risk that in the event of the failure of the counterparty the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk.

3. Interfund Transfers and Balances

The following is a summary of interfund balances at September 30, 2008:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
<b>Major Funds:</b>			
Garbage and Landfill Fund	General Fund	13,187	Unsettled Taxes
Total Major Funds		<u>13,187</u>	
<b>Nonmajor Governmental Funds</b>			
Other Governmental	General Fund	82,537	Unsettled Taxes
Other Governmental	Garbage and Landfill Fund	160,000	Temporary Loan
Total Non-maajor Governmental Funds		<u>242,537</u>	
Total All Fund Types		<u>\$ 255,724</u>	

The receivables represent the tax revenue collected but not settled until October, 2008, and temporary loan 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>	
<b>Major Funds:</b>			
General Fund	Fiduciary Fund	\$ 18,202	Loans for operations
General Fund	Other Governmental	1,566	Loan for Operation
Total Major Funds		<u>19,768</u>	
<b>Other Funds:</b>			
Fiduciary Funds	Garbage and Landfill Fund	12,535	Too much transferred
Total Other Funds		<u>12,535</u>	to payroll fund and
Total All Fund Types		<u>\$ 32,303</u>	not repaid.

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, 2008**

C. Transfers In/Out

	Transfer In	Transfer Out	
Major Funds			
General Fund	\$ 11,720	\$ 921,502	Transfer to cover expenditures.
Garbage and Solid Waste	492,704	-	Transfer to cover expenditures
Other Governmental Funds	635,260	218,182	Transfer to cover expenditures
Total	\$ 1,139,684	\$ 1,139,684	
Operating Transfers			

4. Intergovernmental Receivables

Intergovernmental receivables at September 30, 2008 consisted of the following:

Governmental Activities:

Description	Amount
State Tax Commission TVA in Lieu	\$ 239,127
Legislature Tax Credit	161,950
Due From State	144,114
Other	182,051
Total Governmental Activities	\$ 727,242

5. Operating Leases

As Lessor:

The county receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$2,634 for the year ended September 30, 2008. The future minimum leases receivables for this lease is as follows:

Year Ended September 30	Amount
2009	\$ 31,612
2010	31,612
2011	31,612
2012	31,612
2013	31,612
2014-2018	158,060
2019-2023	158,060
2024-2028	155,428
Total Minimum Payments Required	\$ 629,608

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

6. Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2008:

Governmental activities:

	Balance Oct. 1, 2007	Additions	Deletions	Completions/ Adjustments	Balance Sept. 30, 2008
<u>Non-depreciable capital assets:</u>					
Land	\$ 703,783	55,000	-	-	758,783
Construction in progress	281,577	1,182,275	-	-	1,463,852
Total non-depreciable capital assets	<u>985,360</u>	<u>1,237,275</u>	<u>-</u>	<u>-</u>	<u>2,222,635</u>
<u>Depreciable capital assets:</u>					
Infrastructure	100,323,969	6,461	-	-	100,330,430
Buildings	12,976,747	420,000	-	-	13,396,747
Improvements other than buildings	248,578	28,158	-	-	276,736
Mobile equipment	2,574,951	121,382	106,628	116,398	2,706,103
Furniture and equipment	771,224	6,247	-	(113,653)	663,818
Lease property under capital leases	1,214,248	277,508	62,704	(187,530)	1,241,522
Total depreciable capital assets	<u>118,109,717</u>	<u>859,756</u>	<u>169,332</u>	<u>(184,785)</u>	<u>118,615,356</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	66,165,329	191,624	-	-	66,356,953
Buildings	3,763,201	264,428	-	-	4,027,629
Improvements other than buildings	43,348	11,073	-	-	54,421
Mobile equipment	2,046,320	121,791	66,916	38,207	2,139,402
Furniture and equipment	610,887	44,144	-	(110,983)	544,048
Leased property under capital leases	417,299	202,548	34,688	(102,226)	482,933
Total accumulated depreciation	<u>73,046,384</u>	<u>835,608</u>	<u>101,604</u>	<u>(175,002)</u>	<u>73,605,386</u>
Total depreciable capital assets, net	<u>45,063,333</u>	<u>24,148</u>	<u>67,728</u>	<u>(9,783)</u>	<u>45,009,970</u>
Governmental activities capital assets, net	<u>\$ 46,048,693</u>	<u>1,261,423</u>	<u>67,728</u>	<u>(9,783)</u>	<u>47,232,605</u>

Adjustments consist of \$9,783 net to remove assets not located at January 2008 inventory. \$85,304 of leased equipment net of accumulated depreciation, whose lease payments were complete, therefore the equipment was reclassified to mobile equipment.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

6. Capital Assets – Continued

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental Activities:</b>	
General government	\$ 105,850
Public safety	86,440
Public works	428,338
Health and welfare	62,000
Economic Development	8,400
Culture and recreation	144,580
 Total governmental activities depreciation expense	 \$ 835,608

Commitments with respect to unfinished capital project at September 30, 2008, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Kimberly Clark Access Road	\$ 13,000,000	2011

7. Capital Leases

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2008:

Class of Property	Governmental Activities
Mobile equipment	\$ 652,295
Other furniture and equipment	589,227
Total	1,241,522
Less: Accumulated depreciation	482,933
Leased Property Under Capital Leases	\$ 758,589

The following is a schedule by years of the total payments due as of September 30, 2008:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2009	\$ 270,912	24,127
2010	235,884	14,403
2011	205,571	5,668
2012	50,456	609
Total	\$ 762,823	44,807

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

8. Long-Term Debt

Debt outstanding as of September 30, 2008, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
<b>A. General Obligation Bonds:</b>			
Public Buildings Refunding Bonds - Series 2005	\$ 3,545,000	3.375% - 4.25%	11-17
Total General Obligation Bonds	<u>\$ 3,545,000</u>		
<b>B. Capital Leases:</b>			
1996 Volvo Dump Truck	\$ 5,625	4.249%	09-09
Case Backhoe	6,556	4.370%	06-09
2 2007 Mack Dump Trucks	115,560	4.140%	08-11
15 Diebold Voting Machines	33,936	4.220%	11-11
15 Diebold Voting Machines	33,003	4.280%	6-11
IBM AS 400 Computer	75,177	4.260%	9-11
2 - 2008 Crown Victoria	35,531	4.150%	1-11
Backhoe Trailer	4,993	3.100%	3-12
JD 6415 Tractor & Cutter	20,636	2.860%	1-11
2008 Ford F-350	29,091	4.390%	07-10
2000 Mack Truck	4,902	3.350%	8-12
Massey Ferguson Tractor	16,746	4.120%	12-10
Trail King Trailer	14,010	4.340%	05-10
2000 Mack Truck	44,496	4.400%	07-11
Massey Ferguson Tractor	21,370	4.010%	4-11
2005 Chevy Pickup	12,498	2.860%	2-12
2008 Komatsu Backhoe	49,697	3.030%	3-12
2 - 5460 MF Tractor & Mowers	74,732	4.010%	4-12
2007 Chevy Pickup	15,071	3.030%	3-12
2002 Volvo Truck	21,567	3.380%	4-11
2004 Komatsu 530A Motorgrader	37,278	3.570%	09-11
2008 Ford Ton truck	27,252	3.030%	5-12
Computer System	15,226	3.540%	03-10
2005 Ford Truck	3,497	3.580%	04-09
JD 6415 Tractor	7,506	3.960%	06-09
JD 6415 Tractor	7,360	3.740%	09-09
2008 Ford Pickup.	29,507	3.125%	7-12
Total Capital Leases	<u>\$ 762,823</u>		
<b>C. Other Loans:</b>			
Road Construction & Repair	\$ 500,000	2.640%	4/10/2010
SouthWest Fire Dept Truck	16,864	2.000%	10/1/2015
Road Construction & Repair	250,000	4.050%	3/15/2009
MDA/Final Touch	473,553	3.000%	8/1/2028
Extension Building	502,480	4.020%	4/12/2012
Kimberly Clark Road	300,000	3.140%	4/1/2010
County Wide Note	35,000	4.080%	10/7/2008
County Wide Note	20,000	2.850%	2/4/2009
Total Other Loans	<u>\$ 2,097,897</u>		

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

8. Long-Term Debt – continued

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

Year Ending September 30,	General Obligation Bonds	
	Principal	Interest
2009	\$ 295,000	131,194
2010	305,000	120,691
2011	320,000	109,518
2012	330,000	97,652
2013	340,000	85,172
2014-2018	1,955,000	208,549
Total	\$ 3,545,000	752,776

Year Ending September 30,	Other Loans	
	Principal	Interest
2009	\$ 850,464	66,278
2010	552,587	40,476
2011	150,012	23,391
2012	145,153	17,349
2013	19,894	11,718
2014-2018	108,922	49,139
2019-2023	126,525	31,535
2024-2028	144,340	11,087
Total	\$ 2,097,897	250,973

Legal Debt Margin – The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2008, the amount of outstanding debt was equal to 2.47% of the latest property assessment.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2008:

	Balance Oct 1, 2007	Additions	Reductions	Balance Sept 30, 2008	Amount due within one year
Governmental Activities:					
General obligations bonds	\$ 3,825,000	-	280,000	3,545,000	295,000
Capital leases	829,713	264,846	331,736	762,823	270,912
Other loans	1,561,505	1,330,000	793,608	2,097,897	850,464
Total	\$ 6,216,218	1,594,846	1,405,344	6,405,720	1,416,376

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Prior-Year Defeasance of Debt—In prior years, the county defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. On September 30, 2008, \$3,440,000 of bonds outstanding were considered defeased.

9. 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, 2008	Alcorn County Share
Hospital revenue refunding bonds 1998	\$ 11,335,000	\$ 6,234,250
Hospital revenue refunding bonds 2006A	35,000,000	19,250,000
Hospital revenue refunding bonds 2006B	5,190,000	2,854,500
Total	\$ 51,525,000	\$ 28,338,750

10. 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.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

11. Deficit Fund Balance

The following funds had a deficit balance at September 30, 2008:

Major Fund	
Garbage and Landfill Fund	\$ 321,489
Other Governmental:	
Youth Court Grant	\$ 1,565
	\$ 1,565

All funds except for Garbage and Landfill Fund had expenditures that should have been paid out of General County. These funds were reimbursed in Fiscal Year 2009.

12. 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 \$56,111 for the maintenance and support of the commission in the fiscal year 2008.

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 2008.

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 \$970,786 in taxes for maintenance and support of the college in fiscal year 2008.

13. 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 \$131,368. 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 appropriated \$264,911 for the operation of the entity during the 2008 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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

of Corinth, two; jointly, one. Alcorn County provided \$100,000 for the operation of the entity during the 2008 fiscal year. Complete financial statements for the Corinth-Alcorn County Airport can be obtained from Corinth-Alcorn County Airport, Route 1, Box 91, 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 \$35,133 for the 2008 fiscal year. Complete financial statements for the Magnolia Hospital can be obtained from Magnolia Hospital, 611 Alcorn Drive, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 55-9-1, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Recreational Commission. The joint venture was created to provide recreational opportunities for the area, and is governed by a five-member board. Each entity appoints two of the five board members and the fifth is jointly appointed. Alcorn County provided \$247,335 for the 2008 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.

14. **Defined Benefit Pension Plan**

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

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The current rate is 11.85% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2008, 2007, and 2006, were \$447,158, \$446,895, and \$369,213, respectively, equal to the required contributions for each year.

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

15. Subsequent Events:

Subsequent to September 30, 2008, Alcorn County issued the following debt obligations:

<u>Date</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
	<b>Lease Purchase</b>		
2/2/2009	Bushhog	2.85%	\$ 6,414
2/23/2009	Bushhog	2.85%	18,484
4/6/2009	3 Garbage Trucks	2.69%	373,338
5/15/2009	6430 John Deere Tractor	2.79%	50,750
	<b>Notes</b>		
4/6/2009	County Wide Road Construction Note	2.64%	500,000

The county terminated the garbage collection contract with Waste Management effective June 30, 2009, and took over the operations of garbage collection on July 1, 2009. Alcorn County anticipates a monthly savings of approximately \$30,000 per month.

16. 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, 2008, to January 1, 2009. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

17. Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

<u>Explanation</u>	<u>Exhibit 2 Statement of Activities</u>	<u>Exhibit 4 Statement of Revenues Expenditures &amp; Changes in Fund Balances</u>
Correction of error in capital assets.	\$ (9,783)	\$ -
Correct error in recording receivables from industry in prior year	(65,883)	(65,883)
Total prior period adjustments	<u>\$ (75,666)</u>	<u>\$ (65,883)</u>

**ALCORN COUNTY, MISSISSIPPI  
 BUDGETARY COMPARISON SCHEDULE -  
 BUDGET AND ACTUAL (NON-GAAP BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,662,444	3,039,533	3,039,533	-
Licenses, commissions and other revenue	292,097	344,234	344,234	-
Fines and forfeitures	307,819	363,780	363,780	-
Intergovernmental revenues	1,126,230	1,245,469	1,232,994	(12,475)
Charges for services	271,337	305,813	305,813	-
Interest income	75,363	303,367	310,006	6,639
Miscellaneous revenues	39,308	598,818	563,404	(35,414)
<b>Total Revenues</b>	<u>5,774,598</u>	<u>6,201,014</u>	<u>6,159,764</u>	<u>(41,250)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,042,601	3,756,997	3,757,733	(736)
Public safety	1,598,232	2,080,615	2,080,615	-
Public works	100,000	101,048	101,048	-
Health and welfare	416,404	421,184	421,184	-
Culture and recreation	281,348	289,183	289,183	-
Conservation of natural resources	144,752	153,031	153,031	-
Economic development and assistance	34,484	33,481	33,481	-
Principal & interest	62,787	74,384	74,384	-
<b>Total Expenditures</b>	<u>5,680,608</u>	<u>6,909,923</u>	<u>6,910,659</u>	<u>(736)</u>
<b>Excess (deficiency) of Revenues over (under) expenditures</b>	<u>93,990</u>	<u>(708,909)</u>	<u>(750,895)</u>	<u>(41,986)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Capital Debt	-	69,950	69,950	-
Compensation for Loss of Capital Asset	-	-	28,774	28,774
Sale of Asset	-	-	-	-
Transfers in	-	6,027,363	6,027,363	-
Transfers out	-	(4,527,299)	(6,948,065)	(2,420,766)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>1,570,014</u>	<u>(821,978)</u>	<u>(2,391,992)</u>
<b>Net change in fund balance</b>	<u>93,990</u>	<u>861,105</u>	<u>(1,572,873)</u>	<u>(2,433,978)</u>
<b>Fund Balances - Beginning</b>	<u>-</u>	<u>5,405,152</u>	<u>5,405,152</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 93,990</u>	<u>6,266,257</u>	<u>3,832,279</u>	<u>(2,433,978)</u>

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

ALCORN COUNTY, MISSISSIPPI  
 BUDGETARY COMPARISON SCHEDULE-  
 BUDGET AND ACTUAL (NON-GAAP BASIS)  
 GARBAGE AND SOLID WASTE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Financial Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 472,957	529,484	529,484	-
Intergovernmental Revenue	-	13,458	13,458	-
Charges for services	1,350,057	1,071,893	1,071,893	-
Interest Income	1,400	-	-	-
Miscellaneous revenues	-	461	461	-
<b>Total Revenues</b>	<u>1,824,414</u>	<u>1,615,296</u>	<u>1,615,296</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Public works	1,824,414	1,924,180	1,924,180	-
Debt Service:				
Principal	-	49,684	45,795	3,889
Interest	-	-	3,889	(3,889)
<b>Total Expenditures</b>	<u>1,824,414</u>	<u>1,973,864</u>	<u>1,973,864</u>	<u>-</u>
<b>Excess (deficiency) of Revenues over (under) expenditures</b>	<u>-</u>	<u>(358,568)</u>	<u>(358,568)</u>	<u>-</u>
<b>Other Financing Sources</b>				
Transfers In	-	492,704	492,704	-
Net change in fund balance	-	134,136	134,136	-
Fund Balances - Beginning	-	(593,479)	(593,479)	-
Fund Balances - Ending	<u>\$ -</u>	<u>(459,343)</u>	<u>(459,343)</u>	<u>-</u>

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

**ALCORN COUNTY, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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).

**ALCORN COUNTY, MISSISSIPPI  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Budget/GAAP Reconciliation - continued

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)	\$ (1,572,873)	134,136
Increase (Decrease)		
Net adjustments for revenue accruals	(531,415)	(15,367)
Net adjustments for expenditures accruals	100,476	(85,350)
Net adjustment for other financing sources (uses)	485,920	-
GAAP Basis	<u>\$ (1,718,844)</u>	<u>204,119</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, 2008:

<u>Fund</u>	<u>Excess</u>
General Fund	<u>\$ 736</u>

The funds listed above are in violation of Section 9-11-17, Miss. Code Ann. (1972). However, the county has no liability associated with these violations.



Certified Public Accountants  
Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA  
Terry E. Cartwright, CPA  
Christopher D. Murphy, CPA

106 South First Street  
Post Office Box 540  
Booneville, Mississippi 38829  
Telephone (662) 728-6172  
Fax (662) 728-6176

**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 the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the county's basic financial statements and have issued our report thereon dated February 22, 2010. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit 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 unit. 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 United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as findings 2008-1, 2, 3, and 4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county' internal control.

Our consideration of the internal control over financial reporting was for limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1, 2, 3, and 4 to be material weaknesses.

#### Compliance and Other Matters

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

However, we noted certain instances of noncompliance which we have reported to the management of Alcorn County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated February 22, 2010, included within this document,

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

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

*Brauner, Vanotary & Co. P.A.*

February 22, 2010  
Booneville, Mississippi



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

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

Members of the Board of Supervisors
Alcorn County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Alcorn County, Mississippi, as of and for the year ended September 30, 2008. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures, as we considered necessary in the circumstances.

The Board of Supervisors of Alcorn County, Mississippi, is responsible for establishing and maintaining a central purchasing system and an inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). 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 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 finding 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 - This will be corrected as soon as possible.

Purchase Clerk.

- 2. Finding - When testing expenditures, two purchases of culverts were found that were made from an alternate bidder instead of the low bidder. There was no documentation found in the board minutes to justify the use of the alternate bidder. These purchases were not in accordance with Section 31-7-105 of the Miss. Code Ann. (1972).

Recommendation – All purchases should be made from the accepted low bidders. If the low bidder is unable to provide the items being purchase, then the use of an alternate bidder should be spread upon the board minutes.

Response – I will comply with this recommendation.

3. Finding – When testing expenditures, a purchase of cold mix was found that was from a vendor other than the low bidder. This purchase was not in accordance with Section 31-7-105 of the Miss. Code Ann. (1972).

Recommendation – All purchases should be made from the accepted low bidder. If the low bidder is unable to provide the items needed, then the use of an alternate vendor should spread upon the board minutes.

Response – I will comply with this recommendation.

4. Finding – When testing expenditures, two purchased of gravel were found that exceeded the vendor's bid amount by \$10 per load. This caused the county to pay \$280 more than the bid price for the gravel. This purchase was not in accordance with Section 31-7-105 of the Miss. Code Ann. (1972).

Recommendation – The County should verify that the amount that a vendor bills the county for gravel agrees with the bid price that the vendor submitted to the county and was accepted by the county.

Response – I will comply with this recommendation.

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

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

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

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

*Bochner, Vansteyn & Co. P.A.*

February 22, 2010  
Booneville, Mississippi

Schedule 1

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES NOT MADE  
FROM THE LOWEST BIDDER  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
3/5/2008	Komatsu Backhoe	\$ 56,370	Power Equipment	\$ 55,750	Resale value of Komatsu compared to New Holland would be \$10,000 higher. Service and parts for Komatsu would be 100 miles closer to county.

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF EMERGENCY PURCHASES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
2/4/2008	Phone System	\$ 6,247	The Phone Booth	Phone System Crashed

Schedule 3

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY  
FROM A SOLE SOURCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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



**Certified Public Accountants**  
**Locations in Corinth, MS & Booneville, MS**

Lou Ann D. Counce, CPA  
Terry E. Cartwright, CPA  
Christopher D. Murphy, CPA

106 South First Street  
Post Office Box 540  
Booneville, Mississippi 38829  
Telephone (662) 728-6172  
Fax (662) 728-6176

## **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, 2008, 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 February 22, 2010 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 – Three funds had deficit fund balances at year end (see Note 11).

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 that funds do not have a negative balance.

2. Finding – Section 19-11-19, Miss. Code Ann.(1972) gives the board authority to amend budgets. The General Fund was not amended to cover all expenditures of the year. Expenditures exceeded budgeted amounts by \$736.

Recommendation – Care should be taken in amending the budget to insure that all expenditures are budgeted.

Response:

We will monitor the funds to insure when budgets are required to be amended that amendments are made in the correct amount.

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.

*Braun, Vanstey - Co. P.A.*

February 22, 2010  
Booneville, Mississippi

**ALCORN COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2008**

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

**Financial Statements:**

<p><b>1. Type of Auditor's report issued on the financial statements:</b>              Governmental Activities              Governmental Funds              Aggregate Discretely Presented Component Units</p>	<p><b>Unqualified Unqualified Adverse</b></p>
<p><b>2. Material noncompliance related to the government financial statements?</b></p>	<p><b>No</b></p>
<p><b>3. Internal control over financial reporting:</b></p>	
<p>    <b>a. Material weakness identified?</b></p>	<p><b>Yes</b></p>
<p>    <b>b. Significant deficiency identified that is not considered to be a material weakness?</b></p>	<p><b>No</b></p>

**Financial Statements Findings**

**Chancery Clerk**

**Significant Deficiency – Material Weakness**

**2008-1 Finding**

Inadequate controls exist in the payroll functions as reported in the prior fiscal years.

**Recommendation**

The Chancery Clerk should implement an adequate system of internal control over the county payroll function. An adequate system should include the following control features:

- a. Current election forms for insurance and cafeteria plans should be placed in the personnel files.
- b. A copy of the order approving the pay rate or a book and page reference to the pay rate being approved should be noted in the personnel files.

**Chancery Clerk's Response**

- a. Will be corrected.
- b. Will be corrected.

**Board of Supervisors**

**Significant Deficiency – Material Weakness**

**2008-2 Finding**

The Board of Supervisors should strengthen internal controls to insure that all assets are recorded and safeguarded. The Board should have internal controls and policies in place to account for all assets

Recommendation

Expenditures should be reviewed to insure that all capital assets are included in Capital Asset Listing and that no assets are unrecorded.

Board of Supervisors' Response

The Board will strengthen internal controls.

**Significant Deficiency – Material Weakness**

**2008-3 Finding**

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

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.

**Significant Deficiency – Material Weakness**

**2008-4 Finding**

When testing expenditures, two claims were found that did not have sufficient documentation to support the expenditure.

Recommendation

We recommend that all claims have documentation to support the expenditure before it is placed on the claim docket for payment.

Response

Before claims are placed on claims docket, we will have all supporting documentation for the claim.