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**Coahoma County**  
Financial Statements  
September 30, 2008

**Ellis & Hirsberg**  
Certified Public Accountants, PLLC  
Clarksdale, Mississippi



COAHOMA COUNTY

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COAHOMA COUNTY

FINANCIAL SECTION

COAHOMA COUNTY

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ELLIS & HIRSBERG  
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

219 EAST SECOND STREET - P. O. BOX 400 - CLARKSDALE, MISSISSIPPI 38614  
662-624-4332  
FAX 662-624-4335

INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors  
Coahoma 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 Coahoma County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

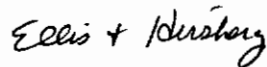
In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Coahoma County, Mississippi, as of September 30, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above 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 Coahoma County, Mississippi, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2009, on our consideration of Coahoma County, Mississippi'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 considered in assessing the results of our audit.

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

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



September 23, 2009

COAHOMA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

COAHOMA COUNTY

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COAHOMA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**INTRODUCTION**

The discussion and analysis of Coahoma County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2008. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is a new element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Coahoma County is located in northwestern Mississippi along the Mississippi River. The population, according to the 2000 census, is 30,000. The local economic base is driven mainly by agriculture.

**FINANCIAL HIGHLIGHTS**

Coahoma County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Coahoma County continues to grow economically yet is decreasing in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government tax rate has remained relatively flat over the last 10 years. This does not include school tax increases.

Total net assets increased \$1,591,471, which represents a 1.40% increase over the prior fiscal year. The County's ending cash and investments balance decreased by \$725,043, which represents a 1.73% decrease under the prior fiscal year.

The County had \$17,904,762 in total revenues. Tax revenues account for \$5,270,544 or 29% of total revenues. State revenues in the form of reimbursements, shared revenue or grants, account for \$3,454,335 or 19% of total revenues.

The County had \$16,590,306 in total expenses, which represents a decrease of \$2,268,209 or 12% decrease under the prior fiscal year. Expenses in the amount of \$5,961,609 were offset by charges for services, grants, outside contributions or debt being issued. General revenues of \$11,943,153 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$10,500,107 in revenues and \$13,368,049 in expenditures. The General Fund's balance decreased \$2,344,270 under the prior year. A portion of the decrease results from grant match funds paid to the state and also repair and maintenance expenditures for roads.

The Road Fund had \$2,159,097 in revenues and \$1,860,709 in total expenditures. The Road fund balance increased \$298,388 over the prior year.

The Industrial Development Authority Fund had \$573,666 in revenues and \$666,111 in total expenditures. The Industrial Development Authority's fund balance increased \$163,346 over the prior year.

The Hospital Reserve Fund had \$1,573,614 in revenues. The Hospital Reserve fund balance increased \$723,614 over the prior year.

Capital assets, net of accumulated depreciation, increased by \$3,296,951. Construction activities account for the increase. Projects include road construction by-pass near Jonestown, two multipurpose buildings - one in District 3 and one in District 4, airport project and railroad projects.

Long-term debt increased by \$81,971. Long-term debt was increased by amounts drawn down on a note with the Mississippi Development Authority for improvements to the Standard Industrial building. Long-term debt was also increased due to additional amounts accrued for compensated absences during the year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 - Required Components of the County's Annual Report

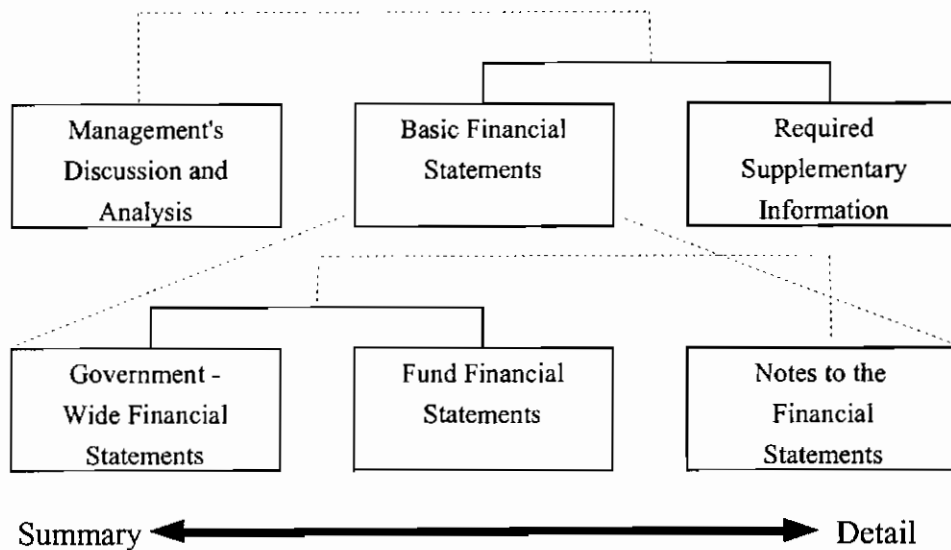


Figure 1 shows how required parts of this annual report are arranged and related to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 - Major Features of the County's Government-Wide and Fund Financial Statements.

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or Fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	a. Statement of net assets b. Statement of activities	a. Balance sheet b. Statement of revenues, expenditures and changes in fund balances	a. Statement of net assets b. Statement of revenues, expenses and changes in net assets c. Statement of cash flows	a. Statement of fiduciary net assets b. Statement of changes in net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; economic development; and interest on long-term debt. The business-type activities of the County include rental of office space at the Federal Building and rents received from railroad operations.

The Government-wide Financial Statements can be found on pages 16, 17, 18 and 19 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 County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds 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 on pages 23 and 26, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual* issued by the Mississippi Office of the State Auditor. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 20 through 32 of this report.

**Proprietary funds** are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The County uses enterprise funds to account for the Federal Building and a Railroad operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self insurance and central maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Federal Building Fund and Railroad Fund are considered to be major funds of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary funds financial statements can be found on pages 28 through 31 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Net Assets, which can be found on page 32 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 33 through 53 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 57 through 62 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Circular A-133 and can be found on page 65 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Assets** - Net assets may serve over time as a useful indicator of government's financial position. In the case of Coahoma County, assets exceeded liabilities by \$115,575,877 as of September 30, 2008.

By far, the largest portion of the County's net assets (65%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net assets for the fiscal years ended September 30, 2008 and 2007.

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
Current assets	15,656,377	18,370,820	1,743,991	1,641,780
Other assets	32,970,405	31,622,198		
Capital assets, net	69,867,196	66,792,174	6,323,602	6,101,673
Total assets	<u>118,493,978</u>	<u>116,785,192</u>	<u>8,067,593</u>	<u>7,743,453</u>
Current liabilities	7,071,429	6,552,767	290,968	228,210
Long-term debt outstanding	1,129,031	956,101	2,494,266	2,807,161
Total liabilities	<u>8,200,460</u>	<u>7,508,868</u>	<u>2,785,234</u>	<u>3,035,371</u>
Net assets:				
Invested in capital assets, net of related debt	69,174,452	66,230,156	5,273,306	4,955,550
Restricted	46,109,000	43,929,908	322,782	(247,468)
Unrestricted	<u>(4,989,934)</u>	<u>(883,740)</u>	<u>(313,729)</u>	
Total net assets	<u>110,293,518</u>	<u>109,276,324</u>	<u>5,282,359</u>	<u>4,708,082</u>

Note: The business-type activities consist of rents received from office space rental and rent received from railroad operations.

The County's governmental net assets increased by \$1,017,194. The increase can in part be attributed to expenses which have capitalized as part of construction in progress during the year.

The business-type activities net assets increased by \$574,277. A large portion of the increase was due to operating grants which helped pay expenses for the railroad fund.

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

- Expenditures totaling \$4,843,792 were capitalized as construction in progress.
- Proceeds of \$189,414 were drawn against a note with the Mississippi Development Authority.

**Changes in Net Assets** - Coahoma County's total revenues for the fiscal year ended September 30, 2008 was \$17,904,762. The total cost for all services provided was \$16,590,306. The change in net assets was \$1,314,456. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2008 and 2007.

	2008 <u>Amount</u>	2007 <u>Amount</u>
Revenues:		
Program revenues		
Charges for services	2,722,853	2,850,943
Federal grants	1,941,652	1,917,534
State grants	2,449,359	1,931,971
General revenues		
Property taxes	5,270,544	5,299,406
Gaming fees	2,302,080	2,533,795
Other	3,218,274	3,470,720
Total Revenues	<u>17,904,762</u>	<u>18,004,369</u>
Expenses:		
General government	4,949,332	5,036,646
Public safety	4,482,027	4,045,581
Public works	3,920,335	7,019,067
Health and welfare	312,623	292,572
Economic development	711,049	263,765
Other expenses	2,214,940	2,200,884
Total Expenses	<u>16,590,306</u>	<u>18,858,515</u>
Special item		<u>(1,219,000)</u>
Increase (Decrease) in Net Assets	<u>1,314,456</u>	<u>(2,073,146)</u>

**Governmental Activities** - The following table presents the cost of eight major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Education, Conservation, and Economic Development.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Coahoma County's taxpayers by each of these functions.

	2008 Total Costs	2007 Total Costs	2008 Net Costs	2007 Net Costs
General government	4,949,332	5,036,646	3,848,550	3,904,399
Public safety	4,482,027	4,045,581	3,553,037	2,927,071
Public works	3,920,335	7,019,067	1,229,555	4,089,189
Health and welfare	312,623	292,572	296,280	248,054
Economic development	711,049	263,765	539,231	263,765
Culture and recreation	236,652	174,918	236,652	174,918
Education	1,000,000	1,200,000	1,000,000	1,200,000
Conservation	76,847	75,008	76,847	75,008

### ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

**Governmental funds** - At the close of the fiscal year, Coahoma County's governmental funds reported a combined fund balance of \$41,181,362, a decrease of \$1,342,629. The decrease results from expenditures made for road construction not financed by federal or state sources and matching funds paid to the State for construction of the higher education facility.

The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$2,212,742. The decrease was in part due to matching funds expended for the higher education facility in the amount of \$1,000,000 during the year. New road construction expenditures totaling approximately \$3,182,000 were also made during the year.

The road fund reported an increase in net assets for the year in the amount of \$298,388. The fund accounts for activities associated with road maintenance financed in part by tax assessments and state source revenue.

The Industrial Development Authority fund reported an increase in fund balance of \$163,346 for the year. The fund accumulates activities associated with industrial development within the County.

The Hospital Reserve fund reported an increase in fund balance of \$723,614 for the year. The earnings are from interest on certificates of deposits and interest from interfund loan repayments during the year.

**Business-type funds** - Both enterprise funds are supported by rent. The Federal Building rents office space to various outside agencies. The Railroad Fund receives a base rent of \$9,000 per month. Additional rent of 60% of gross annual revenue above \$405,000 is also collectible. Rent of \$10 per railcar, empty or loaded, is collected on railcars which exit property at Swan Lake.

### ***BUDGETARY HIGHLIGHTS OF MAJOR FUNDS***

Over the course of the year Coahoma County revised its annual operating budget. Significant amendments are explained as follows:

The General fund was amended up because expenditures were more than expected for public safety activities.

The Road fund budget was increased due to amounts expended for fuel and other supplies and materials.

The Industrial Development fund budget did not experience any significant budget revisions.

The Hospital Reserve fund budget did not experience any significant budget revisions.

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

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets** - As of September 30, 2008, Coahoma County's total capital assets was \$151,503,469. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$6,041,110. The largest construction activity for the year was construction of the Jonestown By-Pass. The project was still under construction at year-end. Thus far, \$3,182,445 has been spent on the project. Other construction activities included airport improvement project, railroad improvements and construction of two multipurpose buildings.

Total accumulated depreciation as of September 30, 2008 was \$75,312,671, including \$2,811,269 of depreciation expense for the year. The balance in total net capital assets was \$76,190,798 at year-end.

Additional information on Coahoma County's capital assets can be found in Note 7 on page 43 of this report.

**Debt Administration** - At September 30, 2008, Coahoma County had \$2,263,247 in long-term debt outstanding. This includes limited obligation bonds, loans from Mississippi Department of Economic and Community Development and Mississippi Department of Transportation. New debt of \$189,414 was incurred during the year. The amount was drawn from the Mississippi Development Authority to help finance renovations at the Standard Industrial building. More amounts are expected to be drawn in the upcoming year. The total amount needed for the project will be approximately \$901,000.

The State of Mississippi limits the amount of debt a County can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$26.4 million dollars.

Additional information on Coahoma County's long-term debt can be found in Note 12 on page 48 of this report.

## ***CURRENT AND FUTURE ITEMS OF IMPACT***

Coahoma County has items planned which can have an impact on the local economy as well as on the County's financial positions.

The largest project underway is the water and sewer extension project to the by-pass and water extended west of Clarksdale to Davenport, Farrell, and Coahoma County Utility District Number 2, financed largely by a 592 Corps grant comprising \$7,065,881 in funds for the project. Clarksdale Public Utilities and Coahoma County are providing match money for an estimated total cost of \$10,000,000. This project will be complete by December 2009.

Coahoma County is in the process of upgrading state designated highway 316 from Jonestown to Friars Point to state standards for the state to assume maintenance. This project consists of 8 miles of state aid overlay with an estimated cost of \$2,000,000 and 4 miles of new construction by the County with an estimated cost of \$5,000,000, with an expected completion date of June 30, 2010.

The budget for the next fiscal year reflected a decrease of \$2,390,125 or 9.1% in revenues and a decrease of \$2,431,172 or 8.9% in expenses.

Coahoma County has an unemployment rate of 11.4% as of May 2009. This compares unfavorably with the state average rate of 9.6%.

## ***CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P. O. Box 579, Clarksdale, MS 38614.

COAHOMA COUNTY

BASIC FINANCIAL STATEMENTS

COAHOMA COUNTY  
Statement of Net Assets  
September 30, 2008

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash	\$ 684,151	133,924	818,075
Investments	9,075,000	1,400,000	10,475,000
Cash with fiscal agent	65,040		65,040
Property tax receivable	4,993,334		4,993,334
Accounts receivable (net of allowance for uncollectibles of \$45,651 and \$100,000, respectively)	90,770	210,067	300,837
Fines receivable (net of allowance for uncollectibles of \$8,825,594)	529,279		529,279
Loans receivable	704,889		704,889
Capital leases receivable	569,709		569,709
Intergovernmental receivables	731,385		731,385
Other receivables	16,697		16,697
Internal balances	1,539,890	(1,539,890)	0
Restricted assets	29,626,638		29,626,638
Capital assets:			
Land and construction in progress	8,184,238	162,290	8,346,528
Other capital assets, net	61,682,958	6,161,312	67,844,270
Total Assets	118,493,978	6,527,703	125,021,681
<b>LIABILITIES</b>			
Claims payable	1,358,068	12,885	1,370,953
Claims and judgments payable	213,114		213,114
Intergovernmental payables	288,760		288,760
Accrued interest payable		7,869	7,869
Deferred revenue	5,046,437		5,046,437
Unearned revenue	33,824		33,824
Other payables	47,304		47,304
Long term liabilities		174,294	174,294
Due within one year:			
Capital related debt	63,737	95,920	159,657
Non-capital related debt	20,185		20,185

Due in more than one year:			
Capital related debt	629,007	954,376	1,583,383
Non-capital related debt	500,024		500,024
Total Liabilities	<u>8,200,460</u>	<u>1,245,344</u>	<u>9,445,804</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	69,174,452	5,273,306	74,447,758
Restricted net assets:			
Expendable:			
General government	146,173		146,173
Debt service	119,617		119,617
Public safety	302,926		302,926
Public works	1,021,393		1,021,393
Economic development	471,219	322,782	794,001
Unemployment compensation	222		222
Other purposes	28,159		28,159
Non-expendable:			
Hospital reserve	44,019,291		44,019,291
Unrestricted	<u>(4,989,934)</u>	<u>(313,729)</u>	<u>(5,303,663)</u>
Total Net Assets	<u>110,293,518</u>	<u>5,282,359</u>	<u>115,575,877</u>
	\$		

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

COAHOMA COUNTY  
Statement of Activities  
For the Year Ended September 30, 2008

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities		Business-type Activities
					Governmental Activities	Business-type Activities	
							Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 4,949,332	861,911	60,859	178,012	(3,848,550)		(3,848,550)
Public safety	4,482,027	790,163	109,269	29,558	(3,553,037)		(3,553,037)
Public works	3,920,335	428,285		2,262,495	(1,229,555)		(1,229,555)
Health and welfare	312,623		16,343		(296,280)		(296,280)
Culture and recreation	236,652				(236,652)		(236,652)
Education	1,000,000				(1,000,000)		(1,000,000)
Conservation of natural resources	76,847				(76,847)		(76,847)
Economic development and assistance	711,049			171,818	(539,231)		(539,231)
Interest and other expenses on long-term liabilities	378,098				(378,098)		(378,098)
<b>Total Governmental Activities</b>	<b>16,066,963</b>	<b>2,080,359</b>	<b>186,471</b>	<b>2,641,883</b>	<b>(11,158,250)</b>	<b>0</b>	<b>(11,158,250)</b>
<b>Business-type activities:</b>							
Federal building	263,185	430,121		15,402		182,338	182,338
Railroad	260,158	212,373		395,000		347,215	347,215
<b>Total Business-type Activities</b>	<b>523,343</b>	<b>642,494</b>	<b>0</b>	<b>410,402</b>		<b>529,553</b>	<b>529,553</b>
<b>Total Primary Government</b>	<b>\$ 16,590,306</b>	<b>2,722,853</b>	<b>186,471</b>	<b>3,052,285</b>	<b>(11,158,250)</b>	<b>529,553</b>	<b>(10,628,697)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					\$ 5,057,850		5,057,850
Road & bridge privilege taxes					212,694		212,694
Grants and contributions not restricted to specific programs					3,454,335		3,454,335
Unrestricted investment income					2,137,354	44,724	2,182,078
Miscellaneous					1,036,196		1,036,196

Total General Revenues	<u>11,898,429</u>	<u>44,724</u>	<u>11,943,153</u>
Changes in Net Assets	<u>740,179</u>	<u>574,277</u>	<u>1,314,456</u>
Net Assets - Beginning	109,276,324	4,708,082	113,984,406
Prior period adjustments	<u>277,015</u>		<u>277,015</u>
Net Assets - Beginning, as restated	<u>109,553,339</u>	<u>4,708,082</u>	<u>114,261,421</u>
Net Assets - Ending	<u>\$ 110,293,518</u>	<u>5,282,359</u>	<u>115,575,877</u>

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

COAHOMA COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2008

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	Industrial Development Authority Fund	Hospital Reserve Fund	Other Governmental Funds	
<b>ASSETS</b>						
Cash	\$ 297,153	115,616		601,635	223,059	1,237,463
Investments	6,700,000	275,000	250,000	29,025,000	1,775,000	38,025,000
Cash with fiscal agent					65,040	65,040
Accrued interest receivable						0
Property tax receivable	3,721,534	417,500	161,050		693,250	4,993,334
Accounts receivable (net of allowance for uncollectibles \$45,651)					90,770	90,770
Fines receivable (net of allowance for uncollectibles \$8,825,594)	529,279					529,279
Loans receivable			704,889			704,889
Capital lease receivable			569,709			569,709
Intergovernmental receivables	603,553	13,500	72,225		40,725	730,003
Other receivables	3,159		3,000			6,159
Due from other funds		24,548	2,064	2,984,578	10,307	3,021,497
Advances to other funds	1,000,000			11,408,078		12,408,078
<b>Total Assets</b>	<u>\$ 12,854,678</u>	<u>846,164</u>	<u>1,762,937</u>	<u>44,019,291</u>	<u>2,898,151</u>	<u>62,381,221</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>						
Claims payable	\$ 1,036,208	24,661	80,983		92,938	1,234,790
Intergovernmental payables	288,760					288,760
Due to other funds	1,994,014	15,648	150,594		240,686	2,400,942
Advances from other funds	9,280,526		1,068,763		718,441	11,067,730
Deferred revenue	4,250,813	417,500	730,759		727,437	6,126,509
Unearned revenue					33,824	33,824
Other payables	43,100				4,204	47,304
<b>Total Liabilities</b>	<u>16,893,421</u>	<u>457,809</u>	<u>2,031,099</u>	<u>0</u>	<u>1,817,530</u>	<u>21,199,859</u>
<b>Fund balances:</b>						
Reserved for:						
Debt service					119,617	119,617
Advances	1,000,000		704,889	11,408,078		12,408,078
Loans receivable						704,889

Unemployment compensation				222	
Permanent funds					31,824,406
Unreserved, undesignated, reported in:					
General fund	(5,038,743)				(5,038,743)
Special revenue funds		388,355	(973,051)	960,782	376,086
Permanent funds					786,807
Total Fund Balances	<u>(4,038,743)</u>	<u>388,355</u>	<u>(973,051)</u>	<u>960,782</u>	<u>376,086</u>
Total Liabilities and Fund Balances	<u>\$ 12,854,678</u>	<u>846,164</u>	<u>1,762,937</u>	<u>1,080,621</u>	<u>41,181,362</u>
					<u>62,381,221</u>

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

COAHOMA COUNTY

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COAHOMA COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2008

Exhibit 3-1

	Amount
Total fund balance - governmental funds (Exhibit 3)	\$ 41,181,362
Amounts reported for governmental services in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$73,894,899	69,867,196
Fines receivable reported as deferred revenue in funds and as revenue on statement of activities	529,279
Waste disposal receivable reported as deferred revenue in funds and as revenue on statement of activities.	90,770
Waste disposal receivable collected within sixty days and not deferred on Statement of Revenues and Expenditures	(56,583)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	516,606
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,212,951)
Long-term liabilities	
Compensated absences for internal service fund included as a reconciling item for long-term liabilities and was also considered in fund balance reconciling item for internal service fund	10,082
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(632,243)
Total net assets - governmental activities (Exhibit 1)	\$ 110,293,518

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

COAHOMA COUNTY  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 For the Year Ended September 30, 2008

	Major Funds						Total Governmental Funds
	General Fund	Road Fund	Industrial Development Authority Fund	Hospital Reserve Fund	Other Governmental Funds		
<b>REVENUES</b>							
Property taxes	\$ 3,776,382	422,144	162,075		697,249	5,057,850	
Road and bridge privilege taxes		212,694				212,694	
Licenses, commissions and other revenue	647,641	3,473			26,324	677,438	
Fines and forfeitures	328,069					328,069	
Intergovernmental revenues	4,166,145	1,369,467	343,637		403,441	6,282,690	
Charges for services	474,169				749,607	1,223,776	
Interest income	447,544	13,688	41,784	1,573,614	58,984	2,135,614	
Miscellaneous revenues	660,157	137,631	26,170		202,151	1,026,109	
<b>Total Revenues</b>	<b>10,500,107</b>	<b>2,159,097</b>	<b>573,666</b>	<b>1,573,614</b>	<b>2,137,756</b>	<b>16,944,240</b>	
<b>EXPENDITURES</b>							
Current:							
General government	4,312,985				30,957	4,343,942	
Public safety	3,876,521				344,138	4,220,659	
Public works	3,207,167	1,860,709			1,701,057	6,768,933	
Health and welfare	295,996				6,322	295,996	
Culture and recreation	230,330					236,652	
Education	1,000,000					1,000,000	
Conservation of natural resources	76,847					76,847	
Economic development and assistance	69,170		613,105		24,957	707,232	
Debt service:							
Principal							
Interest	299,033		10,591		48,097	58,688	
<b>Total Expenditures</b>	<b>13,368,049</b>	<b>1,860,709</b>	<b>666,111</b>	<b>0</b>	<b>2,192,178</b>	<b>378,098</b>	
Excess of Revenues over (under) Expenditures	<b>(2,867,942)</b>	<b>298,388</b>	<b>(92,445)</b>	<b>1,573,614</b>	<b>(54,422)</b>	<b>(1,142,807)</b>	

OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued			189,414		189,414
Proceeds from sale of capital assets	5,200				5,200
Transfers in	970,000			320,000	1,290,000
Transfers out	(320,000)			(120,000)	(1,290,000)
Lease principal payments		66,377			66,377
Total Other Financing Sources and Uses	655,200	0	255,791	200,000	260,991
Net Changes in Fund Balances	(2,212,742)	298,388	163,346	723,614	(881,816)
Fund Balances - Beginning	(1,694,473)	89,967	(431,508)	935,043	42,523,991
Prior period adjustments	(131,528)			(329,285)	(460,813)
Fund Balances - Beginning, as restated	(1,826,001)	89,967	(431,508)	935,043	42,063,178
Fund Balances - Ending	\$ (4,038,743)	388,355	(268,162)	1,080,621	41,181,362

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

COAHOMA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2008

Net changes in fund balances - total governmental funds (Exhibit 4) \$ (881,816)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense. Thus, the change in net assets  
differs from the change in fund balances by the amount that capital outlays of  
\$4,875,883 exceeded depreciation of \$2,514,103 in the current period.

2,361,780

In the statement of activities, only gains and losses from the sale of capital assets  
are reported, whereas in the governmental funds, proceeds from the sale of  
capital assets increase financial resources and loss from the sale of capital  
assets decreases financial resources. Thus, the change in net assets differs  
from the change in fund balances by the amount of the loss of \$19,386 and  
the proceeds from the sale of \$5,200 in the current period.

(24,586)

Debt proceeds provide current financial resources to governmental funds, but  
issuing debt increases long-term liabilities in the statement of assets. Repayment  
of debt principal is an expenditure in the governmental funds, but the repayment  
reduces long-term liabilities in the statement of net assets. Thus, the change in  
net assets differs from the change in fund balances by the amount that debt  
proceeds of \$189,414 exceeded debt repayments of \$58,688.

(130,726)

Under the modified accrual basis of accounting used in the governmental funds,  
expenditures are not recognized for transactions that are not normally paid with  
expendable available financial resources. However, in the statement of activities,  
which is presented on the accrual basis, expenses and liabilities are reported  
regardless of when financial resources are available. In addition, interest on long-  
term debt is recognized under the modified accrual basis of accounting when due,  
rather than as it accrues. Thus, the change in net assets differs from the change  
in fund balances by a combination of the following items:

Compensated absences

(47,072)

Change in compensated absences for internal service fund accounted for as a reconciling item above and also included as a component of internal service fund income below	2,490
An internal service fund is used by management to charge the cost of insurance and vehicle maintenance to individual funds. The net expense is reported within governmental activities.	(334,678)
Fine revenue previously recognized on full accrual basis and not on modified accrual basis	(75,982)
Principal payments on capital lease not considered revenue on statement of activities	(66,377)
Waste disposal revenue previously recognized on full accrual basis and not on modified accrual basis.	(62,827)
Other	<u>(27)</u>
Change in net assets of governmental activities (Exhibit 2)	<u>\$ 740,179</u>

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

COAHOMA COUNTY  
Statement of Net Assets - Proprietary Funds  
September 30, 2008

Exhibit 5

	Business-type Activities-Enterprise Fund(s)			Governmental
	Federal	Railroad	Total	Internal
	Building	Funds		Service
	Fund	Funds		Funds
<b>ASSETS</b>				
Current assets:				
Cash	\$ 65,763	68,161	133,924	48,326
Investments	400,000	1,000,000	1,400,000	75,000
Accounts receivable (net of allowance for uncollectibles \$100,000)		210,067	210,067	
Intergovernmental receivables			0	1,382
Other receivables				10,538
Due from other funds				21,755
Total Current Assets	<u>465,763</u>	<u>1,278,228</u>	<u>1,743,991</u>	<u>157,001</u>
Noncurrent assets:				
Land and construction in progress	40,000	122,290	162,290	
Capital assets, net	1,374,688	4,786,624	6,161,312	
Total Noncurrent Assets	<u>1,414,688</u>	<u>4,908,914</u>	<u>6,323,602</u>	<u>0</u>
Total Assets	<u>1,880,451</u>	<u>6,187,142</u>	<u>8,067,593</u>	<u>157,001</u>
<b>LIABILITIES</b>				
Current liabilities:				
Claims payable	12,885		12,885	123,280
Claims and judgments payable				213,114
Due to other funds	112,546	86,996	199,542	442,768
Advances from other funds	17,550	1,322,798	1,340,348	
Accrued interest payable		7,869	7,869	
Other payables		174,294	174,294	
Current portions of long-term capital-related debt:				
Current portions of other long-term liabilities		95,920	95,920	
Total Current Liabilities	<u>142,981</u>	<u>1,687,877</u>	<u>1,830,858</u>	<u>779,162</u>
Noncurrent liabilities:				
Capital-related debt:				
Other long-term liabilities		954,376	954,376	
Non-capital debt:				
Compensated absences payable			0	10,082
Total Noncurrent Liabilities	<u>0</u>	<u>954,376</u>	<u>954,376</u>	<u>10,082</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,414,688	3,858,618	5,273,306	
Restricted for economic development	322,782		322,782	
Unrestricted		(313,729)	(313,729)	(632,243)
Total Net Assets	<u>\$ 1,737,470</u>	<u>3,544,889</u>	<u>5,282,359</u>	<u>(632,243)</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds  
For the Year Ended September 30, 2008

	Business-type Activities-Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Funds	Totals	Internal Service Funds
Operating Revenues				
Refunds				470,364
Premiums				1,186,997
Right of way maintenance		25,000	25,000	
Rent	430,121	187,373	617,494	
Total Operating Revenues	<u>430,121</u>	<u>212,373</u>	<u>642,494</u>	<u>1,657,361</u>
Operating Expenses				
Contractual services	203,862	762	204,624	
Materials and supplies				160,162
Depreciation expense	55,741	241,425	297,166	
Claims payment				1,474,303
Administrative				337,782
Insurance premiums				21,532
Total Operating Expenses	<u>259,603</u>	<u>242,187</u>	<u>501,790</u>	<u>1,993,779</u>
Operating Income (Loss)	<u>170,518</u>	<u>(29,814)</u>	<u>140,704</u>	<u>(336,418)</u>
Nonoperating Revenues (Expenses)				
Interest income	11,483	33,241	44,724	1,740
Operating grants	15,402	395,000	410,402	
Interest expense	(3,582)	(17,971)	(21,553)	
Net Nonoperating Revenue (Expenses)	<u>23,303</u>	<u>410,270</u>	<u>433,573</u>	<u>1,740</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	<u>193,821</u>	<u>380,456</u>	<u>574,277</u>	<u>(334,678)</u>
Changes in Net Assets	<u>193,821</u>	<u>380,456</u>	<u>574,277</u>	<u>(334,678)</u>
Net Assets - Beginning	<u>1,543,649</u>	<u>3,164,433</u>	<u>4,708,082</u>	<u>(297,565)</u>
Net Assets - Ending	<u><u>1,737,470</u></u>	<u><u>3,544,889</u></u>	<u><u>5,282,359</u></u>	<u><u>(632,243)</u></u>

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

COAHOMA COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2008

Exhibit 7

	Business-type Activities-Enterprise Funds			Governmental
	Federal			Activities
	Building	Railroad	Totals	Internal
	Fund	Fund		Service
				Fund(s)
Cash Flows From Operating Activities				
Receipts from rent	\$ 430,121	229,263	659,384	
Receipts for right of way maintenance		25,000	25,000	
Receipts for premiums				1,645,441
Payments to suppliers	(205,262)	(762)	(206,024)	(88,886)
Payments for claims				(1,402,991)
Payments to administrator for services				(337,782)
Payments for insurance premiums			0	(21,532)
Net Cash Provided (Used) by Operating Activities	<u>224,859</u>	<u>253,501</u>	<u>478,360</u>	<u>(205,750)</u>
Cash Flows From Noncapital Financing Activities				
Cash received from other funds:				
Interfund loan repayments				26,526
Loans from other funds			0	442,768
Cash paid to other funds:				
Interfund loan repayments	<u>(113,200)</u>	<u>(103,758)</u>	<u>(216,958)</u>	<u>(225,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(113,200)</u>	<u>(103,758)</u>	<u>(216,958)</u>	<u>244,294</u>
Cash Flows From Capital and Related Financing Activities				
Capital grants received	15,402	497,453	512,855	
Acquisition and construction of capital assets		(454,201)	(454,201)	
Principal paid on long-term debt		(95,827)	(95,827)	
Interest paid on debt	<u>(3,582)</u>	<u>(18,817)</u>	<u>(22,399)</u>	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>11,820</u>	<u>(71,392)</u>	<u>(59,572)</u>	
Cash Flows From Investing Activities				
Purchase of certificates of deposit	(400,000)	(1,000,000)	(1,400,000)	(75,000)
Interest and dividends on investments	13,695	38,675	52,370	1,740
Net Cash Provided (Used) by Investing Activities	<u>(386,305)</u>	<u>(961,325)</u>	<u>(1,347,630)</u>	<u>(73,260)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(262,826)	(882,974)	(1,145,800)	(34,716)
Cash and Cash Equivalents at Beginning of Year	<u>328,589</u>	<u>951,135</u>	<u>1,279,724</u>	<u>83,042</u>
Cash and Cash Equivalents at End of Year	<u>\$ 65,763</u>	<u>68,161</u>	<u>133,924</u>	<u>48,326</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 170,518	(29,814)	140,704	(336,418)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	55,741	241,425	297,166	

Changes in assets and liabilities:				
(Increase) decrease in accounts receivable		41,890	41,890	(11,920)
(Increase) decrease in interfund receivables				
Increase (decrease) in claims payable	(1,400)		(1,400)	68,786
Increase (decrease) in claims and judgments liability				71,312
Increase (decrease) in compensated absences liability				2,490
		<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Adjustments		<u>54,341</u>	<u>283,315</u>	<u>337,656</u>
		<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Cash Provided (Used) by Operating Activities	\$	<u>224,859</u>	<u>253,501</u>	<u>478,360</u>
		<u>                    </u>	<u>                    </u>	<u>                    </u>

Non-cash capital financing activity:

Claims relating to construction in progress at year-end totaled \$174,294. Payment in cash of these claims did not occur before year-end. The claims are expected to be paid in the upcoming year.

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

COAHOMA COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2008

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 155,943
Total Assets	<u>\$ 155,943</u>
<b>LIABILITIES</b>	
Intergovernmental payables	\$ 155,943
Total Liabilities	<u>\$ 155,943</u>

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

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2008

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

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

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Economic Development Authority of Coahoma County
- Coahoma County Tourism Commission

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

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

##### B. Individual Component Unit Disclosures.

###### Blended Component Units

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

The Coahoma County Public Improvement Corporation is comprised solely of the five members of the 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 the County's buildings.

##### C. Basis of Presentation.

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

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2008

#### Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are generally financed through taxes, intergovernmental revenues and other nonexchange revenues are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

#### Fund Financial Statements:

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

#### D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary funds and Fiduciary funds 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 revenue is recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2008

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

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

The County reports the following major governmental funds:

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

**Road Fund** - This fund is used to account for activities relating to maintaining roads within the County.

**Industrial Development Authority Fund** - This fund is used to account for activities relating to industrial development with the County.

**Hospital Reserve Fund** - This fund is used to account for resources that are legally restricted to the extent that only a portion of the earnings and none of the principal can be used to support County programs.

The County reports the following major proprietary funds:

**Federal Building Fund** - This fund is used to account for monies received from rentals of office space in the building.

**Railroad Fund** - This fund is used to account for monies received from rentals of the railroad and fees charged based upon number of railcars passing along the County owned tracks.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

**Debt Service Funds** - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Permanent Funds** - These funds are used to account for resources that are legally restricted to the extent that only earnings, and not the principal, may be used for the support of County programs.

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2008

#### PROPRIETARY FUND TYPES

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.

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service funds report on self-insurance programs for employee medical benefits and on operation of a central maintenance facility.

#### FIDUCIARY FUND TYPE

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

#### E. Account Classifications.

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

#### F. Deposits and Investments.

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

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

#### G. Receivables.

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

#### H. Interfund Transactions and Balances.

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

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

I. Restricted Assets.

The assets of the hospital reserve fund are shown as restricted assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

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

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2008

#### K. Long-term liabilities.

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

In the government-wide financial statements and in the Proprietary Funds in the 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 fund type Statement of Net Assets.

#### L. Equity Classifications.

Government-wide Financial Statements:

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

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements of those assets.

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

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

#### M. Property Tax Revenues.

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

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

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

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

N. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

O. Compensated Absences.

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

(2) Prior Period Adjustments.

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Construction in progress - Jonestown By-Pass	\$ 737,828
Accrued interest income	<u>(460,813)</u>
Total prior period adjustments	<u>\$ 277,015</u>

Exhibit 4 - Statement of Revenues, Expenditures & Changes in Fund Balances

<u>Explanation</u>	<u>Amount</u>
Accrued interest income	\$ <u>(460,813)</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2008, was \$1,640,696, and the bank balance was \$2,268,860. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**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.

Investment balances at September 30, 2008 are as follows:

<u>Investment Type</u>	<u>Maturity</u>		<u>Fair Value</u>
Certificate of Deposit	October 9, 2008	\$	5,000,000
Certificate of Deposit	November 6, 2008		5,000,000
Certificate of Deposit	November 20, 2008		2,000,000
Certificate of Deposit	December 4, 2008		4,000,000
Certificate of Deposit	January 8, 2009		5,000,000
Certificate of Deposit	February 5, 2009		4,000,000
Certificate of Deposit	February 19, 2009		5,000,000
Certificate of Deposit	March 5, 2009		4,500,000
Certificate of Deposit	March 19, 2009		<u>5,000,000</u>
Total		\$	<u>39,500,000</u>

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 of any investment to no more than one year.

Credit Risk.

State law limits investments to those authorized by Section 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 risks.

Custodial Credit Risk - Investments.

Custodial credit risk is the risk that in the event of failure of the counter party, 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. Of the County's investment, \$0 of underlying securities were held by the investment's counterparty, not in the name of the County.

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2008:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		
Industrial Development Authority Fund	General Fund	\$ 2,064
Hospital Reserve Fund	General Fund	1,957,095
Road Fund	General Fund	24,548
Other Governmental Funds	General Fund	10,307
Hospital Reserve Fund	Industrial Development Authority Fund	150,594
Hospital Reserve Fund	Other Governmental Funds	234,579
Internal Service Funds	Other Governmental Funds	6,107
Internal Service Funds	Road Fund	15,648
Hospital Reserve Fund	Federal Building Fund	* 112,546
Hospital Reserve Fund	Railroad Fund	* 86,996
Hospital Reserve Fund	Internal Service Funds	<u>442,768</u>
Total		<u>\$ 3,043,252</u>

The interfund loans were made to provide operating capital, finance construction projects and prevent borrowing from outside sources. A portion of the above amounts reflect amounts collected by the tax collector and are expected to be remitted in October 2008.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		
Hospital Reserve Fund	General Fund	\$ 9,280,526
Hospital Reserve Fund	Industrial Development Authority	1,068,763
Hospital Reserve Fund	Other Governmental Funds	718,441
Hospital Reserve Fund	Railroad Fund	* 322,798
General Fund	Railroad Fund	* 1,000,000
Hospital Reserve Fund	Federal Building Fund	* <u>17,550</u>
Total		<u>\$ 12,408,078</u>

\* These funds make up the internal balances on Exhibit 1.

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

Monthly payments are being made on a number of above advances. The portion expected to be repaid within one year has been classified as due to/due from. The remaining amounts due are not expected to be repaid within one year. The interfund advances were made to finance construction projects and prevent borrowing from outside sources.

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
Major Funds:		
General Fund	Hospital Reserve Fund	\$ 850,000
General Fund	Other Governmental Funds	120,000
Other Governmental Funds	General Fund	<u>320,000</u>
Total		<u>\$ 1,290,000</u>

The principal purpose of the transfers was to provide funds for operations and to eliminate deficit cash balances for the fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2008 consisted of the following:

Governmental Activities:

Description	Amount
Housing prisoners / meals	\$ 101,002
Legislative tax credit	106,451
Gaming	237,436
Road privilege tax	13,500
Rent	13,889
Grant receivable	256,163
Other	<u>2,944</u>
Total Governmental Activities	<u>\$ 731,385</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2008, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Industrial Development Authority	12-23-03	2.00%	12-1-14	\$ 69,144
Industrial Development Authority	7-15-05	3.25%	7-15-15	179,321

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Industrial Development Authority	6-22-07	4.85%	7-15-17	136,033
Industrial Development Authority	9-04-07	4.256%	9-04-17	320,391
Total				<u>\$ 704,889</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2008:

Governmental activities:

	Balance Oct. 1, 2007	Additions	Deletions	Adjustments	Balance Sept. 30, 2008
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,121,713				3,121,713
Construction in progress		4,324,697		737,828	5,062,525
Total non-depreciable capital assets	<u>3,121,713</u>	<u>4,324,697</u>	<u>0</u>	<u>737,828</u>	<u>8,184,238</u>
<u>Depreciable capital assets:</u>					
Infrastructure	77,403,708				77,403,708
Buildings	48,481,761	190,834			48,672,595
Improvements other than buildings	929,542				929,542
Mobile equipment	5,966,523	295,962	78,225		6,184,260
Furniture and equipment	2,336,833	64,390	13,471		2,387,752
Total depreciable capital assets	<u>135,118,367</u>	<u>551,186</u>	<u>91,696</u>	<u>0</u>	<u>135,577,857</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	50,086,415	1,058,540			51,144,955
Buildings	14,955,506	952,155			15,907,661
Improvements other than buildings	185,910	37,182			223,092
Mobile equipment	4,766,169	320,821	56,937		5,030,053
Furniture and equipment	1,453,906	145,405	10,173		1,589,138
Total accumulated depreciation	<u>71,447,906</u>	<u>2,514,103</u>	<u>67,110</u>	<u>0</u>	<u>73,894,899</u>
Total depreciable capital assets, net	<u>63,670,461</u>	<u>(1,962,917)</u>	<u>24,586</u>	<u>0</u>	<u>61,682,958</u>
Governmental activities capital assets, net	<u>\$ 66,792,174</u>	<u>2,361,780</u>	<u>24,586</u>	<u>737,828</u>	<u>69,867,196</u>

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

Business-type activities:

	Balance Oct. 1, 2007	Additions	Deletions	Adjustments	Balance Sept. 30, 2008
<u>Non-depreciable capital assets:</u>					
Land	\$ 40,000				40,000
Construction in progress	595,828	519,095		(992,633)	122,290
Total non-depreciable capital assets	<u>635,828</u>	<u>519,095</u>	<u>0</u>	<u>(992,633)</u>	<u>162,290</u>
<u>Depreciable capital assets:</u>					
Infrastructure	4,942,933			992,633	5,935,566
Buildings	1,643,518				1,643,518
Total depreciable capital assets	<u>6,586,451</u>	<u>0</u>	<u>0</u>	<u>992,633</u>	<u>7,579,084</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	907,516	241,425			1,148,941
Buildings	213,090	55,741			268,831
Total accumulated depreciation	<u>1,120,606</u>	<u>297,166</u>	<u>0</u>	<u>0</u>	<u>1,417,772</u>
Total depreciable capital assets, net	<u>5,465,845</u>	<u>(297,166)</u>	<u>0</u>	<u>992,633</u>	<u>6,161,312</u>
Business-type activities capital assets, net	<u>\$ 6,101,673</u>	<u>221,929</u>	<u>0</u>	<u>0</u>	<u>6,323,602</u>

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 908,917
Public safety	367,259
Public works	1,217,483
Economic development	3,817
Health and welfare	16,627
Total governmental activities depreciation expense	<u>\$ 2,514,103</u>
<u>Business-type activities:</u>	
Federal Building	\$ 55,741
Railroad	241,425
Total business-type activities depreciation expense	<u>\$ 297,166</u>

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

As of September 30, 2008 the County had the following commitments with respect to unfinished capital projects:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
District 3 Multipurpose Building	\$ 43,809	November 2008
Cagles Crossing	76,791	November 2008
Jonestown By-pass	55,102	November 2008

(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, 2008, to January 1, 2009. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 1998 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has a minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$40,000 and the aggregate policy covers all submitted claims in excess of \$ 1,587,619.

The County has expended more in claims than was collected for the year. This additional expense has resulted in (\$446,904) of the Internal Service Fund's (\$632,243) net asset balance at September 30, 2008.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2008, the amount of these liabilities was \$213,114. An analysis of claims activities is presented below:

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2006-2007	\$ 34,825	980,020	873,043	141,802
2007-2008	\$ 141,802	1,369,567	1,298,255	213,114

(9) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$765,350 for the year ended September 30, 2008. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2009	\$ 720,291
2010	685,160
2011	681,966
2012	681,966
2013	591,391
2014-2018	2,687,067
2019-2023	2,500,325
2024-2028	1,000,325
2029-2033	325
Total Minimum Payments Required	<u>\$ 9,548,816</u>

The County receives income from property it leases in Enterprise Funds. Total income from such leases was \$617,494 for the year ended September 30, 2008. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2009	\$ 519,659
2010	526,102
2011	394,298
2012	204,016
2013	204,135
2014-2018	633,473
Total Minimum Payments Required	<u>\$ 2,481,683</u>

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

As Lessee:

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$51,438 for the year ended September 30, 2008. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2009	<u>7,532</u>
Total Minimum Payments Required	<u>\$ 7,532</u>

(10) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2008:

<u>Classes of Property</u>	<u>Amount</u>
Buildings	<u>\$ 780,172</u>
Total	<u>\$ 780,172</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2008, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 47,998	9,948
2010	48,972	8,974
2011	49,966	7,980
2012	50,980	6,966
2013	52,015	5,931
2014-2018	<u>266,675</u>	<u>13,304</u>
Total	<u>\$ 516,606</u>	<u>53,103</u>

The lease was refinanced July 16, 2008. At the time of refinancing, the principal balance remaining was \$524,513. The new terms provide for a monthly payment of \$4,828.81 per month for ten years. A rate of 2.011% was used for the refinance. The first payment under the refinanced lease began August 1, 2008.

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

(11) Short-term Debt and Liquidity.

There was no short-term borrowing during the fiscal year.

(12) Long-term Debt.

Debt outstanding as of September 30, 2008, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General obligation bonds			
Qualified Zone Academy Bond	\$ <u>250,000</u>	0.00	11-14
B. Other Loans:			
Incubator building	\$ 57,955	3.00	02-13
MDECD capital improvements loan - multi-purpose livestock facility	292,322	3.00	07-18
MDECD rail loan - Cooper Tire	153,053	3.75	12-14
Mississippi Development Authority - Standard Industrial	<u>189,414</u>	3.00	In progress
Total Other Loans	\$ <u>692,744</u>		
Business-type Activities:			
A. Limited Obligation Bonds:			
Rural Housing Services - railroad project	\$ <u>276,732</u>	4.75	04-37
Total Limited Obligation Bonds	<u>276,732</u>		
B. Other Loans:			
MDECD 2002 rail loan	648,564	0.25	07-17
MDOT rail loan	<u>125,000</u>	0.00	07-13
Total Other Loans	<u>773,564</u>		
Total Business-type activities	\$ <u>1,050,296</u>		

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

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

Governmental Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2009	\$ 63,737	17,751
2010	69,988	18,854
2011	72,316	16,526
2012	74,724	14,120
2013	77,209	11,632
2014 - 2018	213,639	33,701
2019 - 2023	56,404	13,604
2024 - 2028	57,449	5,580
2029 - 2033	7,278	73
Total	\$ 692,744	131,841

See Note 18 for Qualified Zone Academy Bonds.

Business-type Activities: Year Ending September 30	Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2009	\$ 4,537	13,421	91,383	1,545
2010	4,757	13,201	91,549	1,379
2011	4,987	12,971	91,716	1,213
2012	5,229	12,729	91,883	1,046
2013	5,483	12,475	92,050	878
2014 - 2018	31,670	58,120	314,983	1,873
2019 - 2023	40,132	49,658		
2024 - 2028	50,855	38,935		
2029 - 2033	64,443	25,347		
2034 - 2038	64,639	8,129		
Total	\$ 276,732	244,986	773,564	7,934

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2008, the amount of outstanding debt was equal to 7.27% of the latest property assessments.

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2008:

	Balance Oct. 1, 2007	Additions	Reductions	Adjustments	Balance Sept.30, 2008	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 223,137	47,072			270,209	
General obligation bonds	250,000				250,000	20,185
Other loans	562,018	189,414	58,688		692,744	63,737
<b>Total</b>	<b>\$ 1,035,155</b>	<b>236,486</b>	<b>58,688</b>	<b>0</b>	<b>1,212,953</b>	<b>83,922</b>

	Balance Oct. 1, 2007	Additions	Reductions	Adjustments	Balance Sept.30,2008	Amount due within one year
Business-type Activities:						
Limited obligation bonds	\$ 281,361		4,629		276,732	4,537
Other loans	864,762		91,198		773,564	91,383
<b>Total</b>	<b>\$ 1,146,123</b>	<b>0</b>	<b>95,827</b>	<b>0</b>	<b>1,050,296</b>	<b>95,920</b>

The County obtained a loan from the Mississippi Development Authority to make repairs and renovations to the Standard Industrial building located within the County. The building is owned by the Economic Development Authority of Coahoma County. As of September 30, 2008 the County had drawn \$189,414 against the loan. The final note agreement is dated April 15, 2009 in the amount of \$900,918. The interest rate on the note is 3.00% computed daily for a term of twenty years.

(13) Deficits Fund Balance of Individual Funds.

The following funds reported deficits in fund balances or net assets at September 30, 2008:

Fund	Deficit Amount
Major Fund:	
General fund	\$ 4,038,743
Industrial Development Authority fund	268,252
Nonmajor Funds:	
Livestock/Fairgrounds	372,289
Central Maintenance	305,861
County Fire	3,532
Coahoma County Insurance Trust Fund	446,904
Coahoma County Employees Cafeteria Trust	11,846

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

(14) Contingencies.

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

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

General Obligation Debt Contingencies - The County issues general obligation notes to provide funds for improvement of water and sewer systems for three communities in the County. Such debt is being retired from pledged resources of these entities and, therefore, is reported as a liability of those entities. However, because general obligation notes are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year-end is as follows:

<u>Description</u>	<u>Balance at Sept. 30, 2008</u>
General obligation water and sewer notes	\$ 238,977
Total	\$ 238,977

(15) Joint Ventures.

The County participates in the following joint ventures:

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Clarksdale-Coahoma Airport. The joint venture was created to provide airport facilities for County residents and is governed by a board of commissioners, half of the members are appointed by Coahoma County and half by the City of Clarksdale. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$12,500. Complete financial statements for the Clarksdale-Coahoma Airport can be obtained from the Clarksdale-Coahoma Airport at P.O. Box 406, Lyon, Mississippi 38645.

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Carnegie Public Library of the City of Clarksdale and the County of Coahoma, Mississippi. The joint venture was created to provide library facilities for the County residents and is governed by a ten-member board of commissioners, with five of the members appointed by Coahoma County and five by the City of Clarksdale. By contractual agreement the County's appropriation from the General Fund this year amounted to \$190,500. Complete financial statements for the Carnegie Public Library of the City of Clarksdale and the County of Coahoma can be obtained at P.O. Box 280, Clarksdale, Mississippi 38614.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints six of the twelve members of the college board of trustees. The County collected \$1,468,802 for maintenance and support of the college in fiscal year 2008.

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

North Delta Planning and Development District is comprised of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Coahoma County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$53,000 for support of the district in fiscal year 2008.

The Region I Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$65,000 for the support of the center in fiscal year 2008.

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 Coahoma County Board of Supervisors appoints one of the twenty-one members of the board of commissioners. The County levied a .819 mill tax which resulted in \$97,406 to help finance the district in fiscal year 2008.

(17) Defined Benefit Pension Plan.

Plan Description. Coahoma County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The current rate is 11.85% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2008, 2007 and 2006 were \$512,593 \$474,581, and \$435,253, respectively, equal to the required contributions for each year.

(18) Qualified Zone Academy Bonds.

Section 37-27-65 of the Mississippi Code of 1972 provides authority for the County to issue bonds for the benefit of agricultural high schools. Bonds totaling \$250,000 were issued during the year for the benefit of Coahoma Agricultural High School. The school has been designated as a Qualified Zone Academy. Thus, the bonds issued have been designated as Qualified Zone Academy Bonds for the purposes of the Federal Tax Code. The purpose of the bonds is for renovations, repairing and rehabilitating the high school.

The Bonds have an issue date of November 1, 2004 and a maturity date of November 1, 2014. No interest will accrue on the principal balance of the bonds. The following schedule reports estimated yearly deposits to be made to the bonds trustee:

Year Ended September 30	Deposit
2009	\$ 20,185
2010	20,185
2011	20,185
2012	20,185
2013	20,185
2014	20,185
2015	20,185

COAHOMA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2008

The above deposits will be used to purchase securities. The amounts deposited plus earnings from the securities will be used to pay off the bonds at maturity. Accumulations of deposits and earnings being held by the trustee at September 30, 2008 was \$65,040.

Local businesses are expected to participate by helping provide a ten percent match required for Qualified Zone Academy Bonds.

(19) Joint Project.

The County entered into a "Memorandum of Understanding" with the City of Clarksdale and Clarksdale Public Utilities. The project provides for the rehabilitation, improvement and extension of water and sewer lines within the City to Highway 61 by-pass. The total cost of the project is estimated to be 9.4 million dollars. The federal share is to be approximately seventy-five percent and the local share is to be twenty-five percent.

The project will be funded by a Community Development Block Grant obtained by the City along with a loan obtained through the State Revolving Loan Fund by Clarksdale Public Utilities. The remaining funds will be provided by the County through a reimbursement program with the United States Corp of Engineers (Army Corps) pursuant to Section 592 of the Water Resource Development Act of 1999.

Clarksdale Public Utilities is responsible for design, implementation, construction and maintenance of the project. The County will ensure proper documentation and request for funds are submitted to the Army Corps. The County, after receipt of the funds from the Army Corps, will reimburse Clarksdale Public Utilities upon their request.

During the year expenses totaling \$171,025 were incurred on the project. The majority of these expenses represented reimbursement to Clarksdale Public Utilities for cost of construction.

(20) Subsequent Events.

In April of 2009, the County completed draws against a loan with the Mississippi Development Authority for renovations to the Standard Industrial building located within the County. The total loan amount is \$900,917 with a twenty year term. Monthly payments of \$4,996 will be made on the loan.

A HOME Grant was approved in December 2008 for \$351,809. The grant period will run from November 5, 2008 to November 5, 2010.

In December 2008, a new County Administrator was hired.

In January 2009, a joint airport board was created between the City of Clarksdale and Coahoma County. It will be known as Clarksdale-Coahoma County MS Airport Board.

A new sheriff took office in 2009.

COAHOMA COUNTY

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COAHOMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

COAHOMA COUNTY

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COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 General Fund  
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,770,405	3,770,405	3,775,668	5,263
Licenses, commissions and other revenue	640,600	640,600	642,713	2,113
Fines and forfeitures	271,500	271,500	319,574	48,074
Special assessments	13,200	13,200	10,115	(3,085)
Intergovernmental revenues	5,026,700	5,076,943	4,018,894	(1,058,049)
Charges for services	475,000	475,000	471,379	(3,621)
Interest income	378,000	357,500	470,012	112,512
Miscellaneous revenues	578,100	601,640	637,607	35,967
<b>Total Revenues</b>	<u>11,153,505</u>	<u>11,206,788</u>	<u>10,345,962</u>	<u>(860,826)</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,075,524	4,257,666	4,175,031	82,635
Public safety	3,252,934	3,913,633	3,882,405	31,228
Public works	5,282,600	5,226,417	2,879,425	2,346,992
Health and welfare	302,092	294,974	294,972	2
Culture and recreation	226,500	230,700	230,387	313
Education	1,000,000	1,000,000	1,000,000	0
Conservation of natural resources	83,128	81,656	76,648	5,008
Economic development and assistance	69,170	69,170	69,170	0
Debt service:				
Principal	854,000	854,000		854,000
Interest			299,033	(299,033)
<b>Total Expenditures</b>	<u>15,145,948</u>	<u>15,928,216</u>	<u>12,907,071</u>	<u>3,021,145</u>
<b>Excess of Revenues over (under) Expenditures</b>	<u>(3,992,443)</u>	<u>(4,721,428)</u>	<u>(2,561,109)</u>	<u>2,160,319</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	3,895,000	4,547,028	3,594,573	(952,455)
Other financing uses	(3,745,000)	(3,745,000)	(2,939,374)	805,626
<b>Total Other Financing Sources and Uses</b>	<u>150,000</u>	<u>802,028</u>	<u>655,199</u>	<u>(146,829)</u>
<b>Net Change in Fund Balance</b>	<u>(3,842,443)</u>	<u>(3,919,400)</u>	<u>(1,905,910)</u>	<u>2,013,490</u>
<b>Fund Balances - Beginning</b>	<u>(1,694,473)</u>	<u>(1,694,473)</u>	<u>(1,694,473)</u>	
<b>Fund Balances - Ending</b>	<u>\$ (5,536,916)</u>	<u>(5,613,873)</u>	<u>(3,600,383)</u>	<u>2,013,490</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Road Fund  
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 418,000	418,000	422,019	4,019
Road and bridge privilege taxes	245,000	245,000	241,356	(3,644)
Licenses, commissions and other revenue	3,500	3,500	3,473	(27)
Intergovernmental revenues	1,132,500	1,132,500	1,355,967	223,467
Interest income	10,000	10,000	14,561	4,561
Miscellaneous revenues	5,000	5,000	137,631	132,631
<b>Total Revenues</b>	<u>1,809,000</u>	<u>1,809,000</u>	<u>2,037,376</u>	<u>228,376</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,514,706	2,098,393	2,047,512	50,881
<b>Total Expenditures</b>	<u>1,514,706</u>	<u>2,098,393</u>	<u>2,047,512</u>	<u>50,881</u>
<b>Excess of Revenues over (under) Expenditures</b>	<u>294,294</u>	<u>(289,393)</u>	<u>(10,136)</u>	<u>279,257</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing uses				0
<b>Total Other Financing Sources and Uses</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	294,294	(289,393)	(10,136)	279,257
<b>Fund Balances - Beginning</b>	<u>89,967</u>	<u>89,967</u>	<u>89,967</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$ 384,261</u>	<u>(199,426)</u>	<u>79,831</u>	<u>279,257</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Industrial Development Authority Fund  
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 166,300	166,300	161,952	(4,348)
Intergovernmental revenues	500,000	500,000	206,269	(293,731)
Interest income	10,000	10,000	43,336	33,336
Miscellaneous revenues	19,850	19,850	25,613	5,763
Total Revenues	<u>696,150</u>	<u>696,150</u>	<u>437,170</u>	<u>(258,980)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development and assistance	1,928,850	1,928,850	866,726	1,062,124
Debt Service:				
Interest	77,600	77,600	46,722	30,878
Total Expenditures	<u>2,006,450</u>	<u>2,006,450</u>	<u>913,448</u>	<u>1,093,002</u>
Excess of Revenues over (under) Expenditures	<u>(1,310,300)</u>	<u>(1,310,300)</u>	<u>(476,278)</u>	<u>834,022</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	1,000,000	1,000,000	255,791	(744,209)
Other financing uses				0
Total Other Financing Sources and Uses	<u>1,000,000</u>	<u>1,000,000</u>	<u>255,791</u>	<u>(744,209)</u>
Net Change in Fund Balance	(310,300)	(310,300)	(220,487)	89,813
Fund Balances - Beginning	<u>(431,508)</u>	<u>(431,508)</u>	<u>(431,508)</u>	<u>0</u>
Fund Balances - Ending	<u>\$ (741,808)</u>	<u>(741,808)</u>	<u>(651,995)</u>	<u>89,813</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Hospital Reserve Fund  
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 2,000,000	2,000,000	1,579,554	(420,446)
Total Revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,579,554</u>	<u>(420,446)</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,579,554</u>	<u>(420,446)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(850,000)	(850,000)	(850,000)	0
Other financing sources				0
Total Other Financing Sources and Uses	<u>(850,000)</u>	<u>(850,000)</u>	<u>(850,000)</u>	<u>0</u>
Net Change in Fund Balance	1,150,000	1,150,000	729,554	(420,446)
Fund Balances - Beginning	<u>43,624,962</u>	<u>43,624,962</u>	<u>43,624,962</u>	<u>0</u>
Fund Balances - Ending	\$ <u><u>44,774,962</u></u>	<u><u>44,774,962</u></u>	<u><u>44,354,516</u></u>	<u><u>(420,446)</u></u>

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

## COAHOMA COUNTY

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

#### Notes to the Required Supplementary Information

##### A. Budgetary Information.

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

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

##### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

##### C. Budget/GAAP Reconciliation.

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

COAHOMA COUNTY

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

	Governmental Fund Types			
	General Fund	Road Fund	Industrial Development Authority Fund	Hospital Reserve Fund
Budget (Cash Basis)	\$ (1,905,910)	(10,136)	(220,487)	729,554
Increase (Decrease)				
Net adjustments for revenue accruals	154,146	121,721	136,496	(5,940)
Net adjustments for expenditure accruals	(460,978)	186,803	247,337	
GAAP Basis	\$ <u>(2,212,742)</u>	<u>298,388</u>	<u>163,346</u>	<u>723,614</u>

D. Excess of Actual Expenditures Over Budget in Individual Funds.

There were no funds with an excess of actual expenditures over budgeted amounts.

E. Unbudgeted Funds.

There were no unbudgeted funds.

COAHOMA COUNTY

SUPPLEMENTARY INFORMATION

COAHOMA COUNTY

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COAHOMA COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2008

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Defense			
Passed-through Army Corp of Engineers			
Section 592 of the Water Resource Development Act of 1999	10.XXX	N/A	\$ 166,947
U.S. Department of Agriculture			
Passed-through Mississippi Rural Development Authority			
Community facilities loans and grants	10.766	1124-07-014-ED-01 *	343,637
Community facilities loans and grants	10.766	1118-01-014-EM-01 *	21,085
Community facilities loans and grants	10.766	28-014-0646000262 *	44,972
Community facilities loans and grants	10.766	28-014-0646000262 *	90,000
U.S. Department of Housing and Urban Development			
Passed-through Mississippi Rural Development Authority			
Community development block grant/small cities program	14.219	05-014PF-01	6,500
U.S. Department of Justice			
Passed-through State of Mississippi			
Juvenile Accountability Incentive Block Grant	16.523	CKWX0404	9,507
U.S. Department of Transportation - Federal			
Highway Administration / Passed-through			
The Mississippi Department of Transportation			
Airport Improvement Program	20.106	03-28-0014-013-2007 *	768,293
Airport Improvement Program	20.106	03-28-0014-014-2008 *	111,240
Airport Improvement Program	20.106	03-28-0014-015-2008 *	286,525
U.S. Department of Homeland Security			
Emergency Management Performance Grant	97.042	N/A	23,195
Homeland Security Grant Program	97.067	06-LE-014	<u>19,350</u>
Total Expenditures of Federal Awards			<u>\$ 1,891,251</u>

Notes to Schedule of Expenditures of Federal Awards:

Note A: Significant Accounting Policies.

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

Note B: Section 592 of the Water Resource Development Act of 1999

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$166,947 to sub-recipients during the year ended September 30, 2008.

\* Denotes major federal award program

COAHOMA COUNTY

SPECIAL REPORTS

COAHOMA COUNTY

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INDEPENDENT AUDITORS' 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  
Coahoma County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 23, 2009. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the reporting entity that include the financial data for its component units. 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 Coahoma County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Cost as Finding 08-1, 08-2, 08-3 and 08-4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

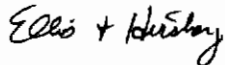
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above in Findings 08-1, 08-2, 08-3 and 08-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coahoma 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 08-4. We also noted certain immaterial instances of noncompliance which we have reported to the management of Coahoma County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated September 23, 2009, included within this document.

Coahoma County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Cost. We did not audit Coahoma County's responses and, accordingly, we express no opinion on it.

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



September 23, 2009

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

Members of the Board of Supervisors  
Coahoma County, Mississippi

Compliance

We have audited the compliance of Coahoma County, Mississippi, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. Coahoma County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coahoma County, Mississippi's management. Our responsibility is to express an opinion on Coahoma County, Mississippi's compliance based on our audit.

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

As described in item 08-5 in the accompanying Schedule of Findings and Questioned Costs, Coahoma County, Mississippi did not comply with requirements regarding equipment and real property management that are applicable to its Community facilities loans and grants program and Airport Improvement Program. Compliance with such requirement is necessary, in our opinion, for Coahoma County, Mississippi, to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Coahoma County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

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

over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questions Cost as item 08-5 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 08-5 to be a material weakness.

Coahoma County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Coahoma County's response and, accordingly, we express no opinion on it.

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

*Ellis & Hurst*

September 23, 2009

INDEPENDENT AUDITORS' 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  
Coahoma County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Coahoma County, Mississippi, as of and for the year ended September 30, 2008. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

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

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

The results of our audit procedures disclosed an instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding, recommendation and your response is described below.

Inventory Clerk

I. Finding

Section 31-7-107, Miss. Code Ann. (1972) provides that each county shall establish and maintain an inventory control system. The present system does not provide an effective means of notifying the inventory control clerk about construction projects for which cost should be accumulated for entry upon the County's fixed asset inventory. As a result, the County's fixed asset inventory and construction in progress items are not listed on the inventory.

Recommendation

A spreadsheet for each construction project could be utilized to accumulate construction information and funding sources for each project. The various spreadsheets could be maintained in a network file with access for the County Administrator, controller and inventory control clerk. As new projects are started, spreadsheets could be started by management which would allow for the inventory control clerk to become aware of the

projects for which costs should be accumulated.

Inventory Clerk's Response

The spreadsheet approach will be recommended to management as a possible solution for the finding.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Coahoma County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

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

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

*Ellis + Husberg*

September 23, 2009

COAHOMA COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2008

Schedule 1

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

COAHOMA COUNTY  
 Schedule of Emergency Purchases  
 For the Year Ended September 30, 2008

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
May 5, 2008	Ambulance Services	8,000	Pafford Ambulance Service	Loss of insurance by previous ambulance service.
June 2, 2008	Ambulance Services	13,500	Pafford Ambulance Service	Loss of insurance by previous ambulance service.
August 4, 2008	Ambulance Services	20,000	Pafford Ambulance Service	Loss of insurance by previous ambulance service.

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2008

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

COAHOMA COUNTY

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Coahoma County, Mississippi

In planning and performing our audit of the financial statements of Coahoma County, Mississippi for the year ended September 30, 2008, we considered Coahoma County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Coahoma 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 September 23, 2009 on the financial statements of Coahoma 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 and other matters that are opportunities for strengthening internal controls and operating efficiency. Our finding and recommendation and your response is disclosed below:

Sheriff.

1. Finding

Section 19-25-73, Miss. Code Ann. (1972), provides a limit of \$6.00 per prisoner per day for meal cost when meals are prepared by the Sheriff. This cost includes food and wages paid to employees for food preparation. Calculations for the September 30, 2008 year showed that cost was \$6.66 per prisoner.

Recommendation

In order to comply with state law, food cost must be reduced to a limit of \$6.00 per prisoner per day.

Response

Costs will be reviewed and appropriate measures will be taken to comply with state laws.

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

This report is intended 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.

*Ellis & Henning*

September 23, 2009

COAHOMA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COAHOMA COUNTY

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COAHOMA COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2008

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements:                              |               |
|    | Government activities   | Unqualified   |
|    | Business-type activities  | Unqualified   |
|    | Aggregate discretely presented component units  | Adverse       |
|    | Each major fund   | Unqualified   |
|    | Aggregate remaining fund information  | Unqualified   |
| 2. | Internal control over financial reporting:  |               |
|    | a. Material weaknesses identified?  | Yes           |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses. | None reported |
| 3. | Noncompliance material to the financial statements?                                       | Yes           |

**Federal Awards:**

- |    |   |               |
|----|---|---------------|
| 4. | Internal control over major programs:   |               |
|    | a. Material weakness identified?  | Yes           |
|    | b. Significant deficiencies identified that are not considered to be material weakness? | None reported |
| 5. | Type of auditor's report issued on compliance for major federal programs:               |               |
|    | a. Communities facilities loans and grants<br>CFDA # 10.766                             | Qualified     |
|    | b.. Airport improvement program<br>CFDA # 20.106  | Qualified     |
| 6. | Any audit findings reported as required by Section ____,510(a) of Circular A-133?       | Yes           |
| 7. | Federal programs identified as major programs:  |               |
|    | a. Communities facilities loans and grants<br>CFDA# 10.766                              |               |
|    | b. Airport Improvement Program<br>CFDA# 20.106  |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:            | \$300,000     |

COAHOMA COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2008

- |     |   |    |
|-----|---|----|
| 9.  | Auditee qualified as a low-risk auditee?  | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Finding

Board of Supervisors.

Material Weakness

08-1. Finding

Criteria

*Government Accounting Standards Board* Statement Number 14 provides definitions and disclosure requirements for a financial reporting entity. Entities associated with a government should be evaluated for inclusion in the financial reporting entity. Generally component units should be included in financial statements in which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Condition

Two component units have historically not been included in the financial reporting for Coahoma County. These two component units are the Economic Development Authority of Coahoma County and the Coahoma County Tourism Commission.

Cause

No audited or other financial statements have been made available for inclusion in the County's financial reporting.

Effect

As discussed above, the exclusion of this information could result in financial statements that are misleading or incomplete.

Recommendation

Determine whether financial statements can be obtained for the above component units. Consider including this information in future financial statements issued for the County.

COAHOMA COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2008

Board of Supervisors.

Material Weakness

08-2 Finding

Criteria

Bank account reconciliations to the general ledger is an important aspect of internal control which allows any errors that have been made either through the general ledger postings or any errors made by the bank can be corrected. The reconciliations are prepared as soon as possible after the bank statement is received in the following month. The reconciliations are prepared by an individual separate from the depositing of funds or the writing of checks.

Condition

Bank account reconciliations on the treasury account are a number of months behind. Also, the reconciliation does not agree to the general ledger. The reconciliation is being prepared by an individual associated with the writing and coding of checks.

Cause

A previous controller had health problems and some of that position's duties were reassigned for a period of time. The controller eventually accepted another position elsewhere. No management follow-up is being performed to ensure the reconciliations are prepared on a timely basis.

Effect

Errors which occur in posting items to the general ledger will not be caught before financial statements are prepared from the inaccurate information.

Recommendation

The responsibility of reconciling the treasury account should be assigned to an individual separate from the handling of cash, making deposits or writing checks. The reconciliation should be performed as soon as possible after the bank statement is received. Management should review the reconciliation for reasonableness and timeliness.

Board of Supervisors.

Material Weakness

08-3 Finding

Criteria

A fund with a negative cash balance at year-end is adjusted to at least a zero balance at year-end by means of establishing a "due from" from the fund responsible for covering the deficit cash position.

COAHOMA COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2008

Condition

Numerous funds had negative cash general ledger balances at September 30, 2008.

Cause

It appears recent personnel changes during this period of time contributed to the condition. A new controller had been hired, the previous administrator retired, and a new administrator was being sought.

Effect

The cash position of a particular fund could be misleading if appropriate interfund entries are not recorded.

Recommendation

Cash general ledger balances should be reviewed near year-end so that appropriate adjustments can be made.

Board of Supervisors.

Material Weakness/Material Noncompliance

08-4 Finding

Criteria

Cost of building new assets are accumulated in construction in progress accounts until the asset is completed and transferred to inventory of fixed assets. A knowledge of the existence of a project and how the project is to be completed (whether self-constructed or contracted) is necessary for the inventory control clerk to capture the cost and accumulate cost in construction in progress accounts until the project is complete. Projects constructed with federal funds are labeled as such for future reference.

Condition

No communication is made to the inventory control clerk to identify construction projects underway or to identify project funding sources for proper labeling on fixed asset records. No construction in progress accounts are maintained on construction projects.

Cause

Recent accounting standards have become more stringent upon government entities and their accounting systems. The process of tracking construction cost and construction in progress has generally been performed by auditors in previous years. The system to notify the inventory clerk who must accumulate the data for construction projects has not been fully developed.

Effect

The County at times has numerous construction projects underway. Not capturing cost information in a timely fashion creates difficulties at year-end in generating financial statements which include all construction in

COAHOMA COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2008

progress costs. Some projects span multiple years, thus, all cost of a project may not be captured due to a failure to identify a particular project as a construction project in a previous year.

Recommendation

Federal regulations require recipients to identify projects constructed with federal funds on their fixed assets records. A spreadsheet for each construction project could be utilized to accumulate construction information and funding sources for the project. The various spreadsheets could be maintained in a network file with access for the County Administrator, controller, and inventory control clerk. As new projects are started, new spreadsheets could be started by management which would allow for the inventory control clerk to become aware of the projects which costs should be accumulated.

Section 3: Federal Award Findings and Questioned Costs

Board of Supervisors.

Material Weakness/Material Noncompliance

08-5 Finding

Program: CFDA# 10.766 Community facilities loans and grants  
CFDA# 20.106 Airport Improvement Program

Compliance Requirement: Equipment and Real Property Management

Criteria

Please refer to finding 08-4.

Questioned Costs

The finding did not result in any questioned costs.

Condition

Please refer to finding 08-4.

Cause

Please refer to finding 08-4.

Effect

Please refer to finding 08-4.

Recommendation

Please refer to finding 08-4.

COAHOMA COUNTY

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**COAHOMA COUNTY**

**Board of Supervisors**

P.O. Box 579  
Clarksdale, MS 38614  
Ph (662) 624-3028  
Fax (662) 624-3029

Daniel Vassel  
County Administrator  
Tom T Ross, Jr  
Board Attorney

**Chris Overton, District 2**  
**President**  
**Timothy Burrel, District 3**  
**Vice President**  
Paul Pearson, District 1  
Johnny Newson, District 4  
Roger Weiner, District 5

As required by Section.315(c) of OMB Circular A-133, Coahoma County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2008.

Finding                      Corrective Action Plan Detail

- 08-1                      a. Name of contact person responsible for corrective action:
- Name: Daniel Vassel  
Title: County Administrator  
Phone: 662-624-3028
- b. Corrective Action Planned:
- The finding will be researched to determine if the recommendation can be implemented.
- c. Anticipated Completion Date
- September 2009
- 08-2                      a.. Name of contact person responsible for corrective action:
- Name: Daniel Vassel  
Title: County Administrator  
Phone: 662-624-3028
- b. Corrective Action Planned:
- The bank reconciliation responsibility will be reassigned. Past reconciliations will be caught up and performed timely in the future.
- c. Anticipated Completion Date:
- October 2009
- 08-3                      a. Name of contact person responsible for corrective action:
- Name: Daniel Vassel  
Title: County Administrator  
Phone: 662-624-3028

b. Corrective Action Planned:

A review of cash balances will be conducted in September and appropriate adjustments made.

c. Anticipated Completion Date:

September 2009

08-4

a. Name of contact person responsible for corrective action:

Name: Daniel Vassel  
Title: County Administrator  
Phone: 662-624-3028

b. Corrective Action Planned:

The spreadsheet approach will be considered as a method to communicate new construction projects.

c. Anticipated Completion Date:

August 2009

08-5

a. Name of contact person responsible for corrective action:

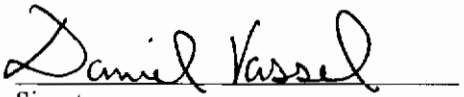

Name: Daniel Vassel  
Title: County Administrator  
Phone: 662-624-3028

b. Corrective Action Planned:

The spreadsheet approach will be considered as a method to communicate new construction projects.

c. Anticipated Completion Date:

August 2009

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Title