

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF NESHOBAMA COUNTY  
PHILADELPHIA, MISSISSIPPI**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2011**

**WATKINS, WARD AND STAFFORD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS**

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOBAMA COUNTY  
PHILADELPHIA, MISSISSIPPI**

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## **Independent Auditors' Report**

To the Board of Directors  
Industrial Development Authority of Neshoba County  
Philadelphia, Mississippi

We have audited the accompanying financial statements of the Industrial Development Authority of Neshoba County, a component unit of Neshoba County, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the Authority's financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the financial position, and the results of its operations for the Industrial Development Authority of Neshoba County and are not intended to present fairly the financial position and results of operations of Neshoba County, Mississippi, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Industrial Development Authority of Neshoba County, as of September 30, 2011, and the changes in financial position for the year ended in conformity with generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2013, on our consideration of the Industrial Development Authority of Neshoba County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparisons information on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Philadelphia, Mississippi  
February 20, 2013

*Watkins Ward and Stafford PLLC*

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

The discussion and analysis of the Industrial Development Authority of Neshoba County's financial performance provides an overall narrative review of the Authority's financial activities for the year ended September 30, 2011. The intent of this discussion and analysis is to look at the Authority'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 Authority's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this Authority's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the Authority's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

**FINANCIAL HIGHLIGHTS**

- Total net assets decreased \$37,505, which represents a 3% decrease from fiscal year ending September 30, 2010.
- General revenues account for \$157 in revenue or less than 1% of all revenue.
- Capital assets, net of accumulated depreciation, decreased by \$36,043.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 Authority'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 Authority'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 Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority'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 only result in cash flows in future fiscal years.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOBIA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

The government-wide financial statements outline functions of the Authority that are principally supported by grants and intergovernmental revenues (governmental activities). The governmental activities of the Authority include industrial development.

The government-wide financial statements can be found on pages 10-11 of this report.

**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 Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into one category: governmental 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 current 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 Authority'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 Authority'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 Authority'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. These reconciliations are included in the financial statements of the audit report.

The Authority maintains individual governmental funds in accordance with regulations issued by the Mississippi Office of the State Auditor. 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 funds.

The basic governmental fund financial statements can be found on pages 12 and 14 of this report.

**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. The notes to the financial statements can be found on pages 16-17 of this report.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**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 Authority, assets exceeded liabilities by \$1,411,107 as of September 30, 2011.

By far the largest portion of the Authority's net assets (94%) reflects its investment in capital assets (e.g., land, building, furniture and equipment). The Authority uses some of these capital assets to provide services with the remaining land being available for sale/lease to business prospects.

The Authority's financial position is a product of several financial transactions including the net result of activities, the acquisition of capital assets and the depreciation of capital assets.

The following table presents a summary of the Authority's net assets for the fiscal year ended:

	<u>September 30 2011</u>	<u>September 30 2010</u>
Current assets	\$ 82,749	\$ 72,816
Capital assets, net	<u>1,346,714</u>	<u>1,382,757</u>
<b>Total Assets</b>	<u>1,429,463</u>	<u>1,455,573</u>
 Current liabilities	 <u>18,536</u>	 <u>6,961</u>
<b>Total Liabilities</b>	<u>18,536</u>	<u>6,961</u>
 <b>Net Assets:</b>		
Invested in capital assets	1,346,714	1,382,757
Unrestricted	<u>64,393</u>	<u>65,855</u>
<b>Total Net Assets</b>	<u>\$ 1,411,107</u>	<u>\$ 1,448,612</u>

**Changes in net assets.** The Authority's total revenues for the fiscal year ended September 30, 2011, were \$129,260. This represents an increase of \$40,065, or 45% from the prior year. The total costs of all programs and services was \$166,765. This represents an increase of \$38,204, or 30% from the prior year. The following table presents a summary of the changes in net assets for the fiscal year ended:



**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>September 30 2011</u>	<u>September 30 2010</u>
<b>Revenues:</b>		
Program and general revenues	\$ <u>129,260</u>	<u>89,195</u>
<b>Total Revenues</b>	<u>129,260</u>	<u>89,195</u>
<b>Expenses</b>		
Industrial development	<u>166,765</u>	<u>128,561</u>
<b>Total Expenses</b>	<u>166,765</u>	<u>128,561</u>
<b>(Decrease) in Net Assets</b>	\$( <u>37,505</u> )	( <u>39,366</u> )

**Governmental activities.** The following presents the cost of the Authority's functional activity and industrial development for the years ending September 30, 2011 and September 30, 2010. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the Authority by this function.

	<u>Total Expenses</u>		<u>Total Net (Expense) Revenues</u>	
	<u>September 30 2011</u>	<u>September 30 2010</u>	<u>September 30 2011</u>	<u>September 30 2010</u>
Industrial development	\$ <u>166,765</u>	<u>128,561</u>	( <u>37,662</u> )	( <u>39,580</u> )
<b>Total Expenses</b>	<u>166,765</u>	<u>128,561</u>	( <u>37,662</u> )	( <u>39,580</u> )

Net cost of governmental activities (\$37,662) was financed by program revenues which is made up primarily from intergovernmental transfer (\$67,680).

**Financial Analysis of the Authority's Funds**

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

The financial performance of the Authority as a whole is reflected in its governmental funds. As the Authority completed the year, its governmental funds reported a combined fund balance of \$64,393, a decrease of \$1,462 due to ongoing expenses increasing at a greater rate than ongoing revenues during the fiscal year.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Capital Assets and Debt Administration**

**Capital assets.** As of September 30, 2011, the Authority's total capital assets were \$1,469,013, including land, building and furniture and equipment. This amount decreased \$5,600 from the previous year. Total accumulated depreciation as of September 30, 2011, was \$122,299 and total depreciation expense for the year was \$30,443, resulting in total net capital assets of \$1,346,714.

Additional information on the Authority's capital assets can be found in Note 2 of this report.

**Contacting the Authority's Financial Management**

If you have question about this report, contact the Chairman of the Industrial Development Authority of Neshoba County, P.O. Box 330, Philadelphia, Mississippi 39350.

**FINANCIAL STATEMENTS**

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

<b>Assets</b>	
Cash	\$ 74,749
Certificate of deposit	8,000
Capital assets, net of accumulated depreciation	<u>1,346,714</u>
<b>Total Assets</b>	<u>1,429,463</u>
<b>Liabilities</b>	
Accounts Payable	15,914
Security deposits held	<u>2,442</u>
<b>Total Liabilities</b>	<u>18,356</u>
<b>Net Assets</b>	
Invested in capital assets	1,346,714
Unrestricted	<u>64,393</u>
<b>Total Net Assets</b>	\$ <u><u>1,411,107</u></u>

The accompanying notes are an integral part of these financial statements.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**WATKINS, WARD AND STAFFORD, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

		<b>Program Revenues</b>			<b>Net (Expense)</b>
			<b>Operating</b>	<b>Capital</b>	<b>Revenue and</b>
			<b>Grants and</b>	<b>Grants and</b>	<b>Changes in</b>
			<b>Contributions</b>	<b>Contributions</b>	<b>Net Assets</b>
<b>Program Activities</b>	<b>Expenses</b>	<b>Charges for</b>			<b>Governmental</b>
		<b>Services</b>			<b>Activities</b>
Governmental activities:					
Industrial development	\$ 166,765	24,923	104,180		(37,662)
Total Governmental Activities	166,765	24,923	104,180		(37,662)
<b>Total Government</b>	<b>\$ 166,765</b>	<b>24,923</b>	<b>104,180</b>		<b>(37,662)</b>
<b><u>General Revenues:</u></b>					
	Interest				\$ 157
	Total General Revenues				157
	Change in Net Assets				(37,505)
	Net Assets at Beginning of Year				1,448,612
	Net Assets at End of Year				\$ 1,411,107

The accompanying notes are an integral part of these financial statements.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

<b>Assets</b>		
Cash	\$	74,749
Certificate of deposit		<u>8,000</u>
<b>Total Assets</b>	\$	<u><u>82,749</u></u>
<b>Liabilities</b>		
Accounts Payable		15,914
Security deposits held		<u>2,442</u>
<b>Total Liabilities</b>		<u>18,356</u>
<b>Fund Balance</b>		
Unreserved		<u>64,393</u>
<b>Total Fund Balance</b>		<u>64,393</u>
<b>Total Liabilities and Fund Balance</b>	\$	<u><u>82,749</u></u>

The accompanying notes are an integral part of these financial statements.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

Total fund balance - governmental funds	\$ 64,393
Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	<u>1,346,714</u>
<b>Net Assets of Governmental Activities</b>	<b>\$ <u>1,411,107</u></b>

The accompanying notes are an integral part of these financial statements.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Revenues:**

County revenue	\$ 67,680
Interest income	157
Operating grants and contributions	36,500
Rent income	24,923
Sale of land	<u>12,000</u>
Total Revenues	<u>141,260</u>

**Expenditures:**

Economic development	<u>142,722</u>
Total Expenditures	<u>142,722</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,462)

**Fund Balances:**

October 1, 2010	<u>65,855</u>
September 30, 2011	\$ <u><u>64,393</u></u>

The accompanying notes are an integral part of these financial statements.



**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Net changes in fund balances - total governmental funds	\$ (1,462)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current year.	6,400
Governmental funds report the sale of capital assets as revenue.	(12,000)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not recorded as an expenditure in governmental funds.	<u>(30,443)</u>
Changes in net assets of governmental activities	\$ <u><u>(37,505)</u></u>

The accompanying notes are an integral part of these financial statements.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1: Summary of Significant Accounting Principles**

The Industrial Development Authority of Neshoba County was created in 1983 by the State of Mississippi under Senate Bill No. 3014 Laws of the State of Mississippi. This authorized the Neshoba County Board of Supervisors to levy an ad valorem tax for the operation of an industrial development authority. Its purpose is to promote economic development within Neshoba County and the municipalities located therein.

The Industrial Development Authority of Neshoba County is governed by a seven member board of directors. They are appointed by the Neshoba County Board of Supervisors: one from each supervisor's district who shall be qualified electors therein, and two from the county at large. By applying the criteria set forth in GAAP, the Industrial Development Authority is a component unit of Neshoba County, Mississippi, due to Neshoba County's governing body's ability to exercise oversight responsibility.

These financial statements present only the financial position, operations and changes in fund balance for the Industrial Development Authority of Neshoba County and are not intended to present fairly the financial position and results of operations of Neshoba County, Mississippi, in conformity with generally accepted accounting principles.

Assets and liabilities, and revenues and expenditures, are recognized on the modified accrual basis of accounting.

Fixed assets are capitalized and depreciated over their useful lives using the straight-line method.

The Authority maintains cash balances at a financial institution. Such balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingents assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 2:        Capital Assets**

The following is a summary of changes in capital assets for governmental activities:

	<u>Balance 10/01/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance 9/30/11</u>
<b>Non-depreciable Capital Assets:</b>					
Land	\$ 305,850		(12,000)		293,850
Total Non-Depreciable Capital Assets	305,850		(12,000)		293,850
<b>Depreciable Capital Assets:</b>					
Multi-Purpose Building	1,140,350				1,140,350
Furniture and equipment	28,413	6,400			34,813
Total Depreciable Capital Assets	1,168,763	6,400			1,175,163
<b>Less Accumulated Depreciation For:</b>					
Multi-Purpose Building	89,016	28,870			117,886
Furniture and equipment	2,840	1,573			4,413
Total Accumulated Depreciation	91,856	30,443			122,299
<b>Total Depreciable Capital Assets, Net</b>	<u>1,076,907</u>	<u>(24,043)</u>			<u>1,052,864</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 1,382,757</u>	<u>(24,043)</u>	<u>(12,000)</u>		<u>1,346,714</u>

Depreciation expense was charged to the following governmental function:

	<u>Amount</u>
Economic Development	\$ 30,443
Total Depreciation Expense	<u>\$ 30,443</u>

**INDUSTRIAL DEVELOPMENT AUTHORITY OF NESHOPA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 3:    Measurement Focus and Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported as using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However debt service expenditures are recorded only when payment is due.

**Note 4:    Subsequent Events**

Events that occur after the statement of net assets 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 assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. The Authority's management has evaluated the effect of subsequent events on these financial statements through February 20, 2013, the date the financial statements were available to be issued.

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



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

The Board of Directors  
Industrial Development Authority of Neshoba County  
Philadelphia, Mississippi

We have audited the financial statements of the Industrial Development Authority of Neshoba County, a component unit of Neshoba County, Mississippi, as of and for the year ended September 30, 2011, and have issued our report thereon dated February 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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 Authority'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 Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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 Authority's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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*.

This report is intended solely for the information and use of management, the Neshoba County 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.

Philadelphia, Mississippi  
February 20, 2013