

LEFLORE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2009

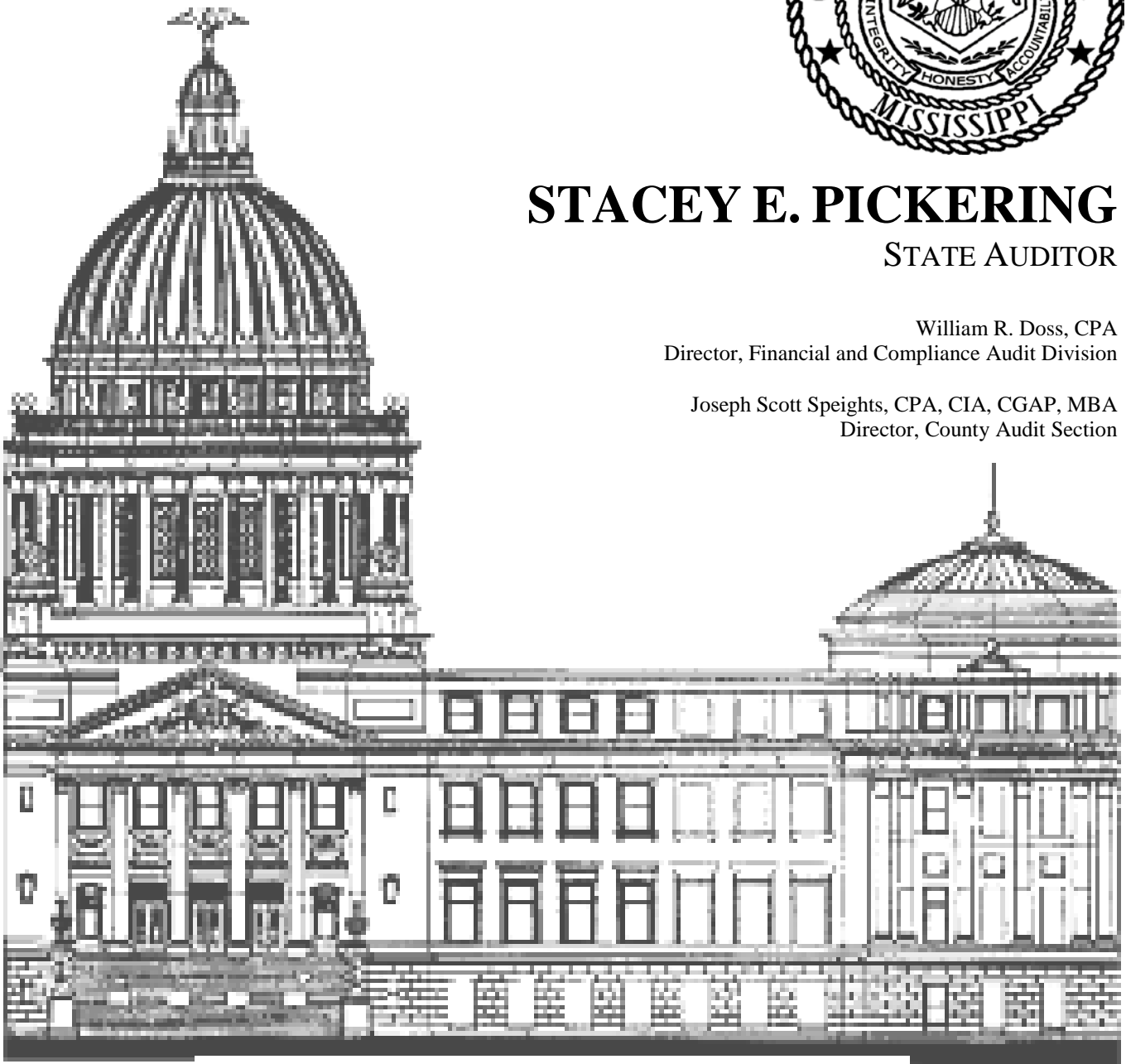


STACEY E. PICKERING

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

May 23, 2011

Members of the Board of Supervisors
Leflore County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2009 financial and compliance audit report for Leflore 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 Leflore County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Leflore 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,

Stacey E. Pickering
State Auditor

LEFLORE COUNTY
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LEFLORE COUNTY

FINANCIAL SECTION

LEFLORE 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
Leflore County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greenwood Leflore Hospital, a component unit, which represents 100 percent of the assets, net assets, and revenues of the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based on the report of the other auditors.

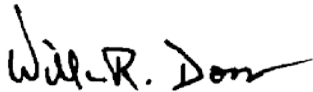
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2011, on our consideration of Leflore County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Leflore County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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

May 23, 2011

LEFLORE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEFLORE COUNTY

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

The discussion and analysis of Leflore County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2009. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is supplemented by the more detailed information contained elsewhere in this County's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets decreased \$1,158,201, including a prior period adjustment of \$ (147,893), which represents a 2.23% decrease from fiscal year 2008. This was due primarily because of an increase in long term debt outstanding.
- General revenues account for \$14,173,481 in revenue, or 47% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16,226,732 or 53% of total revenues.
- The County had \$31,410,521 in total expenses; only \$16,226,732 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$14,173,481 were adequate to provide for all but \$1,010,308 of the remainder of these programs.
- Among major funds, the General Fund had \$11,653,293 in revenues and \$10,908,209 in expenditures. The General Fund's fund balance increased \$547,873 over the prior year.
- Among major funds, the HUD Section 108 Loan Fund had \$274,492 in revenues and \$524,200 in expenditures. The HUD Section 108 Loan Fund's fund balance increased by \$4,750,354 primarily due to a \$5,000,000 prior period adjustment related to a fund balance reservation for loans receivable.
- Among major funds, the Delta Correctional Facility Fund had \$11,167,884 in revenues and \$11,153,960 in expenditures. The Delta Correctional Facility Fund's fund balance increased \$13,924.
- Capital assets, net of accumulated depreciation, decreased by \$125,647 primarily due to increased depreciation expense.
- Long-term debt increased by \$1,847,969 due primarily to the issuance of general obligation bonds.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

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

Both of these government-wide financial statements outline functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt.

The County has the following discretely presented component unit.

Greenwood Leflore Hospital

This discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the primary government.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the County's operations.

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

The County maintains individual government funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary balances are presented in a separate Statement of Fiduciary Assets and Liabilities.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund.

Additionally, a schedule of expenditures of federal awards is required by OMB Circular A-133 and is included in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government’s financial position. In the case of the County, assets exceeded liabilities by \$50,771,736 as of September 30, 2009.

By far the largest portion of the County’s net assets (92%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment, furniture and equipment, leased property under capital leases, infrastructure assets, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the county; consequently these assets are not available for future spending.

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

The following table presents a comparative summary of the County’s net assets for the fiscal year ended September 30, 2009.

	<u>2008</u>	<u>2009</u>
Current and other assets	\$ 27,692,849	\$ 27,923,688
Capital assets, net	<u>57,306,424</u>	<u>57,180,777</u>
Total assets	<u>\$ 84,999,273</u>	<u>\$ 85,104,465</u>
Current liabilities	\$ 16,305,220	\$15,643,839
Long-term debt outstanding	<u>16,764,116</u>	<u>18,688,890</u>
Total liabilities	<u>\$ 33,069,336</u>	<u>\$ 34,332,729</u>
Net assets:		
Invested in capital assets,		
Net of related debt	\$ 45,132,097	\$ 46,655,600
Restricted	3,706,610	4,095,468
Unrestricted	<u>3,091,230</u>	<u>20,668</u>
Total net assets	<u>\$ 51,929,937</u>	<u>\$ 50,771,736</u>

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

- The increase in current assets was due mainly to cash balance increases in the general fund and other governmental funds.
- The Board of Supervisors issued \$4,000,000 in general obligation bonds.

Changes in net assets. The County's total revenues for the fiscal year ended September 30, 2009 were \$30,400,213. The total cost of all programs and services was \$31,410,521. The decrease in net assets was \$1,158,201 including a prior period adjustment of \$147,893. The following table presents a comparative summary of the changes in net assets for the fiscal year ended September 30, 2009.

	<u>2008</u>	<u>2009</u>
Revenues:		
Program revenues		
Charges for services	\$ 2,958,619	\$ 14,081,770
Operating grants & contributions	12,524,584	1,551,382
Capital grants & contributions	954,052	593,580
General revenues		
Property taxes	12,504,835	12,176,305
Road and bridge privilege taxes	274,472	321,199
Grants & contributions not restricted	612,612	561,778
Unrestricted interest income	314,824	573,704
Miscellaneous	<u>1,152,849</u>	<u>540,495</u>
Total revenues	<u>31,296,847</u>	<u>30,400,213</u>
Expenses:		
General Government	5,200,640	5,473,010
Public Safety	16,298,024	16,809,491
Public Works	4,212,426	5,458,694
Health and Welfare	648,750	714,593
Culture and Recreation	721,554	1,168,638
Conservation of Natural Resources	131,918	136,930
Economic Development & Assistance	937,650	663,514
Interest on long-term liabilities	<u>865,073</u>	<u>985,651</u>
Total expenses	<u>29,016,035</u>	<u>31,410,521</u>
Prior period adjustment	<u>884,821</u>	<u>(147,893)</u>
Increase/(Decrease) in net assets	\$ <u>3,165,633</u>	\$ <u>(1,158,201)</u>

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

	2008	2008	2009	2009
	Total	Net (Expense)	Total	Net (Expense)
	<u>Expenses</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue</u>
General Government	\$ 5,200,640	(4,476,684)	5,473,010	(4,561,367)
Public Safety	16,298,024	(3,218,322)	16,809,491	(3,675,666)
Public Works	4,212,426	(2,396,662)	5,458,694	(3,650,319)
Health & Welfare	648,750	(478,503)	714,593	(543,652)
Culture & Recreation	721,554	(721,554)	1,168,638	(1,168,638)
Conservation of Natural Resources	131,918	(131,918)	136,930	(136,930)
Economic Development & Assistance	937,650	(290,064)	663,514	(461,566)
Interest on long-term liabilities	<u>865,073</u>	<u>(865,073)</u>	<u>985,651</u>	<u>(985,651)</u>
Total expenses	<u>\$29,016,035</u>	<u>(12,578,780)</u>	<u>31,410,521</u>	<u>(15,183,789)</u>

Net cost of governmental activities of \$15,183,789, was financed by general revenue, which is made up of property taxes of \$12,176,305, road and bridge privilege of \$321,199, grants and contributions not restricted to specific programs of \$561,778, interest earning of \$573,704, miscellaneous revenues of \$540,495 and beginning of year nets assets were used to cover remaining costs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the county's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the county's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the county's net resources available for spending at the end of the fiscal year.

The financial performance of the county as a whole is reflected in its governmental funds. As the county completed the year, its governmental funds reported a combined fund balance of \$13,868,774. The amount of \$7,318,100 or 53% of the fund balance constitutes unreserved and undesignated fund balance, which is available to be expended by the county. The remaining fund balance of \$6,550,674 or 47% is reserved or designated to indicate that it is not available for spending because it has already been committed for loans receivable, debt service, and unemployment compensation.

The General Fund is the principal operating fund of the county. The increase in fund balance in the General Fund for the fiscal year was \$547,873. The fund balance of the Delta Correctional Facility fund increased by \$13,924. The fund balance of Other Governmental Funds showed an increase of \$1,323,450, including prior period adjustments totaling \$452,107. The fund balance of the HUD Section 108 Loan fund increased by \$4,750,354, including a prior period adjustment associated with the loans receivable of \$5,000,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, the county revised the annual operating budget. This was due to new grants and unanticipated expenses.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2009, the county's total capital assets were \$134,971,555, including land, construction in progress, buildings, improvements other than buildings, infrastructure, mobile equipment, leased property under capital leases, and furniture and equipment. This amount represents an increase of \$1,136,324 from the previous year. The majority of this increase is due to the purchase of mobile equipment.

Total accumulated depreciation as of September 30, 2009 was \$77,790,778 and total depreciation expense for the year was \$1,328,663.

The balance in total net assets was \$57,180,777 at year-end.

Additional information of the county's capital assets can be found in Note 7 of this report.

Debt Administration. At September 30, 2009, the county had \$20,785,760 in general obligation bonds and all other long-term obligations outstanding, of which \$2,096,870 is due within one year.

The county maintains an A3 bond rating.

Additional information of the county's long-term debt can be found in Note 10 on page of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

If you have any questions about this report, contact the Chancery Clerk's Office of Leflore County, P. O. Box 250, Greenwood, MS 38935-0250.

LEFLORE COUNTY

FINANCIAL STATEMENTS

LEFLORE COUNTY

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LEFLORE COUNTY
Statement of Net Assets
September 30, 2009

Exhibit 1

	<u>Primary Government</u> Governmental Activities	<u>Component Unit</u> Greenwood Leflore Hospital
ASSETS		
Cash	\$ 9,575,622	7,343,192
Property tax receivable	10,330,565	
Accounts receivable (net of allowance for uncollectibles of \$557,082)	223,546	
Patient accounts receivable (net of allowance for uncollectibles of \$16,931,373)		28,402,816
Fines receivable (net of allowance for uncollectibles of \$2,905,511)	171,889	
Loans receivable	5,200,000	
Capital leases receivable	531,256	
Intergovernmental receivables	1,464,170	
Other receivables	84,280	3,420,790
Other assets		670,812
Estimated third-party payor settlements		2,951,345
Inventories		2,587,930
Prepaid items	342,360	2,594,921
Noncurrent cash and investments:		
Funds internal designated for capital improvements		20,000,000
Other long-term investments		1,353,819
Capital assets:		
Land and construction in progress	4,579,933	3,136,500
Other capital assets, net	<u>52,600,844</u>	<u>55,381,666</u>
Total Assets	<u>85,104,465</u>	<u>127,843,791</u>
LIABILITIES		
Claims payable	2,456,418	
Accounts payable		6,125,080
Accrued expenses, including payroll taxes withheld		7,316,754
Intergovernmental payables	191,573	
Accrued interest payable	353,194	
Deferred revenue	10,396,117	
Unearned revenue	6,743	
Other payables	142,924	
Long-term liabilities		
Due within one year:		
Capital debt	1,463,466	3,226,177
Non-capital debt	633,404	
Due in more than one year:		
Capital debt	9,061,711	6,376,891
Non-capital debt	<u>9,627,179</u>	
Total Liabilities	<u>34,332,729</u>	<u>23,044,902</u>

LEFLORE COUNTY
Statement of Net Assets
September 30, 2009

(Exhibit 1 Concluded)

	<u>Primary Government</u> Governmental Activities	<u>Component Unit</u> Greenwood Leflore Hospital
NET ASSETS		
Invested in capital assets, net of related debt	46,655,600	48,915,098
Restricted:		
Expendable:		
General government	225,413	
Debt service	970,227	
Public safety	663,648	
Public works	958,653	
Culture and recreation	9,974	
Economic development	1,236,925	
Unemployment compensation	30,628	
Expendable for specific operating activities		46,180
Unrestricted	20,668	55,837,611
Total Net Assets	<u>\$ 50,771,736</u>	<u>104,798,889</u>

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

LEFLORE 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	Component Unit Greenwood Leflore Hospital
Primary government:						
Governmental activities:						
General government	\$ 5,473,010	812,250	99,393		(4,561,367)	
Public safety	16,809,491	12,501,507	549,663	82,655	(3,675,666)	
Public works	5,458,694	768,013	720,410	319,952	(3,650,319)	
Health and welfare	714,593		170,941		(543,652)	
Culture and recreation	1,168,638				(1,168,638)	
Conservation of natural resources	136,930				(136,930)	
Economic development and assistance	663,514		10,975	190,973	(461,566)	
Interest on long-term debt	985,651				(985,651)	
Total Governmental Activities	\$ <u>31,410,521</u>	<u>14,081,770</u>	<u>1,551,382</u>	<u>593,580</u>	<u>(15,183,789)</u>	
Component unit:						
Greenwood Leflore Hospital	\$ <u>124,385,646</u>	<u>125,977,703</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,592,057</u>
General revenues:						
Property taxes				\$ 12,176,305		
Road & bridge privilege taxes				321,199		
Grants and contributions not restricted to specific programs				561,778		
Unrestricted interest income				573,704		
Investment income						724,115
Miscellaneous				540,495		
Total General Revenues				<u>14,173,481</u>		<u>724,115</u>
Changes in Net Assets				<u>(1,010,308)</u>		<u>2,316,172</u>
Net Assets - Beginning				51,929,937		102,482,717
Prior period adjustments				<u>(147,893)</u>		
Net Assets - Beginning, as restated				<u>51,782,044</u>		<u>102,482,717</u>
Net Assets - Ending				\$ <u>50,771,736</u>		<u>104,798,889</u>

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

LEFLORE COUNTY
Balance Sheet - Governmental Funds
September 30, 2009

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	HUD Section 108 Loan Fund	Delta Correctional Facility Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 4,061,324	354	15,648	5,498,296	9,575,622
Property tax receivable	6,993,027			3,337,538	10,330,565
Accounts receivable (net of allowance for uncollectibles of \$557,082)				223,546	223,546
Fines receivable (net of allowance for uncollectibles of \$2,905,511)	171,889				171,889
Loans receivable		4,750,000		450,000	5,200,000
Capital lease receivable				531,256	531,256
Intergovernmental receivables	389,032		929,721	145,417	1,464,170
Other receivables	24,033			60,247	84,280
Due from other funds	245,368			68,187	313,555
Prepaid items	342,360				342,360
Total Assets	\$ 12,227,033	4,750,354	945,369	10,314,487	28,237,243
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 831,026		929,721	695,671	2,456,418
Intergovernmental payables	184,156			7,417	191,573
Due to other funds	68,187			245,368	313,555
Deferred revenue	7,164,916			4,092,340	11,257,256
Unearned revenue				6,743	6,743
Other payables	87,794			55,130	142,924
Total Liabilities	8,336,079	0	929,721	5,102,669	14,368,469
Fund balances:					
Reserved for:					
Debt service				1,320,046	1,320,046
Loans receivable		4,750,000		450,000	5,200,000
Unemployment compensation				30,628	30,628
Unreserved - undesignated, reported in:					
General Fund	3,890,954				3,890,954
Special Revenue Funds		354	15,648	3,411,144	3,427,146
Total Fund Balances	3,890,954	4,750,354	15,648	5,211,818	13,868,774
Total Liabilities and Fund Balances	\$ 12,227,033	4,750,354	945,369	10,314,487	28,237,243

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

LEFLORE 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	\$ 13,868,774
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 \$77,790,778.	57,180,777
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Accounts receivable	223,546
Fines receivable	171,889
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(20,785,760)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(353,194)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>465,704</u>
Total Net Assets - Governmental Activities	\$ <u><u>50,771,736</u></u>

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

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

Exhibit 4

	Major Funds				Total Governmental Funds
	General Fund	HUD Section 108 Loan Fund	Delta Correctional Facility Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 8,394,161			3,782,144	12,176,305
Road and bridge privilege taxes				321,199	321,199
Licenses, commissions and other revenue	440,213			24,193	464,406
Fines and forfeitures	383,751			37,509	421,260
Intergovernmental revenues	1,044,396			1,662,344	2,706,740
Charges for services	923,755		11,153,960	1,070,626	13,148,341
Interest income	131,088	274,492	13,924	154,200	573,704
Miscellaneous revenues	335,929			204,566	540,495
Total Revenues	<u>11,653,293</u>	<u>274,492</u>	<u>11,167,884</u>	<u>7,256,781</u>	<u>30,352,450</u>
EXPENDITURES					
Current:					
General government	4,923,282			366,090	5,289,372
Public safety	4,132,977		11,153,960	1,273,826	16,560,763
Public works	96,456			5,993,434	6,089,890
Health and welfare	681,900				681,900
Culture and recreation	658,017			417,254	1,075,271
Conservation of natural resources	125,099				125,099
Economic development and assistance	188,035			221,760	409,795
Debt service:					
Principal	95,191	250,000		1,910,301	2,255,492
Interest	7,252	274,200		546,938	828,390
Bond issue costs				57,923	57,923
Total Expenditures	<u>10,908,209</u>	<u>524,200</u>	<u>11,153,960</u>	<u>10,787,526</u>	<u>33,373,895</u>
Excess of Revenues over (under) Expenditures	<u>745,084</u>	<u>(249,708)</u>	<u>13,924</u>	<u>(3,530,745)</u>	<u>(3,021,445)</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				93,951	93,951
Long-term non-capital debt issued				4,000,000	4,000,000
Compensation for loss of capital assets				300	300
Transfers in		62		1,737,446	1,737,508
Transfers out	(197,211)			(1,540,297)	(1,737,508)
Lease principal payments				110,688	110,688
Total Other Financing Sources and Uses	<u>(197,211)</u>	<u>62</u>	<u>0</u>	<u>4,402,088</u>	<u>4,204,939</u>
Net Changes in Fund Balances	<u>547,873</u>	<u>(249,646)</u>	<u>13,924</u>	<u>871,343</u>	<u>1,183,494</u>
Fund Balances - Beginning	3,343,081		1,724	3,888,368	7,233,173
Prior period adjustments		5,000,000		452,107	5,452,107
Fund Balances - Beginning, as restated	<u>3,343,081</u>	<u>5,000,000</u>	<u>1,724</u>	<u>4,340,475</u>	<u>12,685,280</u>
Fund Balances - Ending	\$ <u>3,890,954</u>	<u>4,750,354</u>	<u>15,648</u>	<u>5,211,818</u>	<u>13,868,774</u>

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

LEFLORE COUNTY
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2009

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,183,494
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 \$1,328,663 exceeded capital outlays of \$1,210,413 in the current period.	(118,250)
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 \$7,097 and the compensation for loss of capital assets of \$300 in the current period.	(7,397)
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.	14,027
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.	33,736
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$4,093,951 exceeded repayments of \$2,255,492.	(1,838,459)
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:	
Change in accrued interest payable	(157,261)
Change in compensated absences	(9,510)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from change in fund balances by the principal collections on the capital leases.	<u>(110,688)</u>
Change in Net Assets of Governmental Activities	\$ <u><u>(1,010,308)</u></u>

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

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 37,781
Other receivables	<u>6,859</u>
Total Assets	<u>\$ 44,640</u>
LIABILITIES	
Other liabilities	\$ 10,507
Intergovernmental payables	<u>34,133</u>
Total Liabilities	<u>\$ 44,640</u>

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

LEFLORE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

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

The Greenwood Leflore Hospital is a 248 bed acute care hospital and related psychiatric, rehabilitation and outpatient care facilities and physician clinics principally located in Greenwood, Mississippi.

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

The county reports the following major Governmental Funds:

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

HUD Section 108 Loan Fund - This fund is used to account for the note receivable from Enterprise Corporation of the Delta (ECD) for HUD Section 108 Loan granted to Mid-Delta Community and Individual Investment Corporation (MDCIIC) for loans to small businesses. MDCIIC was subsequently acquired by ECD.

Delta Correctional Facility Fund - This fund is used to account for proceeds of the reimbursement from the state to house and feed the state prisoners and the expenditures made to a contractor for housing and feeding state prisoners held at the Delta Correctional Facility.

LEFLORE COUNTY

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

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.

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

I. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

LEFLORE COUNTY

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

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

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

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
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, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

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

LEFLORE COUNTY

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

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."

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.

LEFLORE COUNTY

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

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. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correct error in unearned revenue for federal funds	\$ (73,358)
To correct error in intergovernmental receivables	(93,951)
To correct error in unearned revenue for federal funds	(6,743)
To correct error in intergovernmental receivables	26,159
Total prior period adjustments	\$ (147,893)

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

Explanation	Amount
To correct error in deferred revenue for loans receivable	\$ 5,600,000
To correct error in unearned revenue for federal funds	(73,358)
To correct error in intergovernmental receivables	(93,951)
To correct error in unearned revenue for federal funds	(6,743)
To correct error in intergovernmental receivables	26,159
Total prior period adjustments	\$ 5,452,107

(3) Deposits and Investments.

Primary Government:

Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$9,613,403, and the bank balance was \$9,810,565. 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).

LEFLORE COUNTY

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

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.

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

Custodial credit risk is the risk that, in the event of a bank failure, the hospital's deposits might not be recovered. 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 hospital'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). All deposits with financial institutions must be collateralized in an amount equal to 105 percent of uninsured deposits and are therefore fully insured. The collateralized and insured bank balance was \$7,643,144 at September 30, 2009.

Investments.

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

The statutes of the State of Mississippi restrict authorized investments of the hospital to obligations of the U.S. Treasury, agencies and instrumentalities of the United States and certain other types of investments. The hospital does not have a formal investment policy that further limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The hospital's investments generally are reported at fair value. At September 30, 2009, the hospital had the following investments and maturities:

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

<u>Investment Type</u>	<u>Maturities</u>		<u>Fair Value</u>
Certificates of deposits	Less than 1 year	\$	5,353,819
Certificates of deposits	1 - 5 years		<u>16,000,000</u>
Total		\$	<u><u>21,353,819</u></u>

LEFLORE COUNTY

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ 245,368
Other Governmental Funds	General	68,187
Total		\$ 313,555

The amounts payable to the General Fund from other governmental funds represent expenditures for renovations or federal grants, which will be repaid when funds for renovations have been received through debt proceeds or other sources or reimbursed by the granting agency. The remainder of the receivables represents the taxes that have not been settled to the individual funds from the General Fund at year end. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	\$ 197,211
HUD Section 108 Loan	Other Governmental Funds	62
Other Governmental Funds	Other Governmental Funds	1,540,235
Total		\$ 1,737,508

The principal purpose of interfund transfers was to provide funds for grant matches, capital outlay, debt service, or to provide funds as budgeted for operations. 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:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 87,847
Reimbursement for housing prisoners	1,118,174
Motor vehicle fuel tax	34,931
Motor vehicle licenses	10,476
Department of Human Services reimbursement	18,803
Timber severance	55
Oil severance	3,057
Housing Authority - in lieu tax	4,755
State of Mississippi - Department of Transportation	5,193
State of Mississippi - Department of Environmental Quality	8,563
Juvenile detention alternatives initiative	10,747

LEFLORE COUNTY

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

Description	Amount
Edward Byrne Memorial justice assistance grant	45,127
State and community highway safety grant	9,068
Juvenile accountability block grant	23,701
Home investment partnership program	3,475
Highway planning and construction	8,946
Community facilities loans and grants	60,600
Homeland security grant program	9,526
Local reimbursement share of court costs	1,126
Total Governmental Activities	\$ <u>1,464,170</u>

(6) Loans Receivable.

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

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
TT&W Farm Products - building construction	7/01/2002	3.00%	01/2012	\$ 450,000
Enterprise Corporation of the Delta (ECD) Section 108 loan	8/11/2003	4.60/5.20%	08/2023	<u>4,750,000</u>
Total				\$ <u>5,200,000</u>

In accordance with legal agreements entered into by the county, Mid-Delta Community and Individual Investment Corporation (MDCIIC), the U.S. Department of Housing and Urban Development (HUD), Enterprise Corporation of the Delta (ECD, the guarantor) and the Mississippi Development Authority (MDA), MDCIIC may make loans to small businesses in the Mid-Delta, when approved by the Mississippi Development Authority. ECD has acquired the common stock of MDCIIC and is responsible for making loans to small businesses in the Mid-Delta Region of Mississippi. ECD is obligated to repay Leflore County for the HUD loan of \$4,750,000 (plus interest), equal to \$250,000 principal per year, which matures August 2023. ECD has assumed the liability of MDCIIC and is responsible for the payment of the principal and interest on the HUD Section 108 loan that Leflore County entered into. This loan is guaranteed by the pledged assets of ECD and further guaranteed in case of default by ECD by future Community Development Block Grant Funds to be received by the State of Mississippi.

LEFLORE COUNTY

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

(7) Capital Assets.

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

Primary Government:

Governmental activities:

	Balance Oct. 1, 2008	Additions	Deletions	Balance Sept. 30, 2009
<u>Non-depreciable capital assets:</u>				
Land	\$ 3,870,819			3,870,819
Construction in progress	521,319	187,795		709,114
Total non-depreciable capital assets	<u>4,392,138</u>	<u>187,795</u>	<u>0</u>	<u>4,579,933</u>
<u>Depreciable capital assets:</u>				
Infrastructure	94,232,365			94,232,365
Buildings	17,093,211			17,093,211
Improvements other than buildings	3,679,342			3,679,342
Mobile equipment	6,967,288	993,089	74,089	7,886,288
Furniture and equipment	1,961,950	29,529		1,991,479
Leased property under capital leases	5,508,937			5,508,937
Total depreciable capital assets	<u>129,443,093</u>	<u>1,022,618</u>	<u>74,089</u>	<u>130,391,622</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	65,451,613	152,796		65,604,409
Buildings	2,633,845	338,957		2,972,802
Improvements other than buildings	609,230	148,403		757,633
Mobile equipment	5,548,712	388,761	66,692	5,870,781
Furniture and equipment	1,487,721	72,546		1,560,267
Leased property under capital leases	797,686	227,200		1,024,886
Total accumulated Depreciation	<u>76,528,807</u>	<u>1,328,663</u>	<u>66,692</u>	<u>77,790,778</u>
Total depreciable capital assets, net	<u>52,914,286</u>	<u>(306,045)</u>	<u>7,397</u>	<u>52,600,844</u>
Governmental activities capital assets, net	<u>\$ 57,306,424</u>	<u>(118,250)</u>	<u>7,397</u>	<u>57,180,777</u>

LEFLORE COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 128,124
Public safety	394,219
Public works	414,606
Health and welfare	32,693
Culture and recreation	93,610
Conservation of natural resources	11,831
Economic development and assistance	<u>253,580</u>
Total governmental activities depreciation expense	<u>\$ 1,328,663</u>

The unfinished capital project at September 30, 2009 primarily consists of a road, the Highway 7/Highway 49 connector (Public Land Highway Viking Range Road), which is paid by a State Aid Road appropriation. The Viking Range Road is in the preliminary engineering phase and is a long-term infrastructure project.

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

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

	<u>Balance</u>				<u>Balance</u>
	<u>Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Sept. 30, 2009</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 643,475				643,475
Construction in progress	<u>4,265,991</u>	<u>4,248,094</u>	<u>6,021,060</u>		<u>2,493,025</u>
Total non-depreciable capital assets	<u>4,909,466</u>	<u>4,248,094</u>	<u>6,021,060</u>	<u>0</u>	<u>3,136,500</u>
<u>Depreciable capital assets:</u>					
Land improvements	1,028,399				1,028,399
Buildings	34,289,229	1,841,246			36,130,475
Fixed equipment	5,731,671	83,770			5,815,441
Movable equipment	65,520,828	4,464,148	346,870		69,638,106
Leased property under capital leases	<u>21,818,876</u>	<u>1,423,440</u>	<u>1,517,870</u>		<u>21,724,446</u>
Total depreciable capital assets	<u>128,389,003</u>	<u>7,812,604</u>	<u>1,864,740</u>	<u>0</u>	<u>134,336,867</u>

LEFLORE COUNTY

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

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
<u>Less accumulated depreciation for:</u>					
Land improvements	215,287	1,133			216,420
Buildings	6,642,422	854,279			7,496,701
Fixed equipment	3,408,953	25,368			3,434,321
Movable equipment	60,406,956	4,781,539	333,904		64,854,591
Leased property under capital leases	2,317,332	2,153,706	1,517,870		2,953,168
Total accumulated depreciation	<u>72,990,950</u>	<u>7,816,025</u>	<u>1,851,774</u>	<u>0</u>	<u>78,955,201</u>
Total depreciable capital assets, net	<u>55,398,053</u>	<u>(3,421)</u>	<u>12,966</u>	<u>0</u>	<u>55,381,666</u>
Capital assets, net	<u>\$ 60,307,519</u>	<u>4,244,673</u>	<u>6,034,026</u>	<u>0</u>	<u>58,518,166</u>

The hospital had no material construction commitments outstanding as of September 30, 2009.

(8) 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.

(9) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2009:

<u>Class of Property</u>	<u>Amount</u>
Buildings	\$ <u>5,672,807</u>

LEFLORE COUNTY

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

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2009, are as follows:

Year Ended September 30	Principal	Interest
2010	\$ 114,995	20,400
2011	100,223	15,884
2012	103,714	10,928
2013	42,118	7,416
2014	44,564	4,970
2015 - 2019	60,090	5,954
Total	\$ 465,704	65,552

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
Buildings	\$ 4,200,000
Mobile equipment	1,066,960
Furniture and equipment	241,977
Total	5,508,937
Less: Accumulated depreciation	1,024,886
Leased Property Under Capital Leases	\$ 4,484,051

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	\$ 179,813	31,081
2011	180,600	22,971
2012	146,986	15,445
2013	98,965	9,948
2014	103,193	5,720
2015 - 2019	80,277	1,408
Total	\$ 789,834	86,573

The State of Mississippi will convey title of the County Jail (Camp F) to Leflore County when the maturity date of the bonds for the entire Delta Correctional Facility is reached in December 2016 in accordance with the lease purchase agreement.

LEFLORE COUNTY

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

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

As Lessee:

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

Class of Property	Amounts
Equipment	\$ 21,818,876
Less: Accumulated depreciation	<u>2,317,332</u>
Leased Property Under Capital Leases	<u>\$ 19,501,544</u>

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

Year Ending September 30	Principal	Interest
2010	\$ 3,226,177	276,723
2011	3,914,797	153,782
2012	1,726,529	53,751
2013	584,285	14,851
2014	<u>151,280</u>	<u>790</u>
Total	<u>\$ 9,603,068</u>	<u>499,897</u>

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Primary government:			
Governmental Activities:			
A. General Obligation Bonds:			
General obligation bonds (Series 2008)	\$ 4,000,000	4.50/5.00	11-2028
General obligation bonds (Series 2004)	1,360,000	3.25/4.00	05-2015
Jail construction bonds (Series 2004)	5,110,000	3.70/4.50	12-2023
General obligation (Series 2003)	750,000	2.80/3.75	05-2011
Industrial	480,000	7.50/7.80	05-2015
Industrial (Itta Bena project)	70,000	5.50	06-2010
General obligation (Series 2000)	105,000	7.35/7.40	05-2010
MBIA bond (Series 2002)	450,000	3.00	01-2012
Road & bridge (Series 2001)	<u>1,695,000</u>	4.13	09-2016
Total General Obligation Bonds	<u>\$ 14,020,000</u>		

LEFLORE COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Capital Leases:			
Three 2008 Ford F-150 pickups	\$ 41,862	3.59	06-2011
Seven pickups	58,797	4.20	04-2012
Five Caterpillar motor graders	555,663	4.19	06-2015
E-911 telephone interface	108,204	5.97	09-2012
Medstat telephone interface	25,308	3.88	08-2011
Total Capital Leases	\$ 789,834		
C. Other Loans:			
Note for HUD Section 108 loans	\$ 4,750,000	4.60-5.20	08-2023
Civic Center notes	75,023	3.59	09-2010
MDA capital improvements loan	188,455	4.00	10-2012
MDA capital improvements loan	261,109	5.66	01-2016
MDA mitigation capital improvements loan	259,458	3.00	09-2019
MDA capital improvements loan	90,320	2.00	05-2019
Total Other Loans	\$ 5,624,365		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans*	
	Principal	Interest	Principal	Interest
2010	\$ 1,430,000	686,146	451,901	295,962
2011	1,365,000	526,974	382,252	253,544
2012	1,425,000	470,329	383,522	241,392
2013	1,055,000	417,929	331,683	228,810
2014	875,000	369,698	329,550	215,925
2015 - 2019	3,280,000	1,320,974	1,745,457	875,002
2020 - 2024	3,225,000	676,519	2,000,000	295,950
2025 - 2029	1,365,000	168,031		
Total	\$ 14,020,000	4,636,600	5,624,365	2,406,585

* The principal and interest amounts for the MDA loans are based on the original amortization schedules and any immaterial differences are reflected in the final years' payments for each loan.

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 6.13% of the latest property assessments.

LEFLORE 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	Balance Sept. 30, 2009	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 342,051	9,510		351,561	35,156
General obligation bonds	11,665,000	4,000,000	1,645,000	14,020,000	1,430,000
Capital leases	961,881		172,047	789,834	179,813
Other loans	5,968,859	93,951	438,445	5,624,365	451,901
Total	\$ 18,937,791	4,103,461	2,255,492	20,785,760	2,096,870

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, County-wide Road Maintenance Fund and E-911 Fund.

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Capital Leases:			
Capital lease obligation for equipment	\$ 364,830	4.869	07-2012
Capital lease obligation for equipment	114,996	Variable	07-2010
Master lease agreement for equipment	2,378,814	Variable	07-2012
Master lease agreement for equipment	3,159,492	Variable	2012
Master lease agreement for equipment	2,378,814	Variable	2014
Master lease agreement for equipment	1,134,366	Variable	
Capital lease obligation for equipment	71,756	Variable	07-2009
Total Capital Leases	\$ 9,603,068		

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	Balance Sept. 30, 2009	Amount due within one year
Capital leases	\$ 11,622,563	1,423,440	3,442,935	9,603,068	3,226,177

LEFLORE COUNTY

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

(11) Deficit Fund Balances of Individual Funds.

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

Fund	Deficit Amount
Civic Center \$350,000 Note *	\$ 395,357
Old GWD Library Renovation	34,348
EMS Grant	483

* This deficit fund balance was due to expenditures for the project being incurred prior to the receipt of loan proceeds.

(12) Contingencies.

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

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

(13) Related Organizations.

The Leflore County Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations does not extend beyond making appointments and in making small appropriations, if any, to these organizations:

- East Leflore Water & Sewer District
- Minter City Water & Sewer District
- Blue Lake Water & Sewer District
- Philipston Water District
- Teoc Drainage District
- Big Sand Drainage District
- Abiaca Drainage District
- Fighting Bayou Drainage District
- Pecan Bayou Drainage District
- Abotapoota Drainage District
- Leflore County Drainage District
- New Jones Walton Drainage District
- Cude Drainage District
- Rucker Ellsberry Drainage District
- Lake Henry Drainage District

LEFLORE COUNTY

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

(14) Joint Ventures.

The county participates in the following joint ventures:

Leflore County is a participant with the City of Greenwood in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Greenwood-Leflore County Airport. The joint venture was created to provide airport services and is governed by a five-member board of commissioners with two appointed by the Leflore County Board of Supervisors, two appointed by the City of Greenwood and one jointly appointed. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$96,456. Complete financial statements for the Greenwood-Leflore Airport can be obtained from the Greenwood-Leflore County Airport, P.O. Box 378, Greenwood, MS 38930.

Leflore County entered into an interlocal agreement with Claiborne, Grenada, Holmes and Humphreys Counties and the Cities of Itta Bena, Greenwood and Grenada to provide a multi-jurisdictional drug enforcement task force known as North Central Narcotics Task Force. Most of the funding is provided by a federal grant, with the local entities contributing a minimum of 25 percent. Leflore County contributed \$9,675 to the task force. The accounting for the project is performed by Leflore County. All of the project's transactions are reflected in the financial statements of Leflore County.

Leflore County is a participant with the City of Greenwood in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Greenwood-Leflore Public Library. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Leflore County and three members are appointed by the City of Greenwood. The county's appropriation from the General Fund this year to the joint venture amounted to \$171,935. Complete financial statements for the Greenwood-Leflore Public Library can be obtained from the following address: 405 West Washington, Greenwood, MS 38930.

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Leflore County Board of Supervisors appoints one of the eight members of the board of commissioners. Leflore County contributed \$121,500 for the support of the center in fiscal year 2009.

Yazoo-Mississippi Delta 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 Leflore County Board of Supervisors appoints two of the 21 members of the district board of commissioners. The county levied a .61 mill tax resulting in \$112,121 for the maintenance and support of the district in fiscal year 2009.

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Leflore County Board of Supervisors appoints four of the 28 members of the district board of directors. Leflore County contributed \$33,212 for the support of the district in fiscal year 2009.

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Leflore County Board of Supervisors appoints two of the 20 members of the college board of trustees. The county appropriated \$543,099 for maintenance and support of the college in fiscal year 2009.

LEFLORE COUNTY

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

Greenwood-Leflore Industrial Board members are appointed by the Greenwood-Leflore-Carroll Economic Foundation whose membership is open to the public. Leflore County and the City of Greenwood fund the industrial board equally. The county contributed \$79,884 in support of the industrial board in fiscal year 2009.

(16) Defined Benefit Pension Plan.

Plan Description. Leflore 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 \$644,110, \$609,480 and \$586,447, respectively, equal to the required contributions for each year.

(17) Subsequent Events.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/15/2009	2.95	\$ 400,000	General obligation note	Ad valorem taxes
11/09/2009	3.78	212,600	Capital lease	Ad valorem taxes
04/01/2010	2.5/3.375	2,315,000	General obligation bonds	Ad valorem taxes
04/14/2010	3.06	229,368	Capital lease	Ad valorem taxes
11/15/2010	2.25	650,930	Capital lease	Ad valorem taxes

LEFLORE COUNTY

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LEFLORE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LEFLORE COUNTY

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LEFLORE 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	\$ 8,349,973	8,456,467	8,399,032	(57,435)
Licenses, commissions and other revenue	307,000	416,438	443,139	26,701
Fines and forfeitures	395,100	376,006	401,011	25,005
Intergovernmental revenues	724,880	855,974	1,050,498	194,524
Charges for services	825,000	923,602	926,806	3,204
Interest income	154,000	154,000	135,177	(18,823)
Miscellaneous revenues	170,400	229,670	315,079	85,409
Total Revenues	<u>10,926,353</u>	<u>11,412,157</u>	<u>11,670,742</u>	<u>258,585</u>
EXPENDITURES				
Current:				
General government	4,975,522	5,217,109	4,921,076	296,033
Public safety	3,947,003	4,116,319	4,042,821	73,498
Public works	96,456	96,456	96,456	
Health and welfare	670,207	701,378	684,183	17,195
Culture and recreation	692,560	708,564	670,605	37,959
Conservation of natural resources	137,974	139,076	124,866	14,210
Economic development and assistance	220,669	220,669	184,099	36,570
Debt service:				
Principal	72,422	95,190	95,190	
Interest	5,295	7,253	7,253	
Total Expenditures	<u>10,818,108</u>	<u>11,302,014</u>	<u>10,826,549</u>	<u>475,465</u>
Excess of Revenues over (under) Expenditures	<u>108,245</u>	<u>110,143</u>	<u>844,193</u>	<u>734,050</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	320,000	321,588	306,524	(15,064)
Other financing uses	(495,313)	(497,211)	(489,041)	8,170
Total Other Financing Sources and Uses	<u>(175,313)</u>	<u>(175,623)</u>	<u>(182,517)</u>	<u>(6,894)</u>
Net Change in Fund Balance	(67,068)	(65,480)	661,676	727,156
Fund Balances - Beginning	<u>2,310,000</u>	<u>2,310,000</u>	<u>3,271,752</u>	<u>961,752</u>
Fund Balances - Ending	<u>\$ 2,242,932</u>	<u>2,244,520</u>	<u>3,933,428</u>	<u>1,688,908</u>

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

LEFLORE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 HUD Section 108 Loan Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous revenues	\$ 524,200	524,200	524,200	
Total Revenues	<u>524,200</u>	<u>524,200</u>	<u>524,200</u>	<u>0</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	250,000	250,000	250,000	
Interest	<u>274,200</u>	<u>274,200</u>	<u>274,200</u>	
Total Expenditures	<u>524,200</u>	<u>524,200</u>	<u>524,200</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

LEFLORE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Delta Correctional Facility Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 11,000,000	11,150,066	11,150,066	
Interest income	20,000	20,000	13,924	(6,076)
Total Revenues	<u>11,020,000</u>	<u>11,170,066</u>	<u>11,163,990</u>	<u>(6,076)</u>
EXPENDITURES				
Current:				
Public safety	11,000,000	12,102,351	12,102,351	
Total Expenditures	<u>11,000,000</u>	<u>12,102,351</u>	<u>12,102,351</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>20,000</u>	<u>(932,285)</u>	<u>(938,361)</u>	<u>(6,076)</u>
OTHER FINANCING SOURCES (USES)				
Other financing uses	(20,000)	(20,000)	(20,000)	
Total Other Financing Sources and Uses	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Net Change in Fund Balance	0	(952,285)	(958,361)	(6,076)
Fund Balances - Beginning	<u>1,000,000</u>	<u>954,009</u>	<u>954,009</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,000,000</u>	<u>1,724</u>	<u>(4,352)</u>	<u>(6,076)</u>

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

LEFLORE 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, the Tax Assessor and the Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	HUD Section 108 Loan Fund	Delta Correctional Facility Fund
Budget (Cash Basis)	\$ 661,676		(958,361)
Increase (Decrease)			
Net adjustments for revenue accruals	(274,093)	(249,646)	3,894
Net adjustments for expenditure accruals	160,290		968,391
GAAP Basis	\$ 547,873	(249,646)	13,924

LEFLORE COUNTY

SUPPLEMENTAL INFORMATION

LEFLORE COUNTY

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LEFLORE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Rural Development ARRA Community facilities loans and grants (Direct Award) *	10.766	N/A	\$ <u>60,600</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grants/state's program and non-entitlement grants in Hawaii	14.228	1124-07-042-ED-01	76,943
Community development block grants/state's program and non-entitlement grants in Hawaii	14.228	1122-05-042-ED-01	<u>109,956</u>
Sub-total			<u>186,899</u>
Home Investment Partnership Program	14.239	M03-SG-280-128	<u>10,975</u>
Total U.S. Department of Housing and Urban Development			<u>197,874</u>
U.S. Department of Justice/ Passed-through Mississippi Department of Public Safety Juvenile accountability block grants	16.523	6JB1421	<u>28,238</u>
Direct			
Edward Byrne Memorial justice assistance grant program *	16.738	2005-DJ-BX-1272	1,698
Edward Byrne Memorial justice assistance grant program *	16.738	2006-DJ-BX-0319	16,090
Passed-through Mississippi Department of Public Safety Edward Byrne Memorial justice assistance grant program *	16.738	8NM1421	<u>208,685</u>
Sub-total			<u>226,473</u>
Total U.S. Department of Justice			<u>254,711</u>
U.S. Department of Transportation/Federal Highway Administration Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	BR NBIS 067 B (42)	3,200
Highway planning and construction	20.205	MS 129 042 1 B	22,800
Highway planning and construction	20.205	PLH 0042 18 B	<u>194,343</u>
Sub-total			<u>220,343</u>
U.S. Department of Transportation - National Highway Traffic Safety Administration/Passed-through the Mississippi Department of Public Safety State and community highway safety	20.600	09-TA-182-1	<u>50,885</u>
Total U.S. Department of Transportation			<u>271,228</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	8EMP	31,926
Emergency management performance grants	97.042	9EMP	<u>31,265</u>
Sub-total			<u>63,191</u>

LEFLORE COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2009

(Concluded)

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/ Passed-through the Mississippi Department of Public Safety			
Homeland security grant program	97.067	07LE042	10,885
Homeland security grant program	97.067	6HS042	17,888
Homeland security grant program	97.067	7HS042T	22,328
Homeland security grant program	97.067	07HS042	3,840
Homeland security grant program	97.067	S8HS042T	9,526
Sub-total			64,467
Total U.S. Department of Homeland Security			127,658
Total Expenditures of Federal Awards			\$ 912,071

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

* Denotes major federal award program

LEFLORE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2009

Operating Expenditures, Cash Basis:

Salaries	\$	396,917
Contractual services		86,472
Garbage disposal		197,295
Supplies		<u>105,878</u>
Solid Waste Cash Basis Operating Expenditures		786,562
Full Cost Expenses:		
Indirect administrative costs		26,733
Depreciation on equipment		22,007
Net effect of other accrued expenses		<u>33,223</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>868,525</u></u>

LEFLORE COUNTY

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LEFLORE COUNTY

SPECIAL REPORTS

LEFLORE 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
Leflore County, Mississippi

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore 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 May 23, 2011. Our report includes a reference to another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Another auditor audited the financial statements of the Greenwood Leflore Hospital, as described in our report on Leflore County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control and on compliance and other matters that are reported separately by the other auditor.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Leflore 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 Questioned Costs as 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 the 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, 09-3, 09-4, 09-5 and 09-6 to be material weaknesses.

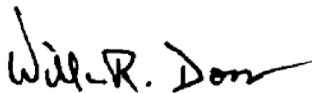
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leflore 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 have reported to the management of Leflore County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated May 23, 2011, included within this document.

Leflore County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Leflore 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 federal awarding agencies and pass-through entities 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

May 23, 2011



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors
Leflore County, Mississippi

Compliance

We have audited the compliance of Leflore County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. Leflore County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Leflore County, Mississippi's management. Our responsibility is to express an opinion on Leflore County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Leflore County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Leflore County, Mississippi's compliance with those requirements.

In our opinion, Leflore County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance


The management of Leflore County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Leflore County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

A control deficiency in a county's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the county's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities 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.

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

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

May 23, 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
Leflore County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Leflore 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 Leflore 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 Leflore County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Receiving Clerk.

Finding

Section 31-7-109, Miss. Code Ann. (1972), states that the Receiving Clerk, or his assistants, shall upon proper delivery of equipment, heavy equipment, machinery, supplies, commodities, materials or services, acknowledge receipt of goods in accordance with the prescribed receipting system. During our examination of the central purchasing system, we noted that some receiving reports appeared to be completed after the fact, as evidenced by invoices dated several days prior to receiving reports. The Receiving Clerk has not established corrective policy and procedures to make sure that all receiving reports are prepared within 72 hours of receiving the goods or services. Failure to complete receiving reports at the actual time of the receipt of the item or within three days of receipt of the item could result in the county paying for items or quantities it did not receive.

Recommendation

The Receiving Clerk should ensure that receiving reports are completed at the time the county takes possession of an item or within three days of receipt of the item.

Receiving Clerk's Response

All receiving reports should be prepared within three days of the receipt of an item. However, the received date is not always the date of the invoice. This does not mean that the report was not properly prepared in three days. Sometimes, items are invoiced a day or two before delivery. At other times, the person preparing the receiving report may be on leave when the items are delivered to another facility or office. The received date of the items I personally receive is the date I actually saw the items. This was the understanding I got when I attended the certification class and after talking with the Technical Assistance Division of the Audit Department. If this is not correct, please give me some clarification.

Auditor's Note

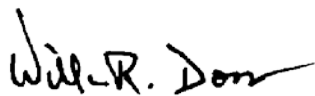
We tested 25 claims and had problems with three receiving reports. We examined the date of the receiving report and compared it to the date on the invoice and the date stamped by the county. Based on these comparisons, the receiving report exceeded the required 72 hours.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Leflore 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.

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

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



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

May 23, 2011

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

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
02-17-2009	Sweeper truck	\$ 144,657	Ingram Equipment	\$ 140,031	Newer model

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

Schedule 2

Our test results did not identify any emergency purchases.

LEFLORE 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.

LEFLORE 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
Leflore County, Mississippi

In planning and performing our audit of the financial statements of Leflore County, Mississippi for the year ended September 30, 2009, we considered Leflore 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 Leflore 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 May 23, 2011, on the financial statements of Leflore 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 areas 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 19-3-68, Miss. Code Ann. (1972), specifies the requirements governing the use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county accordingly. Travel charges to the credit card were not in complete compliance with this section. Receipts were not furnished to the Chancery Clerk or Purchase Clerk for the use of the credit cards. Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowable expenditures.

Recommendation

The Board of Supervisors should ensure that all receipts for the use of the credit cards are furnished to the Chancery Clerk or Purchase Clerk monthly prior to approving payment of credit card expenditures.

Board of Supervisors' Response

As of this date, all charges to the county credit cards will be required to have documentation prior to payment by the county.

Circuit Clerk.

2. Finding

Section 9-1-43, Miss. Code Ann. (1972), limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be both ordinary and necessary to be deductible. Some expenses deducted against income in the 2008 and 2009 calendar years cannot be construed as either ordinary or necessary. Also, some items claimed as expenses by the Circuit Clerk have already been reimbursed to the Circuit Clerk by the Mississippi Judicial College. The total of the disallowed expenses is \$213 for the 2008 calendar year and \$942 for the 2009 calendar year. Deducting expenses against income which are not ordinary or necessary or for which the Circuit Clerk has already been reimbursed could result in the loss of public funds.

Recommendation

The Circuit Clerk should pay the amount of disallowed expenses to the General Fund of the county and in the future should only deduct expenses that are allowable business expenses.

Circuit Clerk's Response

Response for 2008 disallowed expenses: Amount has been paid.

Response for 2009 disallowed expenses: A check was given to the county in the amount of \$1,209 on November 10, 2010, to cover the disallowed expenses. The \$267 overage was due to miscalculation on my part due to difference from the original amount requested. This overage will be applied to future amounts disallowed under Section 9-1-43.

Auditor's Note

The Circuit Clerk repaid \$213 to the General Fund on April 12, 2011, as evidenced by receive warrant number 2011-838 for the disallowed expenses for the 2008 calendar year.

The Circuit Clerk repaid \$942 to the General Fund on November 10, 2010, as evidenced by receive warrant number 2011-186 for the disallowed expenses for the 2009 calendar year. This receive warrant also includes an additional \$267.

3. Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be paid to the county's General Fund on or before April 15th for the preceding calendar year. The Circuit Clerk did not pay the fees received in excess of the \$90,000 for the 2008 and 2009 calendar years to the county's General Fund by April 15th. The total excess fees for the 2008 calendar year were not paid to the county until August 14, 2009 and the total excess fees for the 2009 calendar year were not paid to the county until August 17, 2010. Failure to settle excess fees by the required date results in a loan to the Circuit Clerk that is not authorized by law and the loss of public funds due to lost interest on these excess fees.

Recommendation

In the future, the Circuit Clerk should settle fees received in excess of \$90,000 by April 15th for the preceding calendar year, as required by law.

Circuit Clerk's Response

This has been corrected.

4. Finding

An effective system of internal control should include properly maintaining a fee journal and reconciling the bank statement to the fee journal. The bank statement was not reconciled to the fee journal, except for the month of December 2009. The bank balance per the reconciled bank statement was a negative amount, as well as the cash balance per the fee journal. Failure to reconcile the bank statement to the fee journal monthly could result in the loss of public funds.

Recommendation

The Circuit Clerk should ensure that the fee journal bank statement is reconciled to the fee journal on a timely basis each month.

Circuit Clerk's Response

This has been corrected.

5. Finding

There is no authority for the Circuit Clerk to pay himself fees in advance of earning the fees. The civil cash journal balance for the Circuit Clerk's fees shows a negative balance of \$2,764 at September 30, 2009, indicating that the Circuit Clerk has received payments for fees that he has not yet earned. These excess payments constitute an illegal loan to the Circuit Clerk and could result in the loss of public funds.

Recommendation

The Circuit Clerk should only write checks to himself for fees that he has earned at the time the check is written. He should not loan himself funds from the criminal or civil accounts.

Circuit Clerk's Response

This has been corrected.

6. Finding

Section 9-7-123, Miss. Code Ann. (1972), requires the Deputy Circuit Clerk to execute a bond for an amount not less than \$50,000 and not exceeding \$100,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Deputy Circuit Clerk's bond was written for an indefinite time period. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Deputy Circuit Clerk should ensure that their bond has a definite beginning and ending date, running concurrent with the term of the Board of Supervisors, as required by law.

Circuit Clerk's Response

Deputies' bonds will be corrected to the SAO recommendation.

Justice Court Clerk and Deputy Justice Court Clerks.

7. Finding

Section 9-11-29(2), Miss. Code Ann. (1972), requires every Justice Court Clerk and Deputy Justice Court Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Justice Court Clerk's and Deputy Justice Court Clerks' bonds were written for an indefinite time. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Justice Court Clerk and Deputy Justice Court Clerks should cancel the current bond and secure new ones for the duration of the current term.

Justice Court Clerk's and Deputy Justice Court Clerks' Response

We are in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

Justice Court Judges.

8. Finding

Section 9-11-7, Miss. Code Ann. (1972), requires Justice Court Judges to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Justice Court Judge did not have a bond in effect for the time period August 1, 2009 through September 30, 2009.

Recommendation

The Justice Court Judge for District 1 should ensure that they are bonded for \$50,000 and that their bonds have definite beginning and ending dates, running concurrent with the term of the Board of Supervisors, as required by law.

District 1 Justice Court Judge's Response

We are in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

9. Finding

Section 9-11-7, Miss. Code Ann. (1972), requires Justice Court Judges to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Justice Court Judges for District 2 and 3 were bonded incorrectly for \$10,000. This would limit the amount available for recovery if a loss occurred.

Recommendation

The Justice Court Judges for Districts 2 and 3 should ensure that they are bonded for \$50,000 and that their bonds have definite beginning and ending dates, running concurrent with the term of the Board of Supervisors, as required by law.

District's 2 and 3 Justice Court Judges' Response

We are in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

Purchase Clerk and Assistant Purchase Clerk.

10. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Purchase Clerk to execute a bond for \$75,000 and the Assistant Purchase Clerk to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Purchase Clerk's and Assistant Purchase Clerk's bonds were written for an indefinite time rather than a term. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Purchase Clerk and Assistant Purchase Clerk should cancel the current bond and secure new ones for the duration of the current term.

Purchase Clerk's and Assistant Purchase Clerk's Response

We shall cancel the current bond which was written for an "indefinite" time. Then, in accordance with the laws of Mississippi, we shall secure a bond which will run through the current term of this Board of Supervisors. Then at the beginning of each new term of the Supervisors, we will secure a new one for a period of four years. This procedure of securing a new bond every four years will continue as long as employed by Leflore County.

Receiving Clerk.

11. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Receiving Clerk to execute a bond for \$75,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Receiving Clerk's bond was written for an indefinite time period. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Receiving Clerk should ensure that their bond has a definite beginning and ending date, running concurrent with the term of the Board of Supervisors, as required by law.

Receiving Clerk's Response

We are in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

Assistant Receiving Clerks.

12. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Receiving Clerks to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law. The Assistant Receiving Clerks were covered under a blanket bond. The bond was not on file in the Officials Bond Book in the Chancery Clerk's Office. The bond did not list the names of the individuals covered under the bond. This limits the amount available for recovery if a loss occurred.

Recommendation

The Assistant Receiving Clerks' bonds should be filed in the Officials Bond Book in the Chancery Clerk's Office. The bond should list the names of all individuals covered under the bond.

Assistant Receiving Clerks' Response

We are in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

Inventory Control Clerk.

13. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Inventory Control Clerk to execute a bond for \$75,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Inventory Control Clerk's bond was written for an indefinite time period. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Inventory Control Clerk should cancel the current bond and secure a new one for the duration of the current term.

Inventory Control Clerk's Response

I shall cancel the current bond that was written for an "indefinite" time and secure a bond which will run through the current term of this Board of Supervisors. At the beginning of each term of the Board of Supervisors, I will secure a \$75,000 bond for a period of four years.

Road Manager.

14. Finding

Section 65-17-1(3), Miss. Code Ann. (1972), requires the County Road Manager to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Road Manager's bond was written for an indefinite time period. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Road Manager should ensure that his bond has definite beginning and ending dates, running concurrent with the term of the Board of Supervisors, as required by law.

Road Manager's Response

We are in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

Sheriff.

15. Finding

An effective system of internal control over the collection, recording and disbursement of cash should include reconciling bank statements on a monthly basis. The Sheriff's Office did not reconcile its bank account during the fiscal year. The Sheriff's Office did not have policies and procedures in place to ensure that bank accounts were being reconciled. Failure to reconcile bank accounts in a timely manner could result in the loss of public funds.

Recommendation

The Sheriff's Office should reconcile their bank account on a monthly basis.

Sheriff's Response

From this time on, the bank statements will be reconciled.

16. Finding

Section 45-5-9, Miss. Code Ann. (1972), requires Sheriff's deputies hired under this section to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Deputy Sheriffs were covered under a blanket bond. The bond was not on file in the Officials Bond Book in the Chancery Clerk's Office. The bond did not list the names of the individuals covered under the bond. This limits the amount available for recovery if a loss occurred.

Recommendation

The Deputy Sheriffs' bonds should be filed in the Officials Bond Book in the Chancery Clerk's Office. The bond should list the names of all individuals covered under the bond.

Sheriff's Response

When a bond is issued to a new employee, that bond is mailed to the Chancery Clerk's Office by the insurance company. I never see the bond.

The county is in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

Constables.

17. Finding

Section 19-19-3, Miss. Code Ann. (1972), requires Constables to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. All three Constables were bonded for \$25,000 each. This would limit the amount available for recovery if a loss occurred.

Recommendation

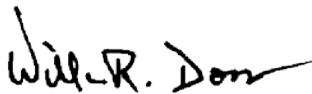
Constables should ensure that they are bonded for \$50,000, as required by law.

Constables' Response

We are in the process of changing and updating all the bonds for county employees to conform to the Audit Department requirements and state law.

Leflore 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

May 23, 2011

LEFLORE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LEFLORE COUNTY

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LEFLORE COUNTY

Schedule of Findings and Questioned Costs
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 |
| | Discretely presented component unit | Unqualified |
| | General Fund | Unqualified |
| | HUD Section 108 Loan Fund | Unqualified |
| | Delta Correctional Facility Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | a. Community facilities loans and grants, CFDA #10.766 | |
| | b. Edward Byrne Memorial Justice Assistance grant program, CFDA #16.738 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | Yes |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____315(b) of OMB Circular A-133? | No |

LEFLORE COUNTY

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

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency - Material Weakness

09-1. Finding

An effective system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles should include adequate detail to document the compilation of individual funds' balances and transactions as well as any adjustments to these balances and transactions, proper accrual of revenues and expenditures, proper classification of revenues and expenditures/expenses, proper classification of restricted net assets and the inclusion of all required disclosures in the notes to the financial statements. We noted the following deficiencies in the financial statement preparation and reporting:

- a. Charges for services revenues totaling \$11,153,960 were posted to the wrong revenue accounts. Failure to post the revenues to the correct revenue accounts resulted in these revenues being misclassified on the statement of activities and the statement of revenues, expenditures and changes in fund balances. Audit adjustments to correct this error were proposed to management and made to the financial statements with management's approval.
- b. Deferred revenue totaling \$5,200,000 was incorrectly reported for loans receivable. Generally accepted accounting principles require that receivables related to long-term loans always be matched by a reservation of fund balance to alert financial statement users that the receivables reported in the governmental fund, while representing a financial resource, do not constitute a current financial resource because receipt is not expected in the near future. Audit adjustments to correct this error were proposed to management and made to the financial statements with management's approval.
- c. Proceeds from non-capital debt of \$4,000,000 were incorrectly reported as capital debt. This resulted in the long-term liabilities classifications and the net assets invested in capital assets, net of related debt, being misstated. Audit adjustments to correct this error were proposed to management and made to the financial statements with management's approval.
- d. Amounts reported for several net asset classifications on the Statement of Net Assets were incorrect. Failure to correctly calculate fund balances and classify government-wide reconciling items resulted in incorrect amounts being reported on the Statement of Net Assets. Audit adjustments to correct these errors were proposed to management and made to the financial statements with management's approval.
- e. Loan proceeds for a MDA loan of \$93,951 were not reported in the financial statements. Failure to reflect these loan proceeds resulted in long-term debt being understated. Audit adjustments to correct this error were proposed to management and made to the financial statements with management's approval.
- f. A revenue in the amount of \$60,600 for a Community Facilities Loans & Grants federal program was not accrued. Failure to accrue these receivables and revenues resulted in the intergovernmental receivables and revenues being understated. Also the expenditures related to this grant were not reported on the Schedule of Expenditures of Federal Awards.

LEFLORE COUNTY

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

- g. The note disclosure for deficit fund balances was not included. Generally accepted accounting principles require that the notes to the financial statements disclose all material instances where there is a deficit of fund balance/net assets/equity in an individual fund that is not otherwise visible on the face of the basic financial statements. Failure to report deficit fund balances limits information that might be of interest to financial statement users. This note disclosure was added to the financial statements with management's approval.
- h. The note disclosure on jointly governed organizations for Yazoo-Mississippi Delta Water Management District reported an incorrect amount sent to the organization. Failure to report the correct amount resulted in erroneous information in the note disclosure and additional audit work. This note disclosure was corrected with management's approval.

Recommendation

The Board of Supervisors should implement a system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles.

Board of Supervisors' Response

We have gone over the individual finding with the Audit Department and have agreed to correct the items in the 2010 year where they are applicable.

Significant Deficiency - Material Weakness

09-2. Finding

An effective system of internal control over federal grants should include the proper classification of revenues and proper recognition of revenues and expenditures. The county posted federal grant funds passed-through the Mississippi Department of Public Safety of \$50,885 and the Mississippi Emergency Management Agency of \$63,191 to the general ledger as state revenues. The county did not report all federal grant expenditures or erroneously include expenditures from the prior year on the Schedule of Expenditures of Federal Awards for the fiscal year ended September 30, 2009. As a result, several corrections were proposed by the auditor and made to the Schedule of Expenditures of Federal Awards with management's approval. The failure to properly complete the Schedule of Expenditures of Federal Awards increases the possibility of reporting incorrect amounts of federal expenditures.

Recommendation

The Board of Supervisors should ensure that all revenues and expenditures relating to federal grants are properly posted and included on the Schedule of Expenditures of Federal Awards.

Board of Supervisors' Response

We receive a large amount of state and federal funds in a year's time and some federal funds could possibly be inadvertently mis-coded as state funds since they run through state agencies. These items were thought to be state funds. However, the revenues received from these and other federal revenues will be properly reported in the 2010 year to the best of our ability.

LEFLORE COUNTY

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

Circuit Clerk.

Significant Deficiency - Material Weakness

09-3. Finding

An effective system of internal control over the accounting of fines receivable should include maintaining an accurate schedule of fines due to the county. The Circuit Clerk's aging schedule of fines receivable should only include Circuit Court fines due to the county. The aging schedule of the Circuit Clerk's fines receivable included fees, state assessments and restitution along with Circuit Court fines. The inclusion of these fees and assessments in the fines receivable aging schedule could materially misstate the fines receivable amount that is reported in the county's financial statements.

Recommendation

The Circuit Clerk should ensure that only fines are reflected in the account balances shown on the aging schedule of fines receivable.

Circuit Clerk's Response

The office will work on the fines receivables aging schedule to be in complete compliance by September, 2011 year-end.

Significant Deficiency - Material Weakness

09-4. Finding

An effective system of internal control over the collection, recording and disbursement of cash should include properly maintaining cash journals and reconciling the bank statements to the cash journals. We noted the following deficiencies in the criminal and civil cash journals:

- a. Some checks were not posted to the cash journals.
- b. Interest income was not posted to the cash journals.
- c. Some checks were not posted on the correct dates.
- d. Some checks that cleared the bank account were listed as voided in the civil cash journal.
- e. The bank statements were not properly reconciled to the cash journals. The reconciled amount did not agree with the cash balance in the journals. Also, some reconciling items were not properly identified and therefore, could not be verified.

Failure to properly post the civil and criminal cash journals and reconcile the bank statements to the cash journals could result in the loss of public funds.

Recommendation

The Circuit Clerk should ensure that the cash journals are properly posted and the bank statements are reconciled to the cash journals.

Circuit Clerk's Response

This has been corrected.

LEFLORE COUNTY

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

Significant Deficiency - Material Weakness

09-5. Finding

An effective system of internal control over the collection, recording and disbursement of funds should include properly maintaining cash journals to account for all transactions. The Circuit Clerk had unidentified funds in his accounts. At September 30, 2009, the Circuit Clerk had \$12,188.52 of unidentified cash. It could not be determined to which account it belonged to. Section 27-105-371, Miss. Code Ann. (1972), requires any unidentifiable funds to be settled into the General Fund of the county. Failure to properly identify and account for all funds could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement controls over the collection, recording and disbursement of funds to properly account for all transactions and settle the unidentified cash into the General Fund of the county.

Circuit Clerk's Response

Unidentified cash overages and outstanding checks will be settled to the county's General Fund.

Auditor's Note

The unidentified cash overage has not been settled to the county as of April 12, 2011.

Justice Court Clerk.

Significant Deficiency - Material Weakness

09-6. Finding

An effective system of internal control over the accounting of fines receivable should include maintaining an accurate schedule of fines due to the county. The Justice Court Clerk's aging schedule of fines receivable should only include Justice Court fines due to the county. The aging schedule of the Justice Court Clerk's fines receivable included clerk's fees and state assessments along with Justice Court fines. The inclusion of these fees and assessments in the fines receivable aging schedule could materially misstate the fines receivable amount that is reported in the county's financial statements.

Recommendation

The Justice Court Clerk should ensure that only fines are reflected in the account balances shown on the aging schedule of fines receivable.

Justice Court Clerk's Response

I will comply and only submit fines that are due to the county on my next aging schedule. I will submit this report on September 30, 2011.

Section 3: Federal Award Findings and Questioned Costs

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