

ISSAQUENA COUNTY, MISSISSIPPI

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

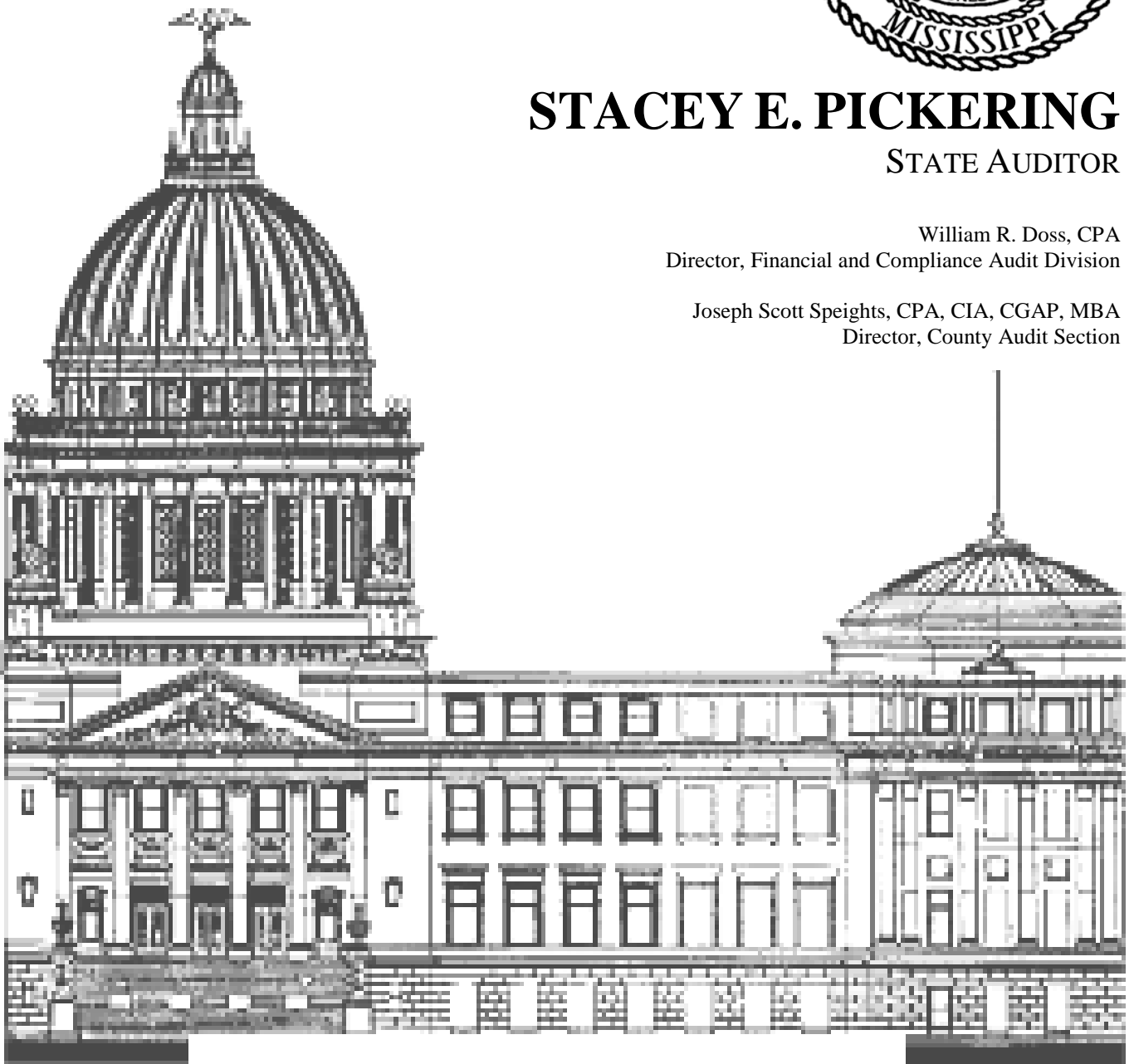


STACEY E. PICKERING

STATE AUDITOR

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

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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

July 15, 2011

Members of the Board of Supervisors
Issaquena County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2009 financial and compliance audit report for Issaquena County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Issaquena County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Issaquena County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering".

Stacey E. Pickering
State Auditor

ISSAQUENA COUNTY

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ISSAQUENA COUNTY

FINANCIAL SECTION

ISSAQUENA 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
Issaquena County, Mississippi

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

Management did not maintain adequate subsidiary records documenting the aging of solid waste account receivables. Due to the nature of the county's records, we were unable to satisfy ourselves as to the fair presentation of accounts receivable, net, reported on the Statement of Net Assets and in the Other Governmental Funds at \$12,301, as of September 30, 2009. Also, because of the nature of the aging of the accounts receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the Other Governmental Funds.

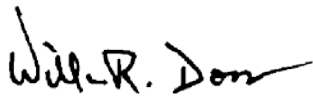
In our opinion, except for the effects, if any, of the matter described in the third paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of Issaquena County, Mississippi, as 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 addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Issaquena County, Mississippi, as of September 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2011, on our consideration of Issaquena 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.

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

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

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

July 15, 2011

ISSAQUENA COUNTY

FINANCIAL STATEMENTS

ISSAQUENA COUNTY

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ISSAQUENA COUNTY
Statement of Net Assets
September 30, 2009

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 1,429,318	125,217	1,554,535
Property tax receivable	1,524,040		1,524,040
Accounts receivable (net of allowance for uncollectibles of \$45,531)	12,301		12,301
Fines receivable (net of allowance for uncollectibles of \$89,328)	32,763		32,763
Loans receivable	30,000		30,000
Intergovernmental receivables	111,569	392,415	503,984
Other receivables	1,118	8,805	9,923
Deferred charges - bond issuance cost		114,720	114,720
Internal balances	29,526	(29,526)	
Restricted assets-investments		2,001,937	2,001,937
Capital assets:			
Land	86,272	17,500	103,772
Other capital assets, net	900,441	2,859,574	3,760,015
Total Assets	<u>4,157,348</u>	<u>5,490,642</u>	<u>9,647,990</u>
LIABILITIES			
Claims payable	96,186	157,825	254,011
Intergovernmental payables	15,771		15,771
Accrued interest payable	142	25,311	25,453
Deferred revenue	1,524,040		1,524,040
Unearned revenue	1,590		1,590
Amounts held in custody for others	4,789		4,789
Long-term liabilities			
Due within one year:			
Capital debt	39,807	355,000	394,807
Due in more than one year:			
Capital debt	17,671	2,120,000	2,137,671
Non-capital debt	34,813	83,168	117,981
Total Liabilities	<u>1,734,809</u>	<u>2,741,304</u>	<u>4,476,113</u>
NET ASSETS			
Invested in capital assets, net of related debt	929,235	402,074	1,331,309
Restricted:			
Expendable:			
General government	30,561		30,561
Debt service	214,500	286,616	501,116
Public safety	111,246	2,060,648	2,171,894
Public works	703,185		703,185
Unrestricted	433,812		433,812
Total Net Assets	<u>\$ 2,422,539</u>	<u>2,749,338</u>	<u>5,171,877</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 839,725	87,460			(752,265)		(752,265)
Public safety	564,745	89,093	15,466		(460,186)		(460,186)
Public works	820,053	51,975	440,291	122,811	(204,976)		(204,976)
Health and welfare	126,351		20,097		(106,254)		(106,254)
Culture and recreation	25,267				(25,267)		(25,267)
Conservation of natural resources	48,276				(48,276)		(48,276)
Economic development and assistance	1,265				(1,265)		(1,265)
Interest on long-term debt	3,911				(3,911)		(3,911)
Total Governmental Activities	<u>2,429,593</u>	<u>228,528</u>	<u>475,854</u>	<u>122,811</u>	<u>(1,602,400)</u>	<u>0</u>	<u>(1,602,400)</u>
Business-type activities:							
Regional Correctional Facility	<u>3,381,077</u>	<u>3,764,854</u>		<u>2,250</u>		<u>386,027</u>	<u>386,027</u>
Total Business-type Activities	<u>3,381,077</u>	<u>3,764,854</u>	<u>0</u>	<u>2,250</u>	<u>0</u>	<u>386,027</u>	<u>386,027</u>
Total Primary Government	<u>\$ 5,810,670</u>	<u>3,993,382</u>	<u>475,854</u>	<u>125,061</u>	<u>(1,602,400)</u>	<u>386,027</u>	<u>(1,216,373)</u>
General revenues:							
Property taxes					\$ 1,472,800		1,472,800
Road & bridge privilege taxes					18,291		18,291
Grants and contributions not restricted to specific programs					69,222		69,222
Unrestricted interest income					10,224		10,224
Unrestricted investment income						1,104	1,104
Miscellaneous					19,023	80,186	99,209
Total General Revenues					<u>1,589,560</u>	<u>81,290</u>	<u>1,670,850</u>
Changes in Net Assets					<u>(12,840)</u>	<u>467,317</u>	<u>454,477</u>
Net Assets - Beginning					2,473,371	2,364,091	4,837,462
Prior period adjustments					<u>(37,992)</u>	<u>(82,070)</u>	<u>(120,062)</u>
Net Assets - Beginning, as restated					<u>2,435,379</u>	<u>2,282,021</u>	<u>4,717,400</u>
Net Assets - Ending					<u>\$ 2,422,539</u>	<u>2,749,338</u>	<u>5,171,877</u>

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

ISSAQUENA COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2009

Exhibit 3

	<u>Major Fund</u>		Total Governmental Funds
	<u>General Fund</u>	<u>Other Governmental Funds</u>	
ASSETS			
Cash	\$ 402,896	1,026,422	1,429,318
Property tax receivable	1,318,552	205,488	1,524,040
Accounts receivable (net of allowance for uncollectibles of \$45,531)		12,301	12,301
Fines receivable (net of allowance for uncollectibles of \$89,328)	32,763		32,763
Loans receivable	30,000		30,000
Intergovernmental receivables	35,973	75,596	111,569
Other receivables	400	718	1,118
Due from other funds	14,822	2,271	17,093
Advances to other funds	14,704		14,704
Total Assets	<u>\$ 1,850,110</u>	<u>1,322,796</u>	<u>3,172,906</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 40,102	56,084	96,186
Intergovernmental payables	15,380		15,380
Due to other funds	2,662		2,662
Deferred revenue	1,351,315	217,789	1,569,104
Amounts held in custody for others	4,789		4,789
Unearned revenue		1,590	1,590
Total Liabilities	<u>\$ 1,414,248</u>	<u>275,463</u>	<u>1,689,711</u>
Fund balances:			
Reserved for:			
Debt service		214,642	214,642
Loans receivable	30,000		30,000
Advances	14,704		14,704
Unreserved - undesignated, reported in:			
General Fund	391,158		391,158
Special Revenue Funds		832,691	832,691
Total Fund Balances	<u>435,862</u>	<u>1,047,333</u>	<u>1,483,195</u>
Total Liabilities and Fund Balances	<u>\$ 1,850,110</u>	<u>1,322,796</u>	<u>3,172,906</u>

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

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 1,483,195
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 \$1,745,208.	986,713
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	45,064
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(92,291)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(142)</u>
Total Net Assets - Governmental Activities	\$ <u><u>2,422,539</u></u>

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

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

	<u>Major Fund</u>	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 1,326,528	146,272	1,472,800
Road and bridge privilege taxes		18,291	18,291
Licenses, commissions and other revenue	17,042		17,042
Fines and forfeitures	67,178		67,178
Intergovernmental revenues	41,233	626,654	667,887
Charges for services	83,378	54,560	137,938
Interest income	9,849	375	10,224
Miscellaneous revenues	7,758	11,265	19,023
Total Revenues	<u>1,552,966</u>	<u>857,417</u>	<u>2,410,383</u>
EXPENDITURES			
Current:			
General government	768,436	29,010	797,446
Public safety	476,177	78,717	554,894
Public works	6,672	819,773	826,445
Health and welfare	126,351		126,351
Culture and recreation	25,267		25,267
Conservation of natural resources	48,276		48,276
Economic development and assistance	1,265		1,265
Debt service:			
Principal	42,737	9,089	51,826
Interest	3,896	610	4,506
Total Expenditures	<u>1,499,077</u>	<u>937,199</u>	<u>2,436,276</u>
Excess of Revenues over (under) Expenditures	<u>53,889</u>	<u>(79,782)</u>	<u>(25,893)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	31,724		31,724
Transfers in	17,927	107,733	125,660
Transfers out	(16,220)	(109,440)	(125,660)
Total Other Financing Sources and Uses	<u>33,431</u>	<u>(1,707)</u>	<u>31,724</u>
Net Changes in Fund Balances	<u>87,320</u>	<u>(81,489)</u>	<u>5,831</u>
Fund Balances - Beginning	387,737	1,089,627	1,477,364
Prior period adjustment	(39,195)	39,195	
Fund Balances - Beginning, as restated	<u>348,542</u>	<u>1,128,822</u>	<u>1,477,364</u>
Fund Balances - Ending	<u>\$ 435,862</u>	<u>1,047,333</u>	<u>1,483,195</u>

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

ISSAQUENA 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	\$ 5,831
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$110,805 exceeded capital outlays of \$63,049 in the current period.	(47,756)
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 \$1,161 in the current period.	(1,161)
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.	4,874
Solid waste 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.	1,496
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 \$51,826 exceeded debt proceeds of \$31,724.	20,102
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:	
Decrease in compensated absences	3,179
Decrease in accrued interest payable	<u>595</u>
Change in Nets Assets of Governmental Activities	<u>\$ (12,840)</u>

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

ISSAQUENA COUNTY
Statement of Net Assets - Proprietary Fund
September 30, 2009

Exhibit 5

	Business-type Activities- Enterprise Fund
	<u>Issaquena County Correctional Facility Fund</u>
ASSETS	
Current assets:	
Cash	\$ 125,217
Restricted assets- investments	2,001,937
Intergovernmental receivables	392,415
Other receivables	8,805
Total Current Assets	<u>2,528,374</u>
Noncurrent assets:	
Deferred charges - bond issuance cost	114,720
Capital assets:	
Land	17,500
Other capital assets, net	2,859,574
Total Noncurrent Assets	<u>2,991,794</u>
Total Assets	<u>5,520,168</u>
LIABILITIES	
Current liabilities:	
Claims payable	157,825
Due to other funds	14,822
Accrued interest payable	25,311
Advances from other funds	14,704
Capital debt:	
Other long-term liabilities	355,000
Total Current Liabilities	<u>567,662</u>
Noncurrent liabilities:	
Capital debt:	
Other long-term liabilities	2,120,000
Non-capital debt:	
Compensated absences payable	83,168
Total Noncurrent Liabilities	<u>2,203,168</u>
NET ASSETS	
Invested in capital assets, net of related debt	402,074
Restricted for:	
Debt service	286,616
Public safety	2,060,648
Total Net Assets	<u>\$ 2,749,338</u>

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

ISSAQUENA COUNTY

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund
For the Year Ended September 30, 2009Exhibit 6

	Business-type Activities - Enterprise Fund <u>Issaquena County Correctional Facility Fund</u>
Operating Revenues	
Charges for services	\$ 3,764,854
Miscellaneous	80,186
Total Operating Revenues	<u>3,845,040</u>
Operating Expenses	
Personal services	1,623,467
Contractual services	518,990
Materials and supplies	1,008,593
Depreciation expense	82,314
Indirect administrative cost	14,822
Total Operating Expenses	<u>3,248,186</u>
Operating Income (Loss)	<u>596,854</u>
Nonoperating Revenues (Expenses)	
Interest income	1,104
Intergovernmental grants	2,250
Interest expense	(113,771)
Amortization of deferred charges - bond issuance cost	(19,120)
Net Nonoperating Revenue (Expenses)	<u>(129,537)</u>
Changes in Net Assets	467,317
Net Assets - Beginning	2,364,091
Prior period adjustment	(82,070)
Net Assets - Beginning, as restated	<u>2,282,021</u>
Net Assets - Ending	<u>\$ 2,749,338</u>

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

ISSAQUENA COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2009

Exhibit 7

	Business-type Activities - <u>Enterprise Funds</u> Issaquena County Correctional Facility <u>Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,387,117
Payments to suppliers	(1,533,644)
Payments to employees	(1,568,275)
Other miscellaneous cash receipts	70,292
Net Cash Provided (Used) by Operating Activities	<u>355,490</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(350,000)
Interest paid on debt	(116,142)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(466,142)</u>
Cash Flows From Investing Activities	
Interest on investments	1,104
Net Cash Provided (Used) by Investing Activities	<u>1,104</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(109,548)
Cash and Cash Equivalents at Beginning of Year	<u>2,236,702</u>
Cash and Cash Equivalents at End of Year (including \$2,001,937 reported in restricted asset accounts)	<u>\$ 2,127,154</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>596,854</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	82,314
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivable	(378,826)
(Increase) decrease in other receivables	(8,805)
Increase (decrease) in claims payable	48,033
Increase (decrease) in compensated absences payable	1,098
Increase (decrease) in interfund payables	14,822
Total Adjustments	<u>(241,364)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 355,490</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,854
Due from other funds	391
Total Assets	<u>\$ 2,245</u>
LIABILITIES	
Amounts held in custody for others	\$ 2,245
Total Liabilities	<u>\$ 2,245</u>

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

ISSAQUENA COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Issaquena 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 Issaquena County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county. There are no outside organizations that should be included as component units of the county's reporting entity.

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

The Issaquena County Public Improvement Corporation is governed by a three-member board appointed by the Issaquena County Board of Supervisors. Although it is legally separate from the county, the corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct county public buildings.

The Issaquena County Regional Correctional Facility Financing Corporation is governed by a three-member board appointed by the Issaquena County Board of Supervisors. Although it is legally separate from the county, the corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct a regional correctional facility.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

ISSAQUENA COUNTY

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

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

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

ISSAQUENA COUNTY

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

The county reports the following major Governmental Fund:

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

The county reports the following major Enterprise Fund:

Issaquena County Correctional Facility Fund – The correctional facility fund accounts for the county’s activities of housing prisoners on a contract basis for the Mississippi S Department of Corrections and others.

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.

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.

PROPRIETARY FUND TYPE

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

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.

ISSAQUENA COUNTY

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Restricted Assets.

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

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. 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.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Issaquena 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.

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

ISSAQUENA COUNTY

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

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

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

K. Long-term Liabilities.

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

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

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. 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."

ISSAQUENA COUNTY

Notes to Financial Statements
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.

M. Property Tax Revenues.

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

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

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

N. 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.

O. Compensated Absences.

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

ISSAQUENA COUNTY

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

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
To record prior period compensated absences- governmental activities	\$ (37,992)
To record prior period compensated absences- business-type activities	<u>(82,070)</u>
Total prior period adjustments	<u>\$ (120,062)</u>

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

<u>Explanation</u>	<u>Amount</u>
To reclassify Reappraisal Fund from General Fund to Other Governmental Fund	\$ (39,195)
To reclassify Reappraisal Fund to Other Governmental Fund from General Fund	<u>39,195</u>
Total prior period adjustments	<u>\$ 0</u>

Exhibit 6 - Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.

<u>Explanation</u>	<u>Amount</u>
To record prior period compensated absences	<u>\$ (82,070)</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$1,556,389, and the bank balance was \$1,727,600. 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.

ISSAQUENA COUNTY

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

Investments:

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

Investments balances at September 30, 2009, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Mutual Fund	Less than one year	\$ 2,001,937	AAAm

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

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk. The investment in the Hancock Horizon Treasury Securities Money Market Mutual Fund are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Issaquena County Correctional Facility	\$ 14,822
Other Governmental Funds	General	2,271
Agency Funds	General	391
Total		\$ <u>17,484</u>

The receivables from the General Fund to the Other Governmental Funds and Agency Funds represent the tax revenue collected but not settled until October, 2009. The receivable from the Issaquena County Correctional Facility to the General Fund represents indirect cost. All interfund balances are expected to be repaid within one year from the date of the financial statements.

ISSAQUENA COUNTY

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

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Issaquena County Correctional	\$ <u>14,704</u>

The receivable from the Issaquena County Correctional Facility to General Fund represents indirect cost not paid within one year.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 17,927
Other Governmental Funds	General Fund	16,220
Other Governmental Funds	Other Governmental Funds	<u>91,513</u>
Total		\$ <u>125,660</u>

The purpose of the transfers was to cover operating expenses. 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:	
Legislative tax credit	\$ 6,496
Reimbursement for housing prisoners	26,606
Additional privilege tax	3,795
Timber severance	118
Reimbursement for state aid roads	25,419
Motor vehicle fuel tax	10,737
Federal emergency management grant	<u>38,398</u>
Total Governmental Activities	\$ <u>111,569</u>
Business-type Activities:	
Reimbursement for housing prisoners	\$ 390,165
Federal emergency management grant	<u>2,250</u>
Total Business-type Activities	\$ <u>392,415</u>

ISSAQUENA COUNTY

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

(6) Restricted Assets.

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

Revenue fund	\$ 810,850
General fund	114,053
Debt service reserve	286,616
Depreciation and operating reserve	528,214
Excess revenue fund	262,204
Total restricted assets	<u>\$ 2,001,937</u>

(7) Loans Receivable.

Loans receivable balances at September 30, 2009, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Town of Mayersville	10/30/1998	N/A	10/01/2018	\$ <u>30,000</u>

(8) 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	\$ 86,272				86,272
Total non-depreciable capital assets	<u>86,272</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,272</u>
<u>Depreciable capital assets:</u>					
Buildings	616,343				616,343
Improvements other than buildings	382,361				382,361
Mobile equipment	1,368,496	31,750	5,590		1,394,656
Furniture and equipment	150,060		6,024		144,036
Leased property under capital leases	76,954	31,299			108,253
Total depreciable capital assets	<u>2,594,214</u>	<u>63,049</u>	<u>11,614</u>	<u>0</u>	<u>2,645,649</u>
<u>Less accumulated depreciation for:</u>					
Buildings	260,900	9,314			270,214
Improvements other than buildings	160,750	15,295			176,045
Mobile equipment	1,099,068	56,738	5,031		1,150,775
Furniture and equipment	98,307	13,991	5,422		106,876
Leased property under capital leases	25,831	15,467			41,298
Total accumulated depreciation	<u>1,644,856</u>	<u>110,805</u>	<u>10,453</u>	<u>0</u>	<u>1,745,208</u>

ISSAQUENA COUNTY

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

	<u>Balance</u> <u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2009</u>
Total depreciable capital assets, net	949,358	(47,756)	1,161	0	900,441
Governmental activities capital assets, net	\$ 1,035,630	(47,756)	1,161	0	986,713
Business-type activities:					
	<u>Balance</u> <u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2009</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 17,500				17,500
Total non-depreciable capital assets	17,500	0	0	0	17,500
<u>Depreciable capital assets:</u>					
Buildings	3,851,891				3,851,891
Mobile equipment	86,124				86,124
Furniture and equipment	56,074				56,074
Total depreciable capital assets	3,994,089	0	0	0	3,994,089
<u>Less accumulated depreciation for:</u>					
Buildings	933,840	77,038			1,010,878
Mobile equipment	69,667	3,923			73,590
Furniture and equipment	48,694	1,353			50,047
Total accumulated depreciation	1,052,201	82,314	0	0	1,134,515
Total depreciable capital assets, net	2,941,888	(82,314)	0	0	2,859,574
Business-type activities capital assets, net	\$ 2,959,388	(82,314)	0	0	2,877,074

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 25,895
Public safety	42,320
Public works	42,590
Total governmental activities depreciation expense	\$ 110,805
Business-type activities:	
Correctional facility	\$ 82,314
Total business-type activities depreciation expense	\$ 82,314

ISSAQUENA COUNTY

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

(9) Claims and Judgments.

Risk Financing.

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

(10) Capital Leases.

As Lessee:

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

Classes of Property		Governmental Activities
Mobile equipment	\$	51,699
Furniture and equipment		56,554
Total		108,253
Less: Accumulated depreciation		(41,298)
Leased Property Under Capital Leases	\$	66,955

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2010	\$ 34,807	1,909
2011	17,671	3,088
Total	\$ 52,478	4,997

ISSAQUENA COUNTY

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

(11) 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. Limited Obligation Note: Detention facility*	\$ <u>5,000</u>	6.80%	05/2010
B. Capital Leases:			
AS400 computer upgrade	\$ 18,224	4.19%	03/2011
New Holland backhoe	12,737	3.74%	08/2011
2008 Ford F150	<u>21,517</u>	7.10%	03/2011
Total Capital Leases	\$ <u>52,478</u>		
Business-type Activities:			
Limited Obligation Bonds:			
Series 2008 correctional facility refunding bonds**	\$ <u>2,475,000</u>	4.00/4.375%	07/2016

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$2,475,000 in limited obligation urban renewal revenue bonds issued in August, 2008. Proceeds from the bonds were used to refund the urban renewal revenue bonds issued to provide financing for the construction of the Issaquena County Regional Correctional Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through July, 2016. The total principal and interest remaining to be paid on the bonds is \$2,858,956. Principal and interest paid for the current year and total inmate housing net revenues were \$466,142, and \$355,490, respectively.

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	Limited Obligation Bonds	
	Principal	Interest
2010	\$ <u>5,000</u>	<u>340</u>

ISSAQUENA COUNTY

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

Business-type Activities:

Year Ending September 30	Limited Obligation Bonds	
	Principal	Interest
2010	\$ 355,000	101,244
2011	365,000	85,712
2012	380,000	70,200
2013	380,000	55,000
2014	390,000	39,800
2015-2019	605,000	32,000
Total	\$ 2,475,000	383,956

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.

- * A limited obligation promissory note, designed as “qualified tax exempt obligations” for the purpose of Section 265 of the Internal Revenue Code of 1986, was issued with a face value of \$200,000 for the purpose of financing the construction of a new jail. The note is not a general obligation of the county and, therefore, is not secured by the full faith and credit of the county. However, the county, as lessee, is obligated pursuant to a 15-year lease purchase agreement with the lessor, Issaquena County Public Improvement Corporation, as the sole source of the payment for the note; therefore, the lease obligation is not recorded. Instead, the note is considered, in substance, a limited debt obligation of the county. Title to the property will transfer to the county upon satisfactory performance of the lease term payments.
- ** Limited obligation urban renewal revenue refunding bonds were issued with a face value of \$2,825,000 for the purpose of the refunding and redemption of the outstanding principal of the county’s Urban Renewal Revenue Bonds (Issaquena County, MS Regional Correctional Facility project), Series 1996, dated February 1, 1996, at par plus accrued interest. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith of the county. The sole source of payment for the revenue bonds is income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners.

ISSAQUENA COUNTY

Notes to Financial Statements
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:						
Compensated absences	\$		3,179	37,992	34,813	
Limited obligation note	26,000		21,000		5,000	5,000
Equipment notes	2,500		2,500			
Capital leases	49,080	31,724	28,326		52,478	34,807
Total	\$ 77,580	31,724	55,005	37,992	92,291	39,807
Business-type Activities:						
Compensated absences	\$	1,098		82,070	83,168	
Limited obligation bonds	2,825,000		350,000		2,475,000	355,000
Total	\$ 2,825,000	1,098	350,000	82,070	2,558,168	355,000

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

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2009:

Fund	Deficit Amount
Solid waste tire grant	\$ 9,598

(13) 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.

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The Issaquena County Board of Supervisors appoints one of the four members of the board of Commissioners. The county appropriated \$20,000 for support in fiscal year 2009.

ISSAQUENA COUNTY

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

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Issaquena County Board of Supervisors appoints one of the 20 members of the college board of trustees. The county appropriated \$49,517 for maintenance and support of the college in fiscal year 2009.

South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Issaquena County Board of Supervisors appoints three of the 22 members of the board of directors. The county appropriated \$1,265 for support in the fiscal year 2009.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Issaquena County Board of Supervisors appoints one of the 21 members of the board of commissioners. The county levied a 61 mill tax for support in the fiscal year 2009.

(15) Defined Benefit Pension Plan.

Plan Description. Issaquena 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 \$216,439, \$212,430, and \$198,932 respectively, equal to the required contributions for each year.

ISSAQUENA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ISSAQUENA 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	\$ 1,353,362	1,327,302	1,327,302	
Licenses, commissions and other revenue	17,672	17,434	17,434	
Fines and forfeitures	24,196	69,272	69,272	
Intergovernmental revenues	27,918	125,714	125,714	
Charges for services	20,000	63,852	63,852	
Interest income	8,623	9,848	9,848	
Miscellaneous revenues	13,658	18,219	18,219	
Total Revenues	<u>1,465,429</u>	<u>1,631,641</u>	<u>1,631,641</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	991,857	877,733	877,733	
Public safety	464,118	446,493	446,493	
Public works	6,000	6,451	6,451	
Health and welfare	131,873	125,915	125,915	
Culture and recreation	25,875	25,267	25,267	
Education		26,501	26,501	
Conservation of natural resources	49,379	48,213	48,213	
Economic development and assistance	1,265	1,265	1,265	
Total Expenditures	<u>1,670,367</u>	<u>1,557,838</u>	<u>1,557,838</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(204,938)</u>	<u>73,803</u>	<u>73,803</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		17,927	17,927	
Transfers out		(3,200)	(3,200)	
Total Other Financing Sources and Uses	<u>0</u>	<u>14,727</u>	<u>14,727</u>	<u>0</u>
Net Change in Fund Balance	(204,938)	88,530	88,530	
Fund Balances - Beginning	<u>204,938</u>	<u>250,512</u>	<u>250,512</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>339,042</u>	<u>339,042</u>	<u>0</u>

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

ISSAQUENA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2009

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:

	Governmental Fund Type
	<u>General Fund</u>
Budget (Cash Basis)	\$ 88,530
Increase (Decrease)	
Net adjustments for revenue accruals	42,813
Net adjustments for expenditure accruals	<u>(44,023)</u>
GAAP Basis	<u>\$ 87,320</u>

ISSAQUENA COUNTY

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ISSAQUENA COUNTY

SPECIAL REPORTS

ISSAQUENA 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
Issaquena County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Issaquena 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 July 15, 2011. Our report includes a qualified opinion on the aggregate remaining fund information because the county did not maintain adequate subsidiary records documenting the aging of solid waste accounts receivables. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Issaquena 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 items 09-1, 09-2, 09-3, 09-4, 09-5 and 09-6 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, of the significant deficiencies described above, we consider items 09-1, 09-2 and 09-3 to be material weaknesses.

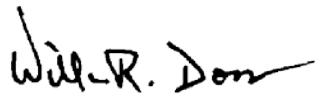
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Issaquena 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 matters that we reported to the management of Issaquena County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 15, 2011 included within this document.

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

July 15, 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
Issaquena County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Issaquena 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.

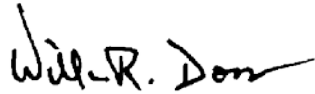
The Board of Supervisors of Issaquena County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Issaquena County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Issaquena 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 Issaquena 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.

A handwritten signature in black ink that reads "Will R. Doss". 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

July 15, 2011

ISSAQUENA 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.

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

Schedule 2

Our test results did not identify any emergency purchases.

ISSAQUENA 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.

ISSAQUENA 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
Issaquena County, Mississippi

In planning and performing our audit of the financial statements of Issaquena County, Mississippi for the year ended September 30, 2009, we considered Issaquena 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 Issaquena 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 July 15, 2011, on the financial statements of Issaquena 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. As reported in the prior year's audit report, interfund transfers were made without board authorization spread on the minutes. Failure to properly document authorization for interfund transfers could result in erroneous amounts being reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

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

Board of Supervisors' Response

We will comply.

2. 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 bonded for \$25,000 rather than the \$50,000 required by law. This would limit the amount available for recovery if a loss occurred.

Recommendation

The Board of Supervisors should cancel the current bonds and secure new ones for the amount required by law.

Board of Supervisors' Response

We will comply. All deputies bonds have been raised as required by law.

3. Finding

Section 27-105-5, Miss Code Ann. (1972), gives the responsibility to the State Treasurer for the collateralization of public deposits. However, the county is still required to perform certain duties related to the collateralization of public funds. The following duties were not performed:

- a. The quarterly reports from the State Treasurer were not reconciled to the county's bank records.
- b. Bank officials were not notified when increases in deposits exceeded 25% of the average daily balance.
- c. The annual report was not submitted to the State Treasurer.

Without accurate and timely reconciliation of the quarterly reports, the risk increases that the county's total deposits may not be properly collateralized

Recommendation

The Board of Supervisors should ensure the reconciliation function is prepared quarterly, the annual report is submitted by October 31st and the bank is notified when appropriate

Board of Supervisors' Response

We will comply. We started this process in FY10.

Chancery Clerk.

4. Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. Checks were written on the solid waste/tire grant fund which did not have an available cash balance. Failure to have a sufficient cash balance in this county fund prior to issuing a check on this fund results in other funds' cash being used for purposed other than their intended purpose.

Recommendation

The Chancery Clerk should ensure that no checks are written on funds when cash is not available in that fund.

Chancery Clerk's Response

I will comply.

5. Finding

Section 27-31-85, Miss. Code Ann. (1972), requires the Chancery Clerk to settle one-half of mineral documentary tax collections to the General Fund and one-half to the schools after retaining 5% of the collections. As reported in the last nine years' audit reports, mineral stamp collections were not settled properly. Failure to settle mineral stamp collections properly could result in loss or misuse of public funds.

Recommendation

The Chancery Clerk should settle mineral stamp collections properly.

Chancery Clerk's Response

I will comply

6. Finding

Section 27-45-1, Miss Code Ann. (1972), requires the Chancery Clerk to make land redemption settlements within 20 days after the end of each month and to make a complete report thereof to the Board of Supervisors. As reported in the last ten years' audit reports, the Chancery Clerk did not make timely settlements and did not file a complete report to the Board of Supervisors. Failure to perform timely settlements of funds collected and reporting those settlements to the Board of Supervisors increases the possibility of loss or misappropriation of public funds.

Recommendation

The Chancery Clerk should make timely settlements and file a complete report with the Board of Supervisors.

Chancery Clerk's Response

I will comply

Tax Assessor-Collector.

7. Finding

Sections 27-49-1 and 27-49-9, Miss. Code Ann. (1972), specify the actions to be taken for the sale of property, real or personal, of business taxpayers who are either insolvent or delinquent. As reported in the last seven years' audit reports, we found no evidence that the Tax Assessor-Collector seized and sold property in order to collect delinquent business taxes. Failure to enforce statutory procedures for collections of delinquent business taxes could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should make a concerted effort to collect delinquent business taxes by following statutory procedures pertaining to the seizure and sale of property.

Tax Assessor-Collector's Response

I will comply.

8. Finding

Section 27-53-17, Miss. Code Ann. (1972), describes the seizure, sale, notice required, period of redemption, interest, penalties and other cost of collection assessed for nonpayment of delinquent mobile home taxes. As reported in the last nine years' audit reports, the Tax Assessor-Collector did not sell mobile homes of individuals deemed to be delinquent for payment of taxes. Failure to enforce statutory procedures for collecting mobile home taxes could result in loss of public funds.

Recommendation

The Tax Assessor-Collector should enforce statutory procedures for collecting mobile home taxes.

Tax Assessor-Collector's Response

I will comply.

Circuit Clerk.

9. Finding

Sections 9-7-135, 9-13-21 and 11-7-217, Miss Code Ann. (1972), require the Circuit Clerk to promptly settle all collections of fines and court costs into the county treasury after the end of each court term. As reported in the last ten years' audit reports, the Circuit Clerk did not make timely settlements of fines and court costs. Failure to make timely settlements could result in loss or misuse of public funds.

Recommendation

The Circuit Clerk should settle all collections when required.

Circuit Clerk's Response

I will comply. This process began in FY10.

Sheriff.

10. Finding

Section 19-25-13, Miss. Code Ann. (1972), requires the Sheriff to settle all collections of fees and charges to the county on a monthly basis. Settlements of collections were not made monthly. Failure to settle sheriff collections properly could result in loss or misuse of public funds.

Recommendation

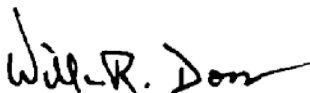
The Sheriff should settle all collections monthly.

Sheriff's Response

I will comply.

Issaquena 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

July 15, 2011

ISSAQUENA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ISSAQUENA COUNTY

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ISSAQUENA 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:

Governmental activities	Unqualified
Business-type activities	Unqualified
General Fund	Unqualified
Issaquena County Correctional Facility Fund	Unqualified
Aggregate remaining fund information	Qualified

- 2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes

 - 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

Board of Supervisors.

Significant Deficiency-Material Weakness

09-1. Finding

An effective system of internal control over solid waste accounts receivable should ensure that accounts receivable balances are properly aged in order to estimate the collectability of these accounts receivables. Internal controls procedures were not in place over the aging of solid waste accounts receivable. Failure to establish control procedures over aging of solid waste accounts receivable could results in erroneous amounts being reported in the financial statement. Therefore, the Independent Auditors' report on the aggregate remaining fund information is qualified because we were not able to satisfy ourselves as to the fair presentation of the solid waste accounts receivable

Recommendation

The Board of Supervisors should ensure that control procedures are in place to allow for the proper preparation of a detailed aged accounts receivable schedule for solid waste fees to properly report the accounts receivable due to the county at net realizable value in the financial statements.

Board of Supervisors’ Response

We will comply.

ISSAQUENA COUNTY

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

Significant Deficiency – Material Weakness

09-2. Finding

An effective system of internal control should include the reconciliation of garbage fee collections posted in the solid waste records with the collections recorded in the general ledger and the reconciliation of the bank account to the solid waste records. The garbage fee collections were not reconciled to the county's general ledger. Also, the solid waste records were not reconciled to the bank statements. Failure to reconcile accounting records could result in the loss of public funds.

Recommendation

The Board of Supervisors should establish and maintain procedures to ensure that solid waste records are reconciled to the bank statements and to the garbage fee collections recorded in the county's general ledger

Board of Supervisors' Response

We will comply.

Chancery Clerk.

Significant Deficiency – Material Weakness

09-3. Finding

An effective system of internal control over financial reporting should include an adequate separation of duties in the collection, deposit preparation, disbursement, recording and reconciling functions. As reported in the last 13 years' audit reports, there is not an adequate segregation of duties in the handling of transactions. The lack of segregation of duties increases the chances that funds could be mishandled

Recommendation

The Chancery Clerk should ensure that there is an adequate separation of duties in the collection, deposit preparation, disbursement, recording and reconciling functions. If segregation of duties is not possible, another employee or the Chancery Clerk should review receipts, disbursements and reconciliations periodically and investigate any unusual items.

Chancery Clerk's Response

I will comply. Steps have been implemented to correct.

Tax Assessor-Collector.

Significant Deficiency

09-4. Finding

An effective system of internal control should include an adequate segregation of duties in the collection, deposit preparation and recording functions. As reported in the last eleven years' audit reports, there is not an adequate segregation of duties in the collection, deposit preparation and recording functions. Failure to properly segregate accounting duties increases the chance that funds could be mishandled.

ISSAQUENA COUNTY

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

Recommendation

The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collection, deposit preparation and recording functions.

Tax Assessor-Collector's Response

I will comply.

Justice Court Clerk

Significant Deficiency

09-5. Finding

An effective system of internal control should include an adequate segregation of duties in the collection, deposit preparation and recording functions. As reported in the last eight years' audit reports, there is not an adequate segregation of duties in the collection, deposit preparation and recording functions. Failure to properly segregate accounting duties increases the chance that funds could be mishandled.

Recommendation

The Justice Court Clerk should ensure that there is an adequate segregation of duties in the collection, deposit preparation and recording functions.

Justice Court Clerk's Response

The Justice Court Clerk has been on medical leave since August, 2010 and will not be returning effective February 28, 2011. Currently, there is a Justice Court Clerk deputy employed and the Board of Supervisors will be making a decision in regards to employing a Justice Court Clerk in the near future.

Sheriff.

Significant Deficiency

09-6. Finding

An effective system of internal control over the collection, recordkeeping, custody, and disbursement of local inmate funds should include maintaining individual accounts for each inmate, maintaining a control account for local inmate funds, depositing funds received in a bank account and establishing physical safeguards over any funds on hand. It should also include reconciling individual accounts with the control account and reconciling the control account to the funds on hand. Local inmate funds were not deposited in a bank account when received nor were funds reconciled to inmate records to determine that all funds were accounted for. Failure to establish adequate controls over local inmate funds could result in the loss of these funds for which the county could be held liable.

ISSAQUENA COUNTY

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

Recommendation

The Sheriff should ensure that adequate controls are implemented over the collection, recordkeeping, custody and disbursement of local inmate funds by maintaining individual account records for each inmate, maintaining a control account for local inmate funds, depositing funds received in a bank account in a timely manner and establishing physical safeguard over funds on hand. The individual inmate accounts should be reconciled to a control account and the total in the control account and should be reconciled to the bank balance.

Sheriff's Response

I will comply.