

ATTALA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2009

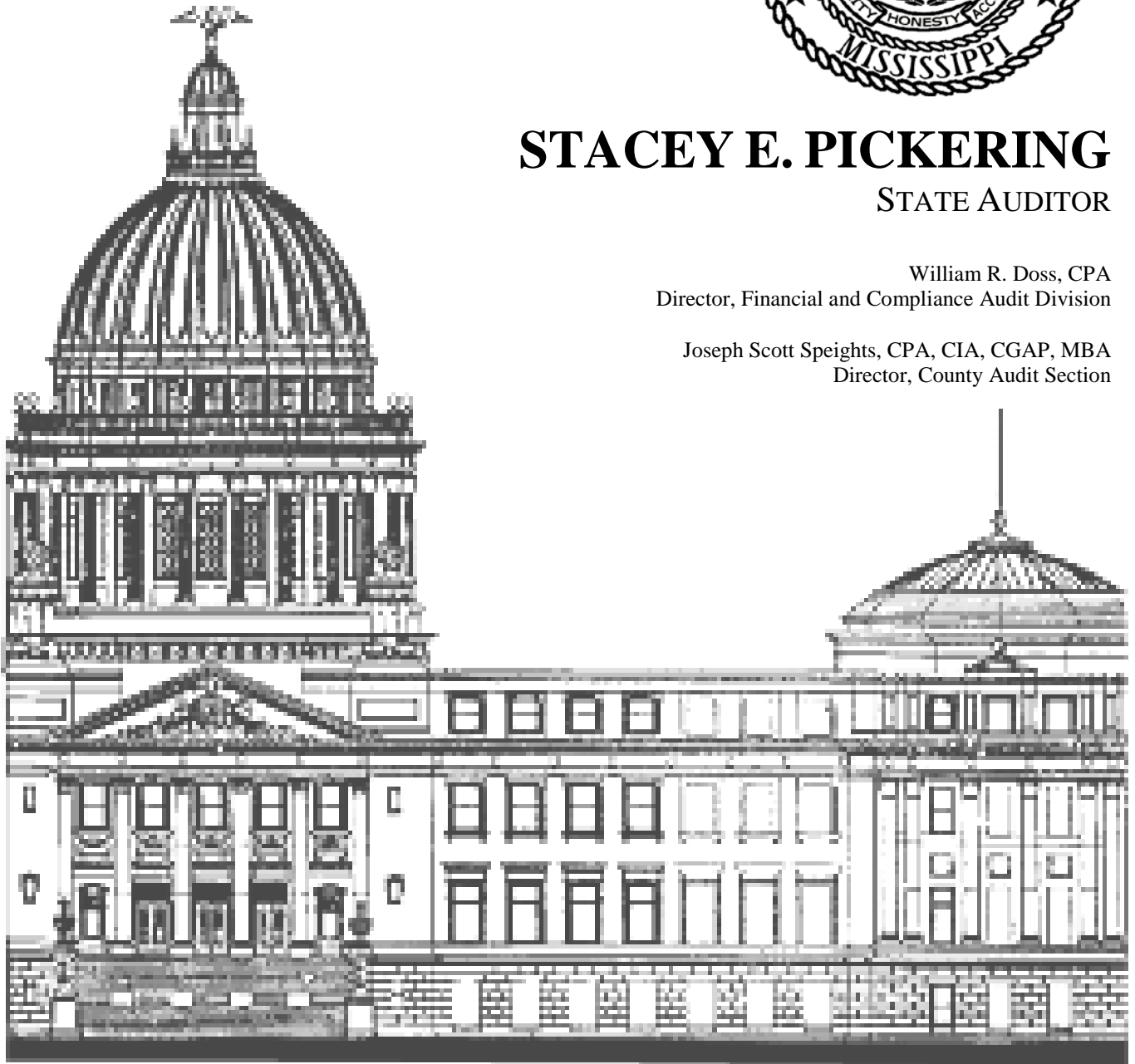


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

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A Report from the County Audit Section

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ATTALA COUNTY
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ATTALA COUNTY

FINANCIAL SECTION

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Attala County, Mississippi

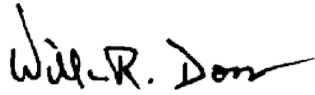
We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Attala County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements 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 did not audit the financial statements of Montfort Jones Memorial Hospital, a component unit, which represent 100 percent, of the assets, net assets, and revenues of the component unit column. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based on the report of the other auditor.

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 and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2009, 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 August 1, 2011, on our consideration of Attala 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.

The Management's Discussion and Analysis and 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 and the other auditor 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.

A handwritten signature in black ink that reads "Will-R. Dooss". The signature is written in a cursive style with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

August 1, 2011

ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

ATTALA COUNTY

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ATTALA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

This discussion and analysis of the Attala County, Mississippi financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2009. The MD&A should be read in conjunction with the accompanying financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the fiscal year 2009 by \$24,738,829 (net assets). Of this amount, \$4,603,103 is restricted for specific purposes. As required by GASB 34, net assets also reflect \$16,978,211 that is invested in capital assets net of related debt. The county also has unrestricted net assets of \$3,157,515.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$7,497,089; of which \$7,304,241 or 97% represents unreserved fund balances. The more significant components of unreserved fund balance are maintained in the General Fund as emergency reserves.
- The General Fund unreserved fund balance of \$2,385,613 equals 46% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

The Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Increases or decreases in net assets contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

ATTALA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintains twenty-nine individual governmental funds, twenty-six special revenue funds, two debt service funds and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and State Aid Road Fund which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget as a management control device during the year for all governmental funds. A budgetary comparison schedule (original versus final) has been provided for the General Fund and the State Aid Road Fund to demonstrate compliance with budget.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Of the County's total assets of \$32,967,580, the largest components are: 1) cash of \$7,860,160 or 24% and 2) capital assets net of accumulated depreciation of \$19,243,582 or 58%. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Out of the total liabilities of \$8,228,751 about \$6,356,909 are current liabilities.

The County's assets exceeded liabilities by \$24,738,829 at the close of the most recent fiscal year.

The County's net assets for fiscal years ended September 30, 2009 and 2008 are summarized as follows:

	Governmental Activities 2009	Governmental Activities 2008
	<hr/>	<hr/>
Current and other assets	\$ 13,723,998	13,617,240
Capital assets (net of depreciation)	19,243,582	17,659,476
Total assets	<hr/> 32,967,580	<hr/> 31,276,716
Current and other liabilities	6,356,909	6,520,054
Long-term liabilities	1,871,842	2,093,313
Total Liabilities	<hr/> 8,228,751	<hr/> 8,613,367
Net assets:		
Invested in capital assets, net of related debt	16,978,211	15,185,932
Restricted	4,603,103	4,703,692
Unrestricted	3,157,515	2,773,725
Total net assets	<hr/> \$ 24,738,829	<hr/> 22,663,349

ATTALA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

About 19% or \$4,603,103 of the County's net assets represents *restricted net assets* which are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The most significant portion \$16,978,211 of the County's net assets reflects its *investment in capital assets* (e.g. land, buildings, machinery, and equipment) net of related debt.

Governmental activities increased the County's net assets by \$2,075,480, including a prior period adjustment of \$4,000. The key components of this change are the following:

Attala County's Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Revenues:		
Net Program revenues:		
Charges for services	\$ 875,948	693,246
Operating grants and contributions	1,124,509	833,827
Capital grants and contributions	2,051,790	1,238,209
General revenues:		
Property taxes	5,790,753	5,135,802
Road and bridge privilege taxes	231,949	233,155
Grants and contributions not restricted	378,523	377,676
Unrestricted investments earnings	82,234	229,694
Gain on sale of capital assets		53,924
Miscellaneous	638,130	693,660
Total revenues	<u>11,173,836</u>	<u>9,489,193</u>
Expenses:		
General government	3,149,538	3,289,722
Public safety	1,970,669	1,601,471
Public works	3,171,626	3,028,836
Health and welfare	286,868	293,916
Culture and recreation	126,721	130,906
Conservation of natural resources	105,168	123,263
Economic development and assistance	168,196	169,261
Interest on long-term debt	123,570	125,447
Total expenses	<u>9,102,356</u>	<u>8,762,822</u>
Change in net assets	2,071,480	726,371
Net assets – beginning	22,663,349	21,936,978
Prior period adjustment	4,000	-
Net assets – ending	<u>\$ 24,738,829</u>	<u>22,663,349</u>

Key elements of the analysis of the government-wide revenues and expenses reflect the following:

- Program revenues of \$4,052,247 equaled 45% of government expenses of \$9,102,356. As expected, general revenues of \$7,121,589 provided the required support and coverage for expenses.

ATTALA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

The following table presents the cost of eight major county functional activities. General government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

	Total Expenses	Net(Expense) Revenue
FYE September 30, 2009:		
General government	\$ 3,149,538	(2,590,124)
Public safety	1,970,669	(1,553,122)
Public works	3,171,626	(131,254)
Health and welfare	286,868	(251,954)
Culture and recreation	126,721	(126,721)
Conservation of natural resources	105,168	(105,168)
Economic development and assistance	168,196	(168,196)
Interest on long-term liabilities	123,570	(123,570)
Total expenses	\$ 9,102,356	(5,050,109)
FYE September 30, 2008:		
General government	\$ 3,289,722	(2,956,223)
Public safety	1,601,471	(1,175,846)
Public works	3,028,836	(1,057,352)
Health and welfare	293,916	(259,424)
Culture and recreation	130,906	(130,906)
Conservation of natural resources	123,263	(123,263)
Economic development and assistance	169,261	(169,079)
Interest on long-term liabilities	125,447	(125,447)
Total expenses	\$ 8,762,822	(5,997,540)

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls have been the framework of the County's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General, Special Revenue and Debt Service Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,497,089, an increase of \$207,196 in comparison with the prior year. Approximately \$7,304,241 or 97% of the fund balance represents *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed; 1) to pay debt service \$145,907; and 2) a variety of other restricted purposes \$46,941.

ATTALA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,385,613. As a measure of the general fund's liquidity we compared the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 46% of total fund expenditures.

The fund balance of the County's general fund decreased by \$179,592, including a prior period adjustment of (\$412,393), during the current fiscal year.

The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function – Governmental Funds				
<u>Expenditures by Function</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
General government	\$ 3,120,951	3,310,977	(190,026)	(6)%
Public safety	1,910,589	1,708,213	202,376	12%
Public works	4,999,730	4,275,498	724,232	17%
Health and welfare	239,602	247,643	(8,041)	(3)%
Culture and recreation	107,293	111,478	(4,185)	(4)%
Conservation of natural resources	105,168	123,263	(18,095)	(15)%
Economic development and assistance	105,638	106,703	(1,065)	(1)%
Debt service – principal	405,173	345,099	60,074	17%
Debt service – interest/fiscal fees	124,290	125,835	(1,545)	(1)%
Total	<u>\$ 11,118,434</u>	<u>10,354,709</u>	<u>763,725</u>	7%

Overall, total expenditures increased by 7%. The primary increases occurred in public works expenditures 17% and debt service expenditures 17%. There was an 15% decrease in conservation of natural resource expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, the county revised the annual operating budget.

A schedule showing the original and final budget amounts compared to the county's actual financial activity for the General Fund and each major special revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of September 30, 2009, the county's primary government total gross capital assets were \$29,247,598, including land, construction in progress, infrastructure, buildings, mobile equipment, leased property under capital leases, and furniture and equipment. This amount represents an increase of \$2,135,717 from the previous year. The increase is primarily due to an increase in infrastructure associated with state aid road projects. Total accumulated depreciation as of September 30, 2009, was \$10,004,016, and total depreciation expense for the year was \$816,732, resulting in total capital net assets of \$19,243,582.

Additional information on the county's capital assets can be found in the notes to the financial statements.

Debt Administration. At September 30, 2009, the county had \$2,265,371 in general obligation bonds and other long-term debt outstanding, of which \$393,529 is due within one year.

Additional information on the county's long-term debt can be found in the notes to the financial statements.

ATTALA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

CURRENT ISSUES

Attala County is financially stable. The county is proud of its community support.

The county has committed itself to financial excellence for many years. The county millage has not increased since 1994. In addition, the county system of financial planning, budgeting and internal financial controls are well regarded. The county plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Clerk of the Board of Supervisors – Attala County, 230 West Washington, Kosciusko, MS 39090.

ATTALA COUNTY

FINANCIAL STATEMENTS

ATTALA COUNTY

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ATTALA COUNTY
Statement of Net Assets
September 30, 2009

Exhibit 1

	Primary Government	Component
	Governmental Activities	Unit Montfort Jones Memorial Hospital
ASSETS		
Cash	\$ 7,860,160	1,074,339
Property tax receivable	5,304,437	
Accounts receivable (net of allowance for uncollectibles of \$3,343,815)		4,094,316
Fines receivable (net of allowance for uncollectibles of \$623,528)	263,937	
Intergovernmental receivables	244,289	
Other receivables	31,960	113,880
Deferred charges - bond issuance costs	19,215	
Inventories		178,453
Restricted assets		20,255,195
Capital assets:		
Land and construction in progress	2,817,072	524,796
Other capital assets, net	16,426,510	3,720,280
Total Assets	32,967,580	29,961,259
LIABILITIES		
Claims payable	367,219	1,201,080
Intergovernmental payables	216,422	
Accrued interest payable	19,623	
Deferred revenue	5,304,437	
Other payables	55,679	390,737
Long-term liabilities		
Due within one year:		
Capital debt	393,529	
Due in more than one year:		
Capital debt	1,871,842	
Total Liabilities	8,228,751	1,591,817
NET ASSETS		
Invested in capital assets, net of related debt	16,978,211	4,245,076
Restricted:		
Expendable:		
General government	898,960	
Debt service	126,284	
Public safety	140,533	
Public works	3,395,976	
Health and welfare	15,359	
Economic development	839	
Unemployment compensation	25,152	
Unrestricted	3,157,515	24,124,366
Total Net Assets	\$ 24,738,829	28,369,442

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

ATTALA COUNTY
Statement of Activities
For the Year Ended September 30, 2009

Exhibit 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Monfort Jones Memorial Hospital
Primary government:						
Governmental activities:						
General government	\$ 3,149,538	546,617	12,797		(2,590,124)	
Public safety	1,970,669	322,832	94,715		(1,553,122)	
Public works	3,171,626	6,499	982,083	2,051,790	(131,254)	
Health and welfare	286,868		34,914		(251,954)	
Culture and recreation	126,721				(126,721)	
Conservation of natural resources	105,168				(105,168)	
Economic development and assistance	168,196				(168,196)	
Interest on long-term debt	123,570				(123,570)	
Total Governmental Activities	<u>9,102,356</u>	<u>875,948</u>	<u>1,124,509</u>	<u>2,051,790</u>	<u>(5,050,109)</u>	
Total Primary Government	<u>9,102,356</u>	<u>875,948</u>	<u>1,124,509</u>	<u>2,051,790</u>	<u>(5,050,109)</u>	
Component unit:						
Montfort Jones Memorial Hospital	\$ <u>15,397,498</u>	<u>15,028,545</u>				<u>(368,953)</u>
Total Component Unit	<u>15,397,498</u>	<u>15,028,545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(368,953)</u>
General revenues:						
Property taxes				\$ 5,790,753		
Road & bridge privilege taxes				231,949		
Grants and contributions not restricted to specific programs				378,523		69,388
Unrestricted interest income				82,234		
Unrestricted investment income						711,312
Miscellaneous				638,130		79,925
Total General Revenues				<u>7,121,589</u>		<u>860,625</u>
Changes in Net Assets				<u>2,071,480</u>		<u>491,672</u>

ATTALA COUNTY
Statement of Activities
For the Year Ended September 30, 2009

Exhibit 2

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit Monfort Jones Memorial Hospital</u>
Net Assets - Beginning					22,663,349	27,877,770
Prior period adjustment					4,000	
Net Assets - Beginning, as restated					<u>22,667,349</u>	<u>27,877,770</u>
Net Assets - Ending					\$ <u>24,738,829</u>	<u>28,369,442</u>

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

ATTALA COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2009

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	State Aid Road Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 2,682,639	51,192	5,126,329	7,860,160
Property tax receivable	3,718,587		1,585,850	5,304,437
Fines receivable (net of allowance for uncollectibles of \$623,528)	263,937			263,937
Intergovernmental receivables	123,248	95,652	25,389	244,289
Other receivables	10,300		21,660	31,960
Due from other funds			39,262	39,262
Advances to other funds	21,789			21,789
Total Assets	\$ 6,820,500	146,844	6,798,490	13,765,834
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 119,211	146,844	101,164	367,219
Intergovernmental payables	216,422			216,422
Due to other funds	39,262			39,262
Advances from other funds			21,789	21,789
Deferred revenue	3,982,524		1,585,850	5,568,374
Other payables	55,679			55,679
Total Liabilities	4,413,098	146,844	1,708,803	6,268,745
Fund balances:				
Reserved for:				
Debt service			145,907	145,907
Advances	21,789			21,789
Unemployment compensation			25,152	25,152
Unreserved - undesignated, reported in:				
General Fund	2,385,613			2,385,613
Special Revenue Funds			4,918,628	4,918,628
Total Fund Balances	2,407,402	0	5,089,687	7,497,089
Total Liabilities and Fund Balances	\$ 6,820,500	146,844	6,798,490	13,765,834

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

ATTALA COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2009

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,497,089
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$10,004,016.	19,243,582
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	263,937
Unamortized bond issue costs	19,215
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,265,371)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(19,623)</u>
Total Net Assets - Governmental Activities	<u>\$ 24,738,829</u>

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

ATTALA COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2009

	Major Funds			Total Governmental Funds
	General Fund	State Aid Road Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 3,816,938		1,973,815	5,790,753
Road and bridge privilege taxes			231,949	231,949
Licenses, commissions and other revenue	284,888		7,358	292,246
Fines and forfeitures	225,362		13,023	238,385
Intergovernmental revenues	525,686	2,341,205	687,931	3,554,822
Charges for services	93,105		175,006	268,111
Interest income	44,967		37,267	82,234
Miscellaneous revenues	402,544		235,586	638,130
Total Revenues	<u>5,393,490</u>	<u>2,341,205</u>	<u>3,361,935</u>	<u>11,096,630</u>
EXPENDITURES				
Current:				
General government	2,812,082		308,869	3,120,951
Public safety	1,604,504		306,085	1,910,589
Public works	133,977	2,341,205	2,524,548	4,999,730
Health and welfare	239,602			239,602
Culture and recreation	107,293			107,293
Conservation of natural resources	105,168			105,168
Economic development and assistance	105,638			105,638
Debt service:				
Principal	37,945		367,228	405,173
Interest	2,356		121,934	124,290
Total Expenditures	<u>5,148,565</u>	<u>2,341,205</u>	<u>3,628,664</u>	<u>11,118,434</u>
Excess of Revenues over (under) Expenditures	<u>244,925</u>	<u>0</u>	<u>(266,729)</u>	<u>(21,804)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			197,000	197,000
Proceeds from sale of capital assets	1,250		30,750	32,000
Transfers in			57,426	57,426
Transfers out	(13,374)		(44,052)	(57,426)
Total Other Financing Sources and Uses	<u>(12,124)</u>	<u>0</u>	<u>241,124</u>	<u>229,000</u>
Net Changes in Fund Balances	<u>232,801</u>	<u>0</u>	<u>(25,605)</u>	<u>207,196</u>
Fund Balances - Beginning	2,586,994		4,702,899	7,289,893
Prior period adjustment	(412,393)		412,393	
Fund Balances - Beginning, as restated	<u>2,174,601</u>	<u>0</u>	<u>5,115,292</u>	<u>7,289,893</u>
Fund Balances - Ending	\$ <u>2,407,402</u>	<u>0</u>	<u>5,089,687</u>	<u>7,497,089</u>

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

ATTALA COUNTY

Exhibit 4-1

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, 2009

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 207,196
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 \$2,430,296 exceeded depreciation of \$816,732 in the current period.	1,613,564
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$1,458 and the proceeds from the sale of \$32,000 in the current period.	(33,458)
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.	77,206
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$405,173 exceeded debt proceeds of \$197,000.	208,173
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:	
Interest payable on long-term debt	720
Unamortized bond issue costs	<u>(1,921)</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,071,480</u>

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

ATTALA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2009

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>142,254</u>
Total Assets	\$ <u><u>142,254</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>142,254</u>
Total Liabilities	\$ <u><u>142,254</u></u>

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

ATTALA COUNTY

Notes to Financial Statement For the Year Ended September 30, 2009

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosure.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the following component unit of the county. It is reported in a separate column to emphasize that it is legally separate from the county. All of the members of the governing body of this component unit are appointed by the county Board of Supervisors.

Montfort Jones Memorial Hospital is a 71-bed acute care hospital located in Kosciusko, Mississippi. The hospital provides healthcare services primarily to residents of the region.

The discretely presented component unit is audited by an independent auditor, and its financial statements are issued under separate cover. The audited financial statements are available from Montfort Jones Memorial Hospital.

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. 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 primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

ATTALA COUNTY

Notes to Financial Statement For the Year Ended September 30, 2009

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 of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. 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.

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.

D. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (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.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 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.

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.

State Aid Road Fund – This fund is used to account for all state aid road activities of the county.

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 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.

ATTALA COUNTY

Notes to Financial Statement For the Year Ended September 30, 2009

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.

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. 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 governmental 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. The extent to which capital assets 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.

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Attala County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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. 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:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture 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 obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the life of the bonds using the straight-line method.

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 borrowings 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."

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

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.

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability 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) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
Prior period additions to capital assets, net of accumulated depreciation were left off of capital assets	\$ 4,000
Total prior period adjustment	<u>\$ 4,000</u>

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To reclassify the Reappraisal Fund from the General Fund to Other Governmental Funds	
General Fund	\$ (412,393)
Other Governmental Funds	<u>412,393</u>
Total prior period adjustments	<u><u>\$ 0</u></u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$8,002,414, and the bank balance was \$8,355,494. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2009:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General	\$ <u>39,262</u>

The receivables represent the tax revenue collected but not settled until October, 2009. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ <u>21,789</u>

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

The amount payable to the General Fund represents an amount transferred in a previous year to the Reappraisal Maintenance Fund to alleviate a cash deficit.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 13,374
Other Governmental Funds	Other Governmental Funds	<u>44,052</u>
Total		<u>\$ 57,426</u>

The principal purpose of the transfers from the General Fund to the Other Governmental Funds was for operating costs. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2009, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Amount due from State of MS - legislative tax credit due tax collector	\$ 67,372
Amount due from MS Department of Health and Human Services	3,009
Amount due from MS Department of Transportation - litter control program	24,525
Amount due from MS Department of Corrections – housing state inmates	14,480
Amount due from State of MS – heavy truck tags	11,655
Amount due from State of MS – gas tax	25,155
Amount due from State of MS – state aid road reimbursement	95,652
Miscellaneous	<u>2,441</u>
Total Governmental Activities	<u>\$ 244,289</u>

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2009:

Governmental Activities:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments *	Balance Sept. 30, 2009
<u>Non-depreciable capital assets:</u>					
Land	\$ 896,813				896,813
Construction in progress	1,138,516	2,051,790		(1,270,047)	1,920,259
Total non-depreciable capital assets	<u>2,035,329</u>	<u>2,051,790</u>	<u>0</u>	<u>(1,270,047)</u>	<u>2,817,072</u>
<u>Depreciable capital assets:</u>					
Infrastructure	8,975,829			1,270,047	10,245,876
Buildings	8,484,107				8,484,107
Mobile equipment	6,183,543	289,606	324,647	(137,000)	6,011,502
Furniture and equipment	159,035		9,932		149,103
Leased property under capital leases	1,274,038	88,900		177,000	1,539,938
Total depreciable capital assets	<u>25,076,552</u>	<u>378,506</u>	<u>334,579</u>	<u>1,310,047</u>	<u>26,430,526</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	990,022	247,256			1,237,278
Buildings	3,508,796	147,279			3,656,075
Mobile equipment	4,575,301	277,138	292,182	20,070	4,580,327
Furniture and equipment	102,782	12,743	8,939		106,586
Leased property under capital leases	275,504	132,316		15,930	423,750
Total accumulated depreciation	<u>9,452,405</u>	<u>816,732</u>	<u>301,121</u>	<u>36,000</u>	<u>10,004,016</u>
Total depreciable capital assets, net	<u>15,624,147</u>	<u>(438,226)</u>	<u>33,458</u>	<u>1,274,047</u>	<u>16,426,510</u>
Governmental activities capital assets, net	<u>\$ 17,659,476</u>	<u>1,613,564</u>	<u>33,458</u>	<u>4,000</u>	<u>19,243,582</u>

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

**Discretely Presented Component Unit:
Montfort Jones Memorial Hospital**

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
<u>Non-depreciable capital assets:</u>					
Land	\$ 245,274				245,274
Construction in progress		279,522			279,522
Total non-depreciable capital assets	<u>245,274</u>	<u>279,522</u>	<u>0</u>	<u>0</u>	<u>524,796</u>
<u>Depreciable capital assets:</u>					
Land Improvements	158,080				158,080
Buildings	3,157,286				3,157,286
Fixed equipment	948,546				948,546
Major Movable Equipment	5,614,330	470,703			6,085,033
Total depreciable capital assets	<u>9,878,242</u>	<u>470,703</u>	<u>0</u>	<u>0</u>	<u>10,348,945</u>
<u>Less accumulated depreciation for:</u>					
Land Improvements	141,315	8,290			149,605
Buildings	2,115,960	155,455			2,271,415
Fixed equipment	605,197	25,822			631,019
Major Movable equipment	3,155,687	420,939			3,576,626
Total accumulated depreciation	<u>6,018,159</u>	<u>610,506</u>	<u>0</u>	<u>0</u>	<u>6,628,665</u>
Total depreciable capital assets, net	<u>3,860,083</u>	<u>(139,803)</u>	<u>0</u>	<u>0</u>	<u>3,720,280</u>
Montfort Jones Memorial Hospital capital assets, net	<u>\$ 4,105,357</u>	<u>139,719</u>	<u>0</u>	<u>0</u>	<u>4,245,076</u>

*Adjustments represent reclassifications from construction in progress to infrastructure, reclassifications of mobile equipment to leased property under capital lease along with related accumulated depreciation due to county obtaining financing in the current year for an asset purchased in prior year and a prior period adjustment of \$4,000 for capital assets, net of accumulated depreciation left off prior year amounts.

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 26,666
Public safety	129,545
Public works	532,262
Health and welfare	46,273
Culture and recreation	19,428
Economic development	<u>62,558</u>
Total governmental activities depreciation expense	<u>\$ 816,732</u>

Commitments with respect to unfinished capital projects at September 30, 2009, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
State Aid Project #BR-004(16)B	\$ 217,845	September 30, 2010
State Aid Project #LSBP – 04(12)	191,577	September 30, 2010
State Aid Project #MS 105-004(1)B	237,785	September 30, 2010

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2009, to January 1, 2010. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$551,621 for the year ended September 30, 2009. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2010	\$ 534,106
2011	534,106
2012	530,606
2013	528,106
2014	528,106
2015 – 2019	1,009,530
2020 – 2024	465,862
2025 – 2029	<u>38,822</u>
Total Minimum Payments Required	<u>\$ 4,169,244</u>

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2009:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,470,176
Furniture and equipment	<u>69,762</u>
Total	1,539,938
Less: Accumulated depreciation	<u>(423,750)</u>
Leased Property Under Capital Leases	<u>\$ 1,116,188</u>

The following is a schedule by years of the total payments due as of September 30, 2009:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 223,529	22,817
2011	172,487	15,223
2012	202,711	7,375
2013	<u>71,644</u>	<u>1,730</u>
Total	<u>\$ 670,371</u>	<u>47,145</u>

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

(10) Long-term Debt.

Debt outstanding as of September 30, 2009, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Industrial Park (Garan Building)	\$ 65,000	7.70%	09/01/2010
Series 2005 Industrial Bonds (Jack Post Property)	<u>1,530,000</u>	5.25/5.50%	02/01/2020
Total General Obligation Bonds	<u>\$ 1,595,000</u>		
B. Capital Leases:			
2006 Caterpillar Grader	\$ 140,500	4.375%	01/10/2012
2006 Caterpillar Grader	89,098	4.25%	01/10/2012
2006 Caterpillar Grader	13,333	4.25%	01/10/2012
IBM Computer	11,734	3.05%	12/07/2009
2008 International Fire Truck	80,697	3.45%	07/10/2011
Fire Truck	16,000	3.25%	01/10/2010
2008 Case 580M Backhoe	33,349	3.55%	01/10/2011
140H Caterpillar Motor Grader	123,560	3.26%	07/10/2013
140H Caterpillar Motor Grader	109,600	3.45%	07/10/2013
Caterpillar 930G Loader	<u>52,500</u>	3.00%	01/10/2013
Total Capital Leases	<u>\$ 670,371</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2010	\$ 170,000	82,352
2011	110,000	71,704
2012	115,000	65,798
2013	125,000	59,497
2014	130,000	53,047
2015 – 2019	765,000	155,355
2020 – 2024	<u>180,000</u>	<u>4,950</u>
Total	<u>\$ 1,595,000</u>	<u>492,703</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 a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2009, the amount of outstanding debt was equal to less than 1% of the latest property assessments.

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009:

	Balance Oct. 1, 2008	Additions	Reductions	Adjustments	Balance Sept. 30, 2009	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 1,755,000		160,000		1,595,000	170,000
Capital leases	718,544	197,000	245,173		670,371	223,529
Total	<u>\$ 2,473,544</u>	<u>197,000</u>	<u>405,173</u>	<u>0</u>	<u>2,265,371</u>	<u>393,529</u>

(11) Deficit Fund Balances of Individual Funds.

The following fund reported a deficit in fund balance at September 30, 2009:

Fund	Deficit Amount
Reappraisal Maintenance Fund	\$ 16,668

(12) Contingencies.

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

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

(13) Joint Venture.

The county participates in the following joint venture:

Attala County is a participant with the City of Kosciusko in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport and is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The county appropriated \$11,795 from the General Fund to the joint venture in fiscal year 2009. Financial statements are not available for the Attala County Airport Commission.

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The county appropriated \$505,249 for maintenance and support of the college in fiscal year 2009.

ATTALA COUNTY

Notes to Financial Statement
For the Year Ended September 30, 2009

Mid-Mississippi Regional Library System operates in a district composed of the Counties of Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The county appropriated \$224,019 for maintenance and support of the library in fiscal year 2009.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$50,000 for maintenance and support of the center in fiscal year 2009.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The county did not provide any support for the district in fiscal year 2009.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints five of the 35 members of the board of directors. The county appropriated \$47,518 for support of the district in fiscal year 2009.

(15) Defined Benefit Pension Plan.

Plan Description. Attala 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 rate at September 30, 2009 was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2009, 2008 and 2007 were \$357,819, \$342,198 and \$313,323, respectively, equal to the required contributions for each year.

(16) Subsequent Events.

Subsequent to September 30, 2009, the county issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/28/2009	2.85%	\$	70,000	Capital lease	Ad valorem taxes
06/07/2010	4.50%		50,000	Capital lease	Ad valorem taxes
02/11/11	3.5%		65,000	Capital lease	Ad valorem taxes

ATTALA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ATTALA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,918,281	3,942,241	3,942,241	
Licenses, commissions and other revenue	273,745	275,657	285,657	10,000
Fines and forfeitures	239,000	225,362	225,362	
Intergovernmental revenues	497,764	511,061	511,061	
Charges for services	80,000	102,605	102,605	
Interest income	131,591	48,374	48,374	
Miscellaneous revenues	241,625	404,448	404,448	
Total Revenues	<u>5,382,006</u>	<u>5,509,748</u>	<u>5,519,748</u>	<u>10,000</u>
EXPENDITURES				
Current:				
General government	2,922,478	2,880,705	2,873,729	6,976
Public safety	1,492,867	1,624,206	1,590,881	33,325
Public works	176,145	132,590	132,590	
Health and welfare	293,800	249,986	249,986	
Culture and recreation	113,658	107,436	107,436	
Conservation of natural resources	114,066	105,387	105,387	
Economic development and assistance	142,518	117,518	117,518	
Debt service:				
Principal			38,694	(38,694)
Interest			1,607	(1,607)
Total Expenditures	<u>5,255,532</u>	<u>5,217,828</u>	<u>5,217,828</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>126,474</u>	<u>291,920</u>	<u>301,920</u>	<u>10,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(152,000)</u>	<u>(54,052)</u>	<u>(54,052)</u>	
Total Other Financing Sources and Uses	<u>(152,000)</u>	<u>(54,052)</u>	<u>(54,052)</u>	<u>0</u>
Net Change in Fund Balance	(25,526)	237,868	247,868	10,000
Fund Balances - Beginning	<u>1,600,000</u>	<u>2,575,000</u>	<u>2,597,968</u>	<u>22,968</u>
Fund Balances - Ending	<u>\$ 1,574,474</u>	<u>2,812,868</u>	<u>2,845,836</u>	<u>32,968</u>

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

ATTALA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 State Aid Road Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 50,000	353,281	353,281	
Total Revenues	<u>50,000</u>	<u>353,281</u>	<u>353,281</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	50,000	396,688	396,688	
Total Expenditures	<u>50,000</u>	<u>396,688</u>	<u>396,688</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>(43,407)</u>	<u>(43,407)</u>	<u>0</u>
Net Change in Fund Balance		(43,407)	(43,407)	
Fund Balances - Beginning	<u>0</u>	<u>95,000</u>	<u>94,599</u>	<u>(401)</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>51,593</u>	<u>51,192</u>	<u>(401)</u>

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

ATTALA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2008

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>State Aid Road Fund</u>
Budget (Cash Basis)	\$ 247,868	(43,407)
Increase (Decrease)		
Net adjustments for revenue accruals	5	95,652
Net adjustments for expenditure accruals	<u>(15,072)</u>	<u>(52,245)</u>
GAAP Basis	<u>\$ 232,801</u>	<u>0</u>

ATTALA COUNTY

SPECIAL REPORTS

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Attala County, Mississippi

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Attala County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 1, 2011. Our report includes a reference to another auditor. 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. Another auditor audited the financial statements of the Montfort Jones Memorial Hospital, as described in our report on Attala County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported on separately by that auditor.

Internal Control Over Financial Reporting

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

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 09-1, 09-2, 09-3 and 09-4 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's internal control.

Our consideration of the internal control over financial reporting was for limited purpose 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, we believe that none of the significant deficiencies described above is a material weakness.

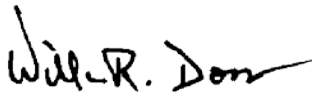
Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance which we have reported to the management of Attala County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 1, 2011, included within this document.

Attala County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Attala 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, 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.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

August 1, 2011



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Attala County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Attala County, Mississippi, as of and for the year ended September 30, 2009. 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 Attala County, Mississippi, is responsible for 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). 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 Attala 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 findings and recommendations and your responses are disclosed below:

Inventory Control Clerk.

1. **Finding**

Section 31-7-107, Miss. Code Ann. (1972), requires inventory reports to be filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor no later than October 15th of each year. The required inventory reports were not filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor. The failure to prepare and file the annual reports could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Inventory Control Clerk should prepare the inventory reports, as required by law.

Inventory Control Clerk's Response

I will follow the recommendation of the Office of the State Auditor.

Assistant Purchase Clerk.

2. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Purchase Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Assistant Purchase Clerk was not bonded appropriately as of fiscal year ending September 30, 2009. The failure to bond the Assistant Purchase Clerk for the required amount would limit the amount available for recovery if a loss occurred.

Recommendation

The Assistant Purchase Clerk should obtain a bond for the specified amount, as required by law.

Assistant Purchase Clerk's Response

Bond will be increased as required by law.

Assistant Receiving Clerks.

3. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires each Assistant Receiving Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Assistant Receiving Clerk's bond was executed for \$10,000. This limits the amount available for recovery if a loss occurred.

Recommendation

The Assistant Receiving Clerks should execute a current bond for the amount not less than that required by law, \$50,000.

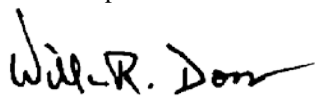
Assistant Receiving Clerk's Response

Bonds will be increased as required by law.

In our opinion, except for the non-compliance referred to in the preceding paragraphs, Attala 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.

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



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

August 1, 2011

ATTALA COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2009

Schedule 1

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

ATTALA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2009

Schedule 2

Our test results did not identify any emergency purchases.

ATTALA COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2009

Schedule 3

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

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi for the year ended September 30, 2009, we considered Attala 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 Attala 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 1, 2011, on the financial statements of Attala 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 that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Finding

Section 19-3-27, Miss. Code Ann. (1972), requires the board minutes to be a complete and correct record of all proceedings of the Board of Supervisors. Interfund transfers were made without board orders spread on the minutes. The failure to approve all transfers in the board minutes could cause transfers to be misrepresented and creates the opportunity for inappropriate transfers to be made.

Recommendation

The Board of Supervisors should spread orders on the minutes relative to interfund transfers.

Board of Supervisors' Response

We will follow auditor's recommendation.

Chancery Clerk.

2. Finding

The Mississippi Public Employees Retirement System (PERS) requires, under the re-employment provisions of Section 25-11-127, Miss. Code Ann. (1972), counties hiring PERS service retirees to file PERS Form 4B “Certification/Acknowledgment of Re-employment of Retiree” with the PERS office within five days from the date of employment of the retiree.

During our testing of internal controls related to payroll expenditures, we noted that the county employed 16 PERS service retirees. Only two of the form 4B’s for these service retirees were signed within five days of being hired.

Lack of internal controls related to the payroll cycle resulted in county personnel not correctly filing all of the necessary forms required for PERS service retirees.

The Mississippi Public Employees Retirement System may assess a penalty per occurrence payable by the county for not filing PERS Form 4B within five days of re-employment of the service retiree.

Recommendation

We recommend the county implement procedures to ensure that the county correctly files PERS Form 4B “Certification/Acknowledgment of Re-employment of Retiree” for all retirees rehired by the county within five days of the employment.

Chancery Clerk’s Response

We will follow the recommendation of the Department of Audit.

Sheriff.

3. Finding

Section 45-5-9, Miss. Code Ann. (1972), requires every Sheriff’s deputy hired under this section to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Sheriff’s deputies were not bonded at the appropriate amount. This would limit the amount available for recovery if a loss occurred.

Recommendation

The Sheriff should ensure a bond in the amount of \$50,000 for each Deputy is executed, as required by law.

Sheriff’s Response

Bonds will be increased as required by law.

Constables.

4. Finding

Section 19-19-3, Miss. Code Ann. (1972), requires every Constable to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Constables’ bonds were executed for \$25,000 each. This would limit the amount available for recovery if a loss occurred.

Recommendation:

The Constables should ensure a bond in the amount of \$50,000 is executed, as required by law.

Constables’ Response

Bonds will be increased as required by law.

Justice Court Judges.

5. Finding

Section 9-11-7, Miss. Code Ann. (1972), requires the Justice Court Judges to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by securing a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Justice Court Judges' bonds were executed for \$25,000 and \$10,000. This would limit the amount available for recovery if a loss occurred.

Recommendation

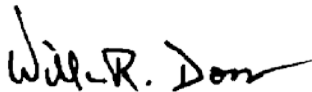
The Justice Court Judges should execute a current bond for \$50,000 as required by law.

Justice Court Judges' Response

Bonds will be increased as required by law.

Attala 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.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

August 1, 2011

ATTALA COUNTY

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ATTALA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ATTALA COUNTY

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ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2009

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Significant Deficiency

09-1. Finding

An effective system of internal control over tax collections should include the maintenance and reconciliation of records documenting daily collections. As reported in the prior year's audit report, the bookkeeper was unable to reconcile credit card transactions. Failure to implement adequate controls over the collection, recording and disbursement functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that records of the credit card transactions are properly maintained and reconciled to the bank accounts in a timely manner.

Tax Assessor-Collector's Response

I was not able to get a response from the bank for the last two days of the month.

Circuit Clerk.

Significant Deficiency

09-2. Finding

An effective system of internal control should include an adequate separation of duties. Cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

ATTALA COUTY

Schedule of Findings and Responses
For the Year Ended September 30, 2009

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

We will try to implement a new system for review of accounting records.

Significant Deficiency

09-3. Finding

An effective system of internal control over the accounting of revenues should include timely settlements of collections to the proper party. The Circuit Clerk did not make timely settlements to the Chancery Clerk for several months during the audited fiscal year.

Recommendation

The Circuit Clerk should make monthly settlements of all collections.

Circuit Clerk's Response

I will try to make monthly settlements to the Chancery Clerk.

Justice Court Clerk.

Significant Deficiency

09-4. Finding

An effective system of internal control should include the separation of duties over the accounting for the collection, recording and disbursement of cash. The Justice Court Clerk receipts funds, prepares and makes deposits, maintains the cash journals, reconciles the bank statements, calculates the monthly settlements and writes and signs all checks. Failure to have an adequate separation of duties could result in the loss or misappropriation of public funds.

Recommendation

The Justice Court Clerk should adequately separate the duties within the office.

Justice Court Clerk's Response

The clerk will not receipt any money unless she is the only one in the office. The clerk will have one of the deputy clerks to reconcile the bank statement, and she will re-check the statement and sign off on the same. I will make other changes so that the process will be checked and re-checked by both or one of the deputy clerks.