

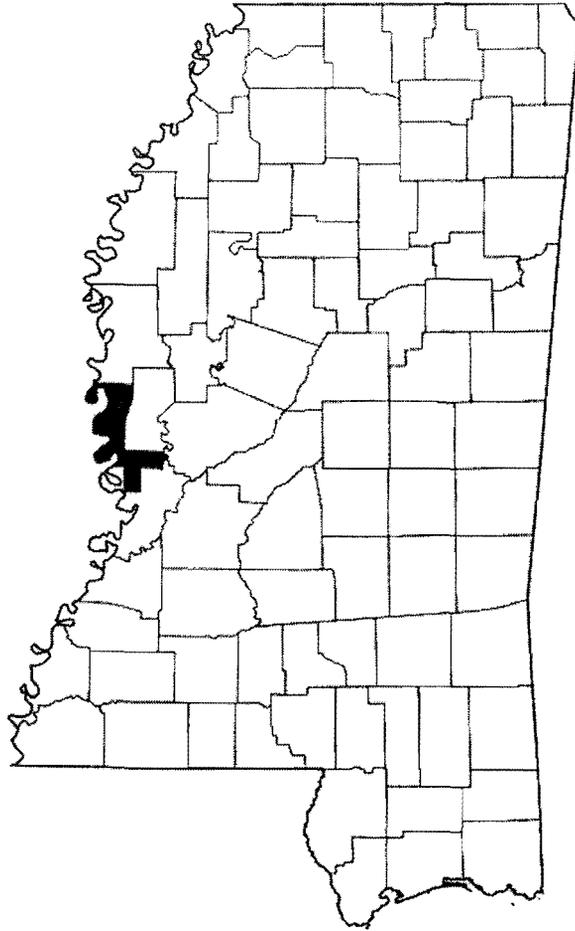


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ISSAQUENA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2014



Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

ISSAQUENA COUNTY

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ISSAQUENA COUNTY

FINANCIAL SECTION



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Issaquena County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Issaquena County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Issaquena County, Mississippi, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omissions of Required Supplementary Information

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

Supplementary and Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2015, on our consideration of Issaquena County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Issaquena County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

Bridgers & Goodman, PLLC
October 6, 2015

ISSAQUENA COUNTY

FINANCIAL STATEMENTS

ISSAQUENA COUNTY
Statement of Net Position
September 30, 2014

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 2,132,384	\$ 382,219	\$ 2,514,603
Investments-restricted		1,271,046	1,271,046
Property tax receivable	2,052,110		2,052,110
Fines receivable. (Net of allowance for uncollectibles of \$176,432)	45,591		45,591
Intergovernmental receivables	46,910	300,682	347,592
Other receivables	7,391		7,391
Internal balances	(664)	664	-
Capital assets:			
Land	86,272	17,500	103,772
Other capital assets, net	752,097	2,484,579	3,236,676
Total Assets	5,122,091	4,456,690	9,578,781
LIABILITIES			
Claims payable	34,038	91,044	125,082
Intergovernmental payables	21,686		21,686
Accrued interest payable		6,050	6,050
Amounts held in custody for others	9,673		9,673
Long-term liabilities			
Due within one year:			
Capital debt	10,352	410,000	420,352
Due in more than one year:			
Capital debt	24,315	195,000	219,315
Non-Capital debt	36,900	80,855	117,755
Total Liabilities	136,964	782,949	919,913
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	2,052,110	-	2,052,110
Total Deferred Inflows of Resources	2,052,110	-	2,052,110
NET POSITION			
Net Investment in capital assets	803,702	1,897,079	2,700,781
Restricted:			
Expendable:			
General Government	20,837		20,837
Public Safety	147,366	1,489,899	1,637,265
Public Works	1,244,133		1,244,133
Debt Service		286,763	286,763
Unrestricted	716,979		716,979
Total Net Position	\$ 2,933,017	\$ 3,673,741	\$ 6,606,758

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

ISSAQUENA COUNTY

Statement of Activities

For the Year Ended September 30, 2014

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 926,068	\$ 92,533		\$ 6,098	\$ (827,437)		\$ (827,437)
Public safety	640,290	60,465	19,423		(560,402)		(560,402)
Public works	728,034		549,625		(178,409)		(178,409)
Health and Welfare	127,820		25,569		(102,251)		(102,251)
Culture and Recreation	26,175				(26,175)		(26,175)
Conservation of natural resources	50,448				(50,448)		(50,448)
Economic development and assistance	172,963			171,698	(1,265)		(1,265)
Interest on long-term debt	891				(891)		(891)
Total Governmental Activities	<u>2,672,689</u>	<u>152,998</u>	<u>594,617</u>	<u>177,796</u>	<u>(1,747,278)</u>		<u>(1,747,278)</u>
Business-type activities:							
Regional Correctional Facility	3,043,825	3,311,928				268,103	268,103
Total Business-type Activities	<u>3,043,825</u>	<u>3,311,928</u>				<u>268,103</u>	<u>268,103</u>
Total Primary Government	<u>5,716,514</u>	<u>3,464,926</u>	<u>594,617</u>	<u>177,796</u>	<u>(1,747,278)</u>	<u>268,103</u>	<u>(1,479,175)</u>
General revenues:							
Taxes:							
Property taxes					1,925,966		1,925,966
Road & bridge privilege taxes					18,615		18,615
Grants & contributions not restricted to specific programs					69,005		69,005
Unrestricted interest income					10,504		10,504
Unrestricted investment income						699	699
Miscellaneous					40,943	65,273	106,216
Total General Revenues					<u>2,065,033</u>	<u>65,972</u>	<u>2,131,005</u>
Changes in Net Position					<u>317,755</u>	<u>334,075</u>	<u>651,830</u>
Net Position- Beginning					2,618,779	3,377,906	5,996,685
Change in Accounting Standard						(38,240)	(38,240)
Prior Period Adjustments					(3,517)		(3,517)
Net Position- Beginning, as restated					<u>2,615,262</u>	<u>3,339,666</u>	<u>5,954,928</u>
Net Position- Ending					<u>\$ 2,933,017</u>	<u>\$ 3,673,741</u>	<u>\$ 6,606,758</u>

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

ISSAQUENA COUNTY
Balance Sheet-Governmental Funds
September 30, 2014

Exhibit 3

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 738,747	\$ 1,393,637	\$ 2,132,384
Property tax receivable	1,714,099	338,011	2,052,110
Fines receivable. (Net of allowance for uncollectibles of \$176,432)	45,591		45,591
Intergovernmental receivables	34,066	12,844	46,910
Other receivables	296	7,095	7,391
Due from other funds		5,444	5,444
Total Assets	<u>2,532,799</u>	<u>1,757,031</u>	<u>4,289,830</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	27,354	6,684	34,038
Intergovernmental payables	16,006		16,006
Due to other funds	11,788		11,788
Amounts held in custody for others	9,673		9,673
Total Liabilities	<u>64,821</u>	<u>6,684</u>	<u>71,505</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,714,099	338,011	2,052,110
Unavailable revenue - fines	45,591		45,591
Total Deferred Inflows of Resources	<u>1,759,690</u>	<u>338,011</u>	<u>2,097,701</u>
Fund balances:			
Restricted for:			
General government		20,837	20,837
Public safety		147,366	147,366
Public works		1,244,133	1,244,133
Unassigned	708,288		708,288
Total Fund Balances	<u>708,288</u>	<u>1,412,336</u>	<u>2,120,624</u>
Total Liabilities and Fund Balances	<u>\$ 2,532,799</u>	<u>\$ 1,757,031</u>	<u>\$ 4,289,830</u>

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

ISSAQUENA COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position - September 30, 2014

Total Fund Balance- Governmental Funds

Amounts reported for governmental services in the Statement of Net Position
are different because: 2,120,624

Capital assets are used in governmental activities and are not financial resources
and, therefore, are not reported in the funds, net of accumulated depreciation
of \$1,860,553. 838,369

Other long-term assets are not available to pay for current period expenditures and,
therefore, are deferred in the funds. 45,591

Long-term liabilities are not due and payable in the current-period and, therefore,
are not reported in the funds. (71,567)

Total Net Position- Governmental Activities \$ 2,933,017

ISSAQUENA COUNTY

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 1,619,557	\$ 306,409	\$ 1,925,966
Road and bridge privilege taxes		18,615	18,615
Licenses, commissions, and other revenue	26,344	1,021	27,365
Fines and forfeitures	65,359		65,359
Intergovernmental revenues	61,337	780,081	841,418
Charges for services	53,455	5,855	59,310
Interest income	8,437	2,067	10,504
Miscellaneous revenues	12,274	21,274	33,548
Total Revenues	<u>1,846,763</u>	<u>1,135,322</u>	<u>2,982,085</u>
EXPENDITURES			
Current:			
General government	916,665		916,665
Public safety	554,930	81,980	636,910
Public works	6,476	786,085	792,561
Health and welfare	127,820		127,820
Culture and recreation	26,175		26,175
Conservation of natural resources	50,448		50,448
Economic development and assistance	1,265	171,698	172,963
Debt Service:			
Principal	11,060		11,060
Interest	891		891
Total Expenditures	<u>1,695,730</u>	<u>1,039,763</u>	<u>2,735,493</u>
Excess of Revenues Over (Under) Expenditures	<u>151,033</u>	<u>95,559</u>	<u>246,592</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long term debt	21,055		21,055
Transfer In		9,601	9,601
Transfer Out	(9,601)		(9,601)
Total Other Financing Sources and Uses	<u>11,454</u>	<u>9,601</u>	<u>21,055</u>
Net Changes in Fund Balance	<u>162,487</u>	<u>105,160</u>	<u>267,647</u>
Fund Balance-Beginning	<u>545,801</u>	<u>1,307,176</u>	<u>1,852,977</u>
Fund Balance- Ending	<u>\$ 708,288</u>	<u>\$ 1,412,336</u>	<u>\$ 2,120,624</u>

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

ISSAQUENA COUNTY

Exhibit 4-1

**Reconciliation of the Statement of Revenues, Expenditures, and Change In
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014**

Net Changes in Fund Balances - Governmental Funds \$ 267,647

Amounts reported for governmental services in the Statement of Net Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$ 116,450 exceeded depreciation of \$58,538. 57,912

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 increases financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$6,029 and the proceeds from the sale of \$21,055 in the current period. (15,026)

Fine revenue recognized on the modified accrual basis in the fund 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. 964

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$11,060 exceeded debt proceeds of \$0. 11,060

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. Thus the change in net position differs from the change in fund balances by the following item:

Increase in compensated absences payable (4,802)

Changes in Net Position of Governmental Activities \$ 317,755

ISSAQUENA COUNTY
Statement of Net Position- Proprietary Fund
September 30, 2014

Exhibit 5

Business-type
Activities
Enterprise Fund
Issaquena County
Correctional Facility

ASSETS

Current assets:	
Cash	\$ 382,219
Investments-Restricted	1,271,046
Intergovernmental receivables	300,682
Due from other funds	664
Total Current Assets	<u>1,954,611</u>
Noncurrent assets:	
Capital assets:	
Land	17,500
Equipment and furniture	2,484,579
Total Noncurrent Assets	<u>2,502,079</u>
Total Assets	<u>4,456,690</u>

LIABILITIES

Current liabilities:	
Claims payable	91,044
Accrued interest payable	6,050
Capital related debt - current	410,000
Total Current Liabilities	<u>507,094</u>
Noncurrent liabilities:	
Capital debt:	
Other long-term liabilities	195,000
Non-Capital debt:	
Compensated absences	80,855
Total Noncurrent Liabilities	<u>275,855</u>
Total Liabilities	<u>782,949</u>

NET POSITION

Net Investment in capital assets	1,897,079
Restricted for:	
Public safety	1,489,899
Debt service	286,763
Total Net Position	<u>\$ 3,673,741</u>

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

ISSAQUENA COUNTY
Statement of Revenues, Expenses, and Changes in Fund Net
Position - Proprietary Fund
For the Year Ended September 30, 2014

Exhibit 6

	Business-type Activities Enterprise Fund Issaquena County Correctional Facility
Operating Revenues	
Charges for services	\$ 3,311,928
Miscellaneous	65,273
Total Operating Revenues	<u>3,377,201</u>
Operating Expenses	
Personal services	1,600,824
Contractual services	574,960
Materials and supplies	730,385
Depreciation expense	81,467
Indirect administrative cost	14,289
Total Operating Expense	<u>3,001,925</u>
Operating Income (Loss)	<u>375,276</u>
Non-operating Revenues (Expenses)	
Interest income	699
Interest expense	(41,900)
Net Non-Operating Revenue (Expense)	<u>(41,201)</u>
Changes in Net Position	<u>334,075</u>
Net Position- Beginning	3,377,906
Change in accounting standard	(38,240)
Net Position- Beginning, as restated	<u>3,339,666</u>
Net Position- Ending	<u>\$ 3,673,741</u>

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

ISSAQUENA COUNTY
Statement of Cash Flows-Proprietary Fund
For the Year Ended September 30, 2014

Exhibit 7

	Business-type Activities Enterprise Fund Issaquena County Correctional Facility
Cash flows from operating activities	
Receipts from customers	\$ 3,306,837
Payments to suppliers	(1,292,205)
Payments to employees	(1,604,969)
Other miscellaneous cash receipts	73,873
Net cash provided (used) by operating activities	<u>483,536</u>
Cash flows from noncapital financing activities	
Cash repaid to other funds	(11,317)
Net cash provided (used) by noncapital financing activities	<u>(11,317)</u>
Cash flows from capital and related financing activities	
Principal paid on long-term debt	(390,000)
Interest paid on debt	(45,300)
Net cash provided (used) by capital and related financing activities	<u>(435,300)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	122,155
Interest and dividends on investments	699
Net cash provided (used) by investing activities	<u>122,854</u>
Net increase (decrease) in cash and cash equivalents	159,773
Cash and cash equivalents at beginning of year	222,446
Cash and cash equivalents at end of year	<u>\$ 382,219</u>
Reconciliation of operating income (loss) to net cash	
Provided (used) by operating activities:	
Operating income (loss)	\$ 375,276
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	81,467
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(5,091)
Increase (decrease) in claims payable	13,571
Increase (decrease) in compensated absences payable	9,713
(Increase) decrease in other receivables	8,600
Total Adjustments	<u>108,260</u>
Net cash provided (used) by operating activities	<u>\$ 483,536</u>

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

ISSAQUENA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2014

Exhibit 8

ASSETS

Cash	\$	63,189
Due from other funds		5,680
Total Assets		<u>68,869</u>

LIABILITIES

Intergovernmental payables		16,832
Amounts held in custody for others		52,037
Total Liabilities	\$	<u>68,869</u>

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

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

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

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

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

ISSAQUENA COUNTY, MISSISSIPPI
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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 and report all financial resources not accounted for and reported in another fund.

The county reports the following major Proprietary Fund:

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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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, 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 market value.

G. Receivables.

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

H. Inter-fund 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

I. Restricted Assets.

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

J. Capital Assets.

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

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of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

		<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$	0	N/A
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. Deferred Outflows/Inflows of Resources.

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

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

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

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

L. Long-term liabilities.

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

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

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

Government fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

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

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

Fund Balance Flow Assumption:

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

N. 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 vehicle and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

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

O. Intergovernmental Revenues in Governmental Funds.

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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.

P. Compensated Absences.

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

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. The provisions of these standards have been incorporated into the financial statements and notes.

GASB Statement 65 requires debt issuance cost, except any portion related to prepaid insurance cost, be recognized as an expense in the period incurred. Prior to GASB Statement 65, debt issuance cost was amortized over the life of the bond.

A summary of significant equity adjustments are as follows:

Exhibit 2 - Statement of Activities:

Explanation	Amount
To expense unamortized balance of debt issuance cost.	\$(38,240)

NOTE (2)

PRIOR PERIOD ADJUSTMENTS.

A summary of significant equity adjustments is as follows:

Exhibit 2 - Statement of Activities:

Explanation	Amount
Adjustments are to correct error in prior period governmental accounts payable.	\$(3,517)
Total prior period adjustment(s)	\$(3,517)

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NOTE (3) DEPOSITS.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$2,577,792 and the bank balance was \$2,796,407. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

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

Investment balances at September 30, 2014, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities	Less than one year	\$1,271,046	AAAm
Money Market Mutual Fund			

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

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

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

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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NOTE (4) INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2014:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Issaquena County Correctional Facility	General	\$664
Agency	General	5,680
Other Governmental	General	5,444
Total		\$11,788

The receivable from the General Fund to the Issaquena County Correctional Facility represents overpayment of indirect cost. The receivable from the General Fund to Other Governmental Funds represent tax revenue collected but not settled until October, 2014. The receivable from the General Fund to the Agency Fund represent judicial assessments collected but not settled until October, 2014. 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	General	\$9,601
Total		\$9,601

The purpose of the transfer is to correct an error in posting. All transfers were routine and consistent with the activities of the fund making the transfer.

NOTE (5) INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2014, consisted of the following:

Governmental Activities:

Description	Amount
State Legislative Tax Credit	\$17,919
Welfare payments	3,803
Additional privilege tax	2,094
Petro tax distribution	10,750
Reimbursement for housing prisoners	12,344
Total	\$46,910

Business-Type Activities:

Description	Amount
Reimbursement for housing prisoners	\$300,682
Total	\$300,682

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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NOTE (6) Restricted Assets.

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

Description	Amount
Revenue Fund	\$504,483
General Fund	108,554
Debt Service Reserve	286,763
Depreciation and Operating Reserve	204,228
Excess Revenue Fund	167,018
Total	\$1,271,046

NOTE (7) CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2014:

Governmental Activities:

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
Non-depreciable capital assets:					
Land	\$ 86,272	\$ -	\$ -	\$ -	\$ 86,272
Total non-depreciable capital assets	<u>86,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,272</u>
Depreciable capital assets:					
Buildings	616,343				616,343
Improvements other than buildings	382,361				382,361
Mobile equipment	1,427,376	116,450	55,288		1,488,538
Furniture and equipment	88,688		6,852		81,836
Leased property under capital lease	43,572				43,572
Total depreciable capital assets	<u>2,558,340</u>	<u>116,450</u>	<u>62,140</u>	<u>-</u>	<u>2,612,650</u>
Less accumulated depreciation for:					
Buildings	307,463	9,312			316,775
Improvements other than buildings	236,916	13,386			250,302
Mobile equipment	1,218,045	29,678	40,947		1,206,776
Furniture and equipment	80,543		6,167		74,376
Leased property under capital lease	6,162	6,162			12,324
Total accumulated depreciation	<u>1,849,129</u>	<u>58,538</u>	<u>47,114</u>	<u>-</u>	<u>1,860,553</u>
Total depreciable capital assets, net	<u>709,211</u>	<u>57,912</u>	<u>15,026</u>	<u>-</u>	<u>752,097</u>
Governmental activities capital assets, net	<u>795,483</u>	<u>57,912</u>	<u>15,026</u>	<u>-</u>	<u>838,369</u>

ISSAQUENA COUNTY, MISSISSIPPI
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Business-Type Activities:

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
Non-depreciable capital assets:					
Land	17,500				17,500
Total non-depreciable capital assets	17,500	-	-	-	17,500
Depreciable capital assets:					
Buildings	3,851,891				3,851,891
Mobile equipment	94,261				94,261
Furniture and equipment	32,261				32,261
Total depreciable capital assets	3,978,413	-	-	-	3,978,413
Less accumulated depreciation for:					
Buildings	1,319,029	77,038			1,396,067
Mobile equipment	78,559	1,046			79,605
Furniture and equipment	14,779	3,383			18,162
Total accumulated depreciation	1,412,367	81,467	-	-	1,493,834
Total depreciable capital assets-net	2,566,046	(81,467)	-	-	2,484,579
Business-type activities assets, net	\$ 2,583,546	\$ (81,467)	\$ -	\$ -	\$ 2,502,079

Depreciation expense was charged to the following functions:

Governmental Activities:

General government	\$ 16,166
Public safety	14,355
Public works	28,017
Total Governmental activities depreciation expense	\$ 58,538

Business-type Activities:

Correctional facility	\$ 81,467
Total Business-type activities depreciation expense	\$ 81,467

NOTE (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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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NOTE (9) CAPITAL LEASES.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

Classes of Property	Governmental Activities
Furniture and equipment	\$43,572
Leased property under capital lease	\$43,572

The following is a schedule by years of the total payments due as of September 30, 2014:

Year Ending September 30,	Leased property under capital lease	
	Principal	Interest
2015	\$ 10,352	\$ 602
2016	11,532	418
2017	11,789	161
2018	994	2
Total	\$ 34,667	\$ 1,183

NOTE (10) LONG TERM DEBT.

Debt outstanding as of September 30, 2014, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
Leased property under capital lease:			
Computer system	\$ 34,667	2.19%	10/2017
Total Leased Property Under Capital Lease	\$ 34,667		
Business-type Activities:			
Limited Obligation Bonds:			
Series 2008 correctional facility refunding bonds	\$ 605,000	4.00/4.37%	07/2016
Total Limited Obligation Bonds	\$ 605,000		

Pledge of Future Revenues – The county has pledged future revenues for housing inmates, net of specified operating expenses, to repay, \$2,120,000 in limited obligation urban renewal revenue bonds issued in August, 2008. Proceeds from the bonds were used to refund the urban renewal revenue bonds issued to provide financing for the construction of the Issaquena County Regional

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Correctional Facility. The bonds are not a general obligation of the county, and therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through June, 2016. The total principal and interest remaining to be paid on the bonds is \$637,000. Principal and interest paid for the current year and total inmate housing net revenues were \$390,000 and \$375,276, respectively.

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

Business-type Activities:

Year Ending September 30,	Limited Obligation Bonds	
	Principal	Interest
2015	\$ 410,000	\$ 24,200
2016	195,000	7,800
Total	\$ 605,000	\$ 32,000

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 last completed assessment for taxation. However, the limitation is increased to 20% whenever counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2014, there was no outstanding debt subject to the limitation statutes.

- Limited obligation urban renewal refunding bonds were issued with a face value of \$2,825,000 for the purpose of the refunding and redemption of the outstanding principal of the county's Urban Renewal Revenue Bonds (Issaquena County, MS Regional Correctional Facility Project), Series 1996, dated February 1, 1996, at par plus accrued interest. The bonds are not a general obligation of the county; therefore, are not secured by the full faith and credit of the county. The sole source of payment for the revenue bonds is income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners.

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The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

Governmental Activities:	Balance	Additions	Deletions	Adjustments	Balance	Amounts due within one year
	Oct. 1, 2013				Sept. 30, 2014	
Capital lease	\$ 45,727		11,060		34,667	10,352
Compensated absences	32,098	4,802			36,900	
Total	<u>77,825</u>	<u>4,802</u>	<u>11,060</u>	<u>0</u>	<u>71,567</u>	<u>10,352</u>
Business-type Activities						
Compensated absences	71,142	9,713			80,855	
Limited obligation bonds	995,000		390,000		605,000	410,000
Total	\$ <u>1,066,142</u>	<u>9,713</u>	<u>390,000</u>	<u>0</u>	<u>685,855</u>	<u>410,000</u>

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

NOTE (11) 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 statement.

Litigation - The County is part 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.

NOTE (12) JOINTLY GOVERNED ORGANIZATIONS.

The county participates in the following jointly governed organizations:

Delta Community Mental Health Service operates in a district composed of the counties of Bolivar, Issaquena, Sharkey and Washington. The Issaquena County Board of Supervisors appoints one of the four members of the Board of Commissioners. The county appropriated \$20,000 for support in fiscal year 2014.

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Issaquena County Board of Supervisors appoints one of the 20 members of the college board of trustees. The county appropriated \$58,585 for maintenance and support of the college in fiscal year 2014.

South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Issaquena County Board

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September 30, 2014

of Supervisors appoints three of the 22 members of the board of directors. The county appropriated \$1,265 for support in fiscal year 2014.

The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Issaquena County Board of Supervisors appoints one of the 21 members of the board of commissioners. The county levied a .71 mil tax for support in fiscal year 2014.

NOTE (13) DEFINED BENEFIT PENSION PLAN.

Plan Description - Issaquena County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1055 or by calling 1-800-444-PERS.

Funding Policy – As of September 30, 2014, PERS members are required to contribute 9.0% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% 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) for the years ending September 30, 2014, 2013 and 2012 were \$303,981, \$257,899, and \$232,725 respectively equal to the required contributions for each year.

NOTE (14) SUBSEQUENT EVENTS.

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of Issaquena County evaluated the activity of the County through October 6, 2015 (the date the financial statements were available to be issued), and determined that no subsequent event has occurred that requires disclosure in the notes to the financial statements.

ISSAQUENA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

Issaquena County
 Budgetary Comparison Schedule-
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,687,460	\$ 1,613,783	\$ 1,613,783	\$ -
Licenses, commissions and other revenue	24,090	26,054	26,054	-
Fines and forfeitures	49,526	66,897	66,897	-
Intergovernmental revenues	51,539	91,644	91,644	-
Charges for services	44,972	61,682	61,682	-
Interest income	13,620	10,667	10,667	-
Miscellaneous revenues	6,331	34,020	34,020	-
Total Revenues	<u>1,877,538</u>	<u>1,904,747</u>	<u>1,904,747</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	1,486,518	926,465	926,465	-
Public safety	549,943	559,007	559,007	-
Public works	10,151	5,563	5,563	-
Health and welfare	150,296	127,921	127,921	-
Culture and recreation	25,975	26,175	26,175	-
Education		37,987	37,987	-
Conservation of natural resources	54,897	50,474	50,474	-
Economic development and assistance	1,265	1,265	1,265	-
Total Expenditures	<u>2,279,045</u>	<u>1,734,857</u>	<u>1,734,857</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(401,507)</u>	<u>169,890</u>	<u>169,890</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(401,507)	169,890	169,890	-
Fund Balance-Beginning	(407,507)	413,668	413,668	-
Fund Balance-Ending	<u>\$ (809,014)</u>	<u>\$ 583,558</u>	<u>\$ 583,558</u>	<u>\$ -</u>

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

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014

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, Tax Assessor, and 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 Budget 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:

	General Fund	
Budget (cash basis)	\$	169,890
Increase (Decrease)		
Net adjustments for revenue accruals		(36,929)
Net adjustments for expenditure accruals		29,526
GAAP Basis	\$	162,487

ISSAQUENA COUNTY

OTHER INFORMATION

Issaquena County
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2014

<u>Official/Employee</u>	<u>Position</u>	<u>Surety Company</u>	<u>Amount</u>
Lewis Hatcher	Supervisor District One	Travelers Casualty & Surety Co.	\$ 100,000
John T. Kerr Jr.	Supervisor District Two	Travelers Casualty & Surety Co.	\$ 100,000
Larry White	Supervisor District Three	Travelers Casualty & Surety Co.	\$ 100,000
Michael Parker	Supervisor District Four	Travelers Casualty & Surety Co.	\$ 100,000
Milton Goza	Supervisor District Five	Travelers Casualty & Surety Co.	\$ 100,000
Erline Fortner	Chancery Clerk	Travelers Casualty & Surety Co.	\$ 100,000
Robbie Duncan	Deputy Chancery Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Rhonda Delaney	Deputy Chancery Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Erline Fortner	Circuit Clerk	Travelers Casualty & Surety Co.	\$ 100,000
Robbie Duncan	Deputy Circuit Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Rhonda Delaney	Deputy Circuit Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Erline Fortner	Purchase Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Christy Williams	Assistant Purchase Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Pamela Horton	Assistant Purchase Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Robbie Duncan	Receiving Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Tracy Norton	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Dorothy Ann Kerr	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Brenda N. Peterson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Freddie Knox	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Mike Delaney	Inventory Control Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Stallard Williams	Constable	Travelers Casualty & Surety Co.	\$ 50,000
Matthew Williams	Constable	Travelers Casualty & Surety Co.	\$ 50,000
Sharon M. Perkins	Justice Court Clerk	RLI Insurance Co.	\$ 50,000
Tommy Williams	Justice Court Judge	Travelers Casualty & Surety Co.	\$ 10,000
Gayle Bunton	Justice Court Judge	Travelers Casualty & Surety Co.	\$ 10,000
Debbie Robin	Tax Assessor-Collector	Travelers Casualty & Surety Co.	\$ 100,000
Pamela L Horton	Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Richard Jones	Sheriff	Travelers Casualty & Surety Co.	\$ 100,000

UNAUDITED

ISSAQUENA COUNTY

SPECIAL REPORTS



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

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

Members of the Board of Supervisors
Issaquena County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Issaquena County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated October 6, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2014-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Issaquena County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated October 6, 2015 within this document.

Issaquena County's Response to Findings

Issaquena County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Issaquena County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

Bridgers & Goodman, PLLC
October 6, 2015



BRIDGERS & GOODMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Corporation

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

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

Members of the Board of Supervisors
Issaquena County, Mississippi

We have examined Issaquena County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2014. The Board of Supervisors of Issaquena County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Issaquena County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

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

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

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

Bridgers & Goodman PLLC
October 6, 2015

ISSAQUENA COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2014

Schedule 1

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

ISSAQUENA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2014

Schedule 2

Our test results did not identify any emergency purchases.

ISSAQUENA COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2014

Schedule 3

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Issaquena County, Mississippi

In planning and performing our audit of the financial statements of Issaquena County, Mississippi for the year ended September 30, 2014, we considered Issaquena County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Issaquena County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 6, 2015, on the financial statements of Issaquena County, Mississippi.

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

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

Chancery Clerk

1. Finding

Section 27-45-1, MS Code Ann. (1972), requires the Chancery Clerk to make land redemption settlements within 20 days after the end of each month and to make a complete report thereof to the Board of Supervisors. As reported in the last fifteen years' audit reports, the Chancery Clerk did not make timely settlements and did not file a complete report to the Board of Supervisors. Failure to perform timely

settlements of funds collected and reporting those settlements to the Board of Supervisors increase the possibility of loss or misappropriation of public funds.

Recommendation

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

Chancery Clerk's Response

I will comply.

Tax Assessor-Collector

1. Finding

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

Recommendation

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

Tax Assessor-Collector's Response

I will comply.

2. Finding

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

Recommendation

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

Tax Assessor-Collector's Response

I will comply.

Sheriff

1. Finding

Section 19-25-13, MS Code Ann. (1972), requires the Sheriff to settle all collections of fees and charges to the county on a monthly basis. As reported in the past five years' audit reports, settlements of collections were not made monthly. Failure to settle collections properly could result in the loss of public funds.

Recommendation

The Sheriff should settle collections monthly.

Sheriff's Response

I will comply.

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

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

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

Bridgers & Goodman, PLLC
October 6, 2015

ISSAQUENA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ISSAQUENA COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|-----------------------------------------------------------------|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Significant Deficiency

2014-1. Finding

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

Recommendation

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

Tax Assessor-Collector's Response

I will comply.