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RANKIN COUNTY

**Audited Financial Statements and Special Reports
For the Year Ended September 30, 2008**

**Presented by:
Dribben & Associates, Ltd.
Albert F. Dribben, CPA
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RANKIN COUNTY

FINANCIAL SECTION

RANKIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

May 26, 2009

Members of the Board of Supervisors
Rankin 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 Rankin County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the Rankin County's basic financial statements of this 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 that the financial data for those component units to be reported for 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 previously, the financial statements referred to previously 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 Rankin 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of September 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Al Dribben, CPA

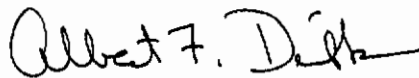
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In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2009, on our consideration of the Rankin County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rankin 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.

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd.
McComb, Mississippi

RANKIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

RANKIN COUNTY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2008

INTRODUCTION

The discussion and analysis of Rankin 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.

Rankin County is located in Central Mississippi along Interstate I-20. The population, according to the 2000 census, is 115,327. The local economic base is driven by retail, industrial and service.

FINANCIAL HIGHLIGHTS

Rankin 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.

Rankin County continues to grow both economically and in population. This has allowed the county to maintain a steady growth in taxes revenues without a tax increase. The county government tax rate has decreased 3.1% over the last 6 years. There was no increase in the millage rate from the prior year. This does not include school tax levies.

Total net assets increased \$8,456,299, which represents a 6% increase from the prior fiscal year.

The County had \$57,663,825 in total governmental activities revenues, which represents a decrease of \$1,387,210, or 2.35%, from the prior year. Property tax revenues account for \$30,218,062 or 52% of total revenues. Revenues in the form of revenues operating and capital grants and contributions accounted for \$3,737,166 or 6.48% of total revenues. Revenues in the form of charges for service accounted for \$12,043,782 or 20.9% of total revenues.

The County had \$48,813,191, in total expenses, which represents a decrease of \$7,810,259 or 14% decrease from the prior fiscal year.

Among major funds, the General Fund had \$32,263,097 in revenues and \$30,714,289 in expenditures. The General Fund's fund balance increased \$822,306 over the prior year.

Capital assets, net of accumulated depreciation, increased by \$11,828,797 over the prior year.

Long-term debt increased by \$1,101,166.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

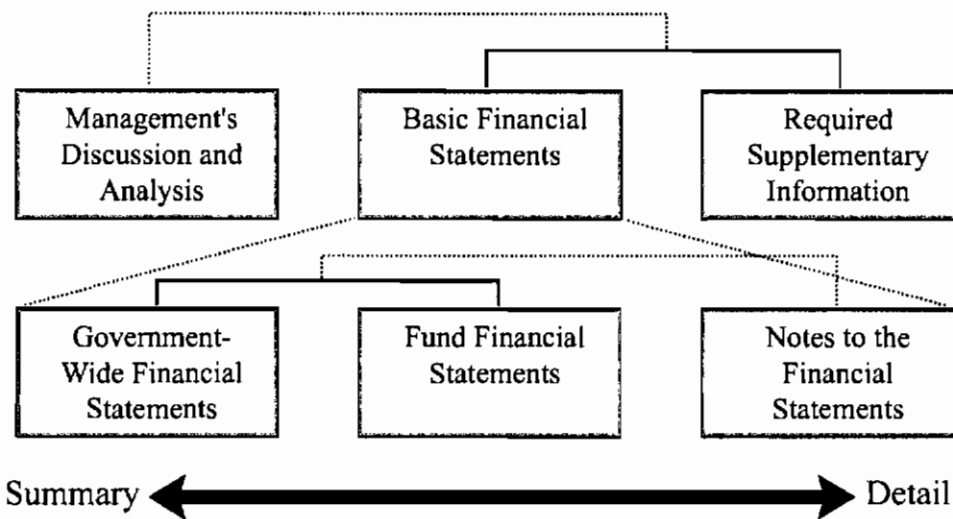


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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	<u>Fund Financial Statements</u>		
		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	<ul style="list-style-type: none"> ● Statement of net assets ● Statement of activities 	<ul style="list-style-type: none"> ● Balance sheet ● Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> ● Statement of net assets ● Statement of revenues, expenses and changes in net assets ● Statement of cash flows 	<ul style="list-style-type: none"> ● Statement of fiduciary net assets ● 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; conservation of natural resources; economic development; and interest on long-term debt.

These component units are not included in our basic financial statements:

- Rankin County Economic Development Authority
- Rankin County Human Resource Agency
- Cleary Water, Sewer and Fire Protection District
- Evergreen Fire Protection District
- Lake Harbor Fire Protection District
- Reservoir Fire Protection District
- Robinhood Water, Sewer, and Fire Protection District
- Southwest Rankin County Fire Protection District
- Star Fire Protection District
- Richland Creek Watershed Drainage District

The Government-wide Financial Statements can be found on pages 23 and 24 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 two categories: governmental 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 26 and 28, 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 25 and 27 of this report.

Proprietary funds for Rankin County are maintained in one way. The County uses internal service funds to account for its self-insured Health Insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has 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 County's internal service fund is combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary fund financial statements can be found on pages 29 and 30 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 Assets and Liabilities, 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 are not included in this report; however, we expect them to be included in the Audit Report issued by the State Department of Audit once our audit is complete.

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 53 through 58 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 Rankin County, assets exceeded liabilities by \$160,866,763 as of September 30, 2008, of which \$160,866,763 was governmental activities and none was business-type activities.

By far, the largest portion of the County's net assets, 67%, reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & 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 District's net assets for the fiscal year ended September 30, 2008 and comparative data for the fiscal year ended September 30, 2007.

	Governmental Activities	
	2008	2007
Current assets	\$ 91,224,895	91,036,728
Non-current assets	145,247,898	133,419,101
Total assets	\$ 236,472,793	224,455,829
Current liabilities	37,442,761	34,983,162
Long-term debt outstanding	38,163,269	37,062,203
Total liabilities	75,606,030	72,045,365
Net assets:		
Invested in capital assets, net of related debt	108,155,879	97,361,535
Restricted	28,971,713	30,739,672
Unrestricted	23,739,171	24,309,257
Total net assets	160,866,763	152,410,464
Total liabilities and net assets	\$ 236,472,793	224,455,829

Changes in Net Assets – Rankin County’s total revenues for the fiscal year ended September 30, 2008 was \$57,663,825. The total cost for all services provided was \$48,813,191. The increase in net assets was \$8,850,634. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2008, as compared to fiscal year September 30, 2007.

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues		
Charges for Service	\$ 12,043,782	13,629,020
Operating grants and revenues	2,359,420	3,919,898
Capital grants and contributions	1,377,746	464,380
General revenues:		
Property taxes	30,218,062	28,835,253
Road and bridge privilege taxes	1,877,532	1,830,481
Unrestricted grants	6,529,280	7,494,047
Other revenue	3,258,003	2,877,956
Total Revenues:	<u>\$ 57,663,825</u>	<u>59,051,035</u>
Expenses:		
General government	\$ 18,229,094	12,642,573
Public safety	10,418,098	17,761,559
Public works	15,348,124	22,169,379
Health and welfare	1,090,471	903,500
Conservation of natural resources	2,308,641	1,457,078
Culture and recreation	333,413	230,470
Economic development	31,255	36,155
Interest on long-term debt	1,054,095	1,422,736
Total Expenses:	<u>\$ 48,813,191</u>	<u>56,623,450</u>
Increase in Net Assets	<u>\$ 8,850,634</u>	<u>2,427,585</u>

Governmental Activities – The following table presents the cost of eight major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources 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 Rankin County's taxpayers by each of these functions.

	2008		2007	
	Total Costs	Net Costs	Total Costs	Net Costs
General Government	\$ 18,229,094	(16,326,463)	\$ 12,642,573	(4,729,761)
Public Safety	10,418,098	(6,630,235)	17,761,559	(13,998,092)
Public Works	15,348,124	(9,284,867)	22,169,379	(16,151,985)
Health and Welfare	1,090,471	2,636,726	903,500	(583,875)
Culture and Recreation	2,308,641	(2,008,641)	1,457,078	(1,457,078)
Conservation of Natural Resources	333,413	(333,413)	230,470	(230,470)
Economic Development and assistance	31,255	(31,255)	36,155	(36,155)
Interest on Long-term Debt	1,054,095	(1,054,095)	1,422,736	(1,422,736)
Total	<u>\$ 48,813,191</u>	<u>(33,032,243)</u>	<u>\$ 56,623,450</u>	<u>(38,610,152)</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, Rankin County's governmental funds reported a combined fund balance of \$51,720,385 a decrease of \$945,653. The primary reasons for this decrease is highlighted in the analysis of governmental activities

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$822,306.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Rankin County revised its annual operating budget on several occasions. At the end of the fiscal year Rankin County amended its budget to reflect actual revenues received and expenditures made.

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, Rankin County's total capital assets was \$308,777,974. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease.

Total accumulated depreciation as of September 30, 2008 was \$163,530,076, including \$4,948,978 of depreciation expense for the year. The balance in total net capital assets was \$145,247,898 at year-end.

Additional information on Rankin County's capital assets can be found in Note 6 on Page 43 of this report.

Debt Administration – At September 30, 2008, Rankin County had \$38,163,269 in long-term debt outstanding. This includes general obligation bonds, other loans, and obligations under capital lease. Of this debt, \$3,639,141 is due within one year.

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 151 million dollars.

LONG-TERM DEBT ANALYSIS

Additional information on Rankin County's long-term debt can be found in Note 10 on pages 47-48 of this report.

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 Rankin County Administrator's office at 211 East Government St., Ste. A, Brandon, MS 39042.

RANKIN COUNTY

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RANKIN COUNTY

FINANCIAL STATEMENTS

RANKIN COUNTY

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RANKIN COUNTY
Statement of Net Assets
September 30, 2008

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Cash	\$ 46,732,375
Investments	9,382,129
Accrued interest receivable	54,577
Property tax receivable	31,663,518
Accounts receivable (net of allowance for uncollectibles of \$864,164)	638,045
Fines receivable (net of allowance for uncollectibles of \$2,739,174)	1,388,110
Capital leases receivable	361,235
Intergovernmental receivables	995,775
Other receivables	9,131
Capital assets:	
Land and construction in progress	5,954,379
Other capital assets, net	<u>139,293,519</u>
Total Assets	<u><u>236,472,793</u></u>
Liabilities	
Claims payable	915,983
Retainage payable	164,327
Claims and judgments payable	145,279
Intergovernmental payables	3,142,823
Accrued interest payable	179,180
Deferred revenue	31,725,753
Other accrued liabilities	238,673
Other payables - amounts held in custody	930,743
Long-term liabilities	
Due within one year:	
Capital related liabilities	3,598,907
Non-capital liabilities	40,234
Due in more than one year:	
Capital related liabilities	33,493,112
Non-capital liabilities	<u>1,031,016</u>
Total Liabilities	<u><u>75,606,030</u></u>
Net Assets	
Investment in capital assets, net of related debt	108,155,879
Restricted:	
Expendable:	
General Government	2,289,632
Debt Service	1,501
Public Safety	2,598,904
Public works	18,071,665
Unemployment compensation	94,266
Capital projects	5,848,589
Other purposes	67,156
Unrestricted	<u>23,739,171</u>
Total Net Assets	<u><u>\$ 160,866,763</u></u>

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

RANKIN 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	Primary Government	
				Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 18,229,094	1,902,631			(16,326,463)
Public Safety	10,418,098	2,925,592	862,271		(6,630,235)
Public works	15,348,124	3,881,034	1,104,477	1,077,746	(9,284,867)
Health and welfare	1,090,471	3,334,525	392,672		2,636,726
Culture and recreation	2,308,641			300,000	(2,008,641)
Conservation of natural resources	333,413				(333,413)
Economic development and assistance	31,255				(31,255)
Interest on long-term debt	1,054,095				(1,054,095)
Total governmental activities	\$ 48,813,191	12,043,782	2,359,420	1,377,746	(33,032,243)
General Revenues:					
Property taxes					30,218,062
Road & bridge privilege taxes					1,877,532
Grants and contributions not restricted to specific programs					6,529,280
Unrestricted investment income					2,104,167
Miscellaneous					1,153,836
Total General Revenues and Transfers					41,882,877
Change in Net Assets					8,850,634
Net Assets - Beginning					152,410,464
Prior Period Adjustment					(394,335)
Net Assets - Beginning - Restated					152,016,129
Net Assets - Ending					\$ 160,866,763

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

RANKIN COUNTY

Balance Sheet - Governmental Funds
September 30, 2008

Exhibit 3

	County Unit		County Unit Bridge and Culvert Fund	Other Governmental Funds		Total Governmental Funds
	General Fund	Road Maintenance Fund				
ASSETS						
Cash	\$ 27,268,976	209,339	9,500,220	9,692,787	46,671,322	
Investments		4,221,116	3,165,837	1,995,176	9,382,129	
Accrued interest receivable		24,555	18,416	11,606	54,577	
Property tax receivable	20,311,318	6,880,000	3,858,000	614,200	31,663,518	
Accounts receivable (net of allowance for doubtful accounts of \$864,164)				638,045	638,045	
Fines receivable (net of allowance for doubtful accounts of \$2,739,171)	1,388,110				1,388,110	
Capital lease receivable	995,775			361,235	361,235	
Intergovernmental receivables	9,131				9,131	
Due from other funds		394,334	176,510	24,099	594,943	
Total Assets	49,973,310	11,729,344	16,718,983	13,337,148	91,758,785	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Claims payable	453,701			44,970	915,983	
Retainage payable	164,327				164,327	
Amounts held in custody	930,743				930,743	
Intergovernment payables	3,142,823				3,142,823	
Due to other funds	833,616				833,616	
Deferred revenue	21,699,428	6,880,000	3,858,000	1,613,480	34,050,908	
Total Liabilities	27,224,638	7,297,312	3,858,000	1,658,450	40,038,400	
Fund Balances:						
Reserved for:						
Unemployment compensation				94,266	94,266	
Unreserved, reported in:						
General Fund	22,748,672				22,748,672	
Special revenue Funds		4,432,032	12,860,983	5,734,342	23,027,357	
Debt Service Funds				1,501	1,501	
Capital Project Funds				5,848,589	5,848,589	
Total Fund Balances	22,748,672	4,432,032	12,860,983	11,678,698	51,720,385	
Total Liabilities and Fund Balances	\$ 49,973,310	11,729,344	16,718,983	13,337,148	91,758,785	

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

RANKIN COUNTY

Exhibit 3-1

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 51,720,385
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$163,530,076.	145,247,898
2. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,026,155
3. Capital lease receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	299,000
4. Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(38,163,269)
5. Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(179,180)
6. Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	<u>(84,226)</u>
Total Net Assets - Governmental Funds	<u>\$ 160,866,763</u>

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

RANKIN COUNTY

Exhibit 4

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

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	County Unit Road Maintenance Fund	County Unit Bridge and Culvert Fund		
Revenues:					
Property taxes	\$ 18,711,322	6,231,789	4,738,094	536,856	30,218,061
Road and bridge privilege taxes	-	1,877,532			1,877,532
Licenses, commissions and other revenue	2,005,848			46,776	2,052,624
Fines and forfeitures	904,974	1,064,255			1,969,229
Intergovernmental revenues	7,068,667	1,101,937	19,675	1,352,328	9,542,607
Charges for services	993,144			5,609,602	6,602,746
Interest Income	1,634,861	208,651	156,489	102,180	2,102,181
Miscellaneous revenues	944,281	5,660		403,390	1,353,331
Total revenues	<u>32,263,097</u>	<u>10,489,824</u>	<u>4,914,258</u>	<u>8,051,132</u>	<u>55,718,311</u>
Expenditures:					
Current:					
General government	12,610,273			8,714,543	21,324,816
Public Safety	12,720,164			2,904,991	15,625,155
Public works	8,447	8,469,086	2,532,930	3,784,244	14,794,707
Health and welfare	1,090,471				1,090,471
Culture and recreation	2,275,548			33,093	2,308,641
Conservation of natural resources	332,801				332,801
Economic development and assistance	31,255				31,255
Debt Service:					
Principal	1,022,502	1,374,727	116,039	549,142	3,062,410
Interest	622,828	363,034	8,006	177,016	1,170,884
Total expenditures	<u>30,714,289</u>	<u>10,206,847</u>	<u>2,656,975</u>	<u>16,163,029</u>	<u>59,741,140</u>
Excess of Revenues over (under) Expenditures	<u>1,548,808</u>	<u>282,977</u>	<u>2,257,283</u>	<u>(8,111,897)</u>	<u>(4,022,829)</u>
Other Financing Sources (Uses):					
Proceeds from lease purchase				4,057,387	4,057,387
Proceeds from sale of assets		76,000		-	76,000
Transfers in		25,325		929,019	954,344
Transfers out	(742,426)			(904,418)	(1,646,844)
Lease principal payments				(40,000)	(40,000)
Total Other Financing Sources (uses)	<u>(742,426)</u>	<u>101,325</u>	<u>-</u>	<u>4,041,988</u>	<u>3,400,887</u>
Net Change in Fund Balances	<u>806,382</u>	<u>384,302</u>	<u>2,257,283</u>	<u>(4,069,909)</u>	<u>(621,942)</u>
Fund balances:					
Fund Balances - Beginning	21,926,366	4,345,044	10,629,660	15,764,968	52,666,038
Prior period adjustment & reclassifications	15,924	(297,314)	(25,960)	(16,361)	(323,711)
Fund Balances - Beginning, as restated	<u>21,942,290</u>	<u>4,047,730</u>	<u>10,603,700</u>	<u>15,748,607</u>	<u>52,342,327</u>
Fund Balances - Ending	<u>\$ 22,748,672</u>	<u>4,432,032</u>	<u>12,860,983</u>	<u>11,678,698</u>	<u>51,720,385</u>

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

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

Exhibit 4-1

	<u>Amount</u>
Net Change in fund balances - governmental funds	
Amounts reported for governmental activities in the Statement of Activities are different because:	\$ (621,942)
1. Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs 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 \$16,937,655 exceeded depreciation of \$4,948,978 in the current period.	11,988,677
2. In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the loss of \$52,732 and the proceeds from the sale of \$76,000 in the current period.	(128,732)
3. Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(1,101,425)
4. Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(249,573)
5. In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from the change in fund balances by the principal collections on the capital leases.	(40,000)
6. Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt payments of \$3,062,410 was exceeded by debt proceeds of \$4,057,387.	(994,977)
7. Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendible 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 item:	
The amount of increase in compensated absences	(66,613)
The amount of decrease in accrued interest payable	116,789
8. An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	(51,570)
Change in Net Assets of Governmental Activities	<u>\$ 8,850,634</u>

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

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

Exhibit 5

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Assets	
Cash	\$ 61,053
Total Assets	<u>61,053</u>
Liabilities	
Claims and judgements payable	<u>145,279</u>
Total Liabilities	145,279
Net Assets	
Restricted for health insurance	(84,226)
Total Net Assets	<u>\$ (84,226)</u>

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

RANKIN COUNTY

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

Exhibit 6

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Premiums	\$ 3,334,525
Total Operating Revenues	<u>3,334,525</u>
Operating Expenses	
Claims payments	4,077,261
Administrative	3,263
Miscellaneous	57
Total Operating Expenses	<u>4,080,581</u>
Operating Income (Loss)	<u>(746,056)</u>
Nonoperating Revenues (Expenses)	
Interest income	1,986
Net Nonoperating Revenue (Expenses)	<u>1,986</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	(744,070)
Transfers in	<u>692,500</u>
Changes in Net Assets	<u>(51,570)</u>
Net Assets - Beginning	<u>(32,656)</u>
Net Assets - Ending	<u>\$ (84,226)</u>

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

RANKIN COUNTYStatement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2008Exhibit 7

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	\$ 3,334,525
Payments for claims	(4,063,221)
Payments to administrator for services	(3,263)
Miscellaneous	(57)
Net Cash Provided (Used) by Operating Activities	<u>(732,016)</u>
Cash Flows From Noncapital Financing Activities	
Operating transfers in	692,500
Net Cash Provided (Used) by Noncapital Financing Activities	<u>692,500</u>
Cash Flows From Investing Activities	
Interest and dividends on investments	1,986
Net Cash Provided (Used) by Investing Activities	<u>1,986</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(37,530)
Cash and Cash Equivalents at Beginning of Year	98,583
Cash and Cash Equivalents at End of Year	\$ <u><u>61,053</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (746,056)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in claims and judgments liability	14,040
Total Adjustments	<u>14,040</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(732,016)</u></u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,274,361
Due from other funds	238,673
Total Assets	<u>\$ 1,513,034</u>
LIABILITIES	
Amounts held in custody for others	\$ 11,056
Intergovernmental payables	1,501,978
Total Liabilities	<u>\$ 1,513,034</u>

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

RANKIN COUNTY

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

Notes to Financial Statements

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Rankin 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 Rankin 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.

- Rankin County Economic Development Authority
- Rankin County Human Resource Agency
- Cleary Water, Sewer and Fire Protection District
- Evergreen Fire Protection District
- Lake Harbor Fire Protection District
- Reservoir Fire Protection District
- Robinhood Fire Protection District
- Southwest Rankin County Fire Protection District
- Star Fire Protection District
- Richland Creek Watershed Drainage District

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 Collector
- Tax Assessor
- Sheriff

B. 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.

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 and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

RANKIN COUNTY

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

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 activities 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. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting.

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

The county's 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.

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

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

RANKIN COUNTY

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

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.

County Unit Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

County Unit Bridge and Culvert Fund - This fund is used to account for monies from specific revenue sources that are restricted for maintenance and installation of bridges and culverts.

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.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

PROPRIETARY FUND TYPES

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 fund reports on self-insurance programs for employee medical and dental benefits.

FIDUCIARY FUND TYPES

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.

D. 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.

E. 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.

RANKIN COUNTY

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

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.

F. Receivables.

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

G. Interfund Transactions and Balances.

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

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

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.

RANKIN COUNTY

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

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

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

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

I. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Assets.

J. Equity Classifications.

Government-wide Financial Statements:

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

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or 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 and regulations of other governments; or law through constitutional provisions or enabling legislation.

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

RANKIN COUNTY

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

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.

K. Property Tax Revenues.

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

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

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

L. 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.

M. Compensated Absences.

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

RANKIN COUNTY

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

(2) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
An adjustment to correct an error in recording a capital asset in a prior year	\$ (31,148)
An adjustment to correct an error in recording a liability in a prior year	(6,970)
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	(25,960)
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	15,924
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	(9,390)
An adjustment to correct an error in recording a liability in a prior year	(39,476)
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	(297,315)
Total	<u>\$ (394,335)</u>

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

<u>Explanation</u>	
An adjustment to correct an error in recording a liability in a prior year	\$ (6,970)
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	(25,960)
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	15,924
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	(9,390)
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	(297,315)
Total	<u>\$ (323,711)</u>

RANKIN COUNTY

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

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2008, was \$48,006,736, and the bank balance was \$50,630,538. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal 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:

Investments balances at September 30, 2008, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Money market funds	Less than 1	\$ 50,042	Not rated
Short term investments	Less than 1	932,074	Not rated
U.S. government bonds	1 to 10	7,671,291	AA
Municipal bonds	1 to 10	728,722	AA to AAA
Total		<u>\$ 9,382,129</u>	

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

Credit Risk: State law limits investments to those authorized by 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 address credit risk.

Custodial Credit Risk: Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments of 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 \$9,382,129 investment in securities, none of the underlying securities were held by the investment's counterparty on behalf of the county, not in the name of the county.

RANKIN COUNTY

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

Concentration of Credit Risk: The county places no limit on the amount the county may invest in any one issuer. More than 5 percent of the county's investments are in US Government Bonds, and Mississippi Municipal Bonds. These investments are 89.53% of the county's total investments.

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Percentage of total investments</u>
U.S. government bonds	Various	\$ 7,671,291	81.76%
Municipal bonds	Various	728,722	7.77%
Total		<u>\$ 8,400,013</u>	<u>89.53%</u>

(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>
County road fund	General fund	394,334
County bridge fund	General fund	176,510
Other governmental funds	General fund	24,099
Agency funds	General fund	238,673
Total		<u>\$ 833,616</u>

The receivables represent the tax revenue collected but not settled until October 2008. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Road Maintenance Fund	General fund	\$ 25,325
Other governmental funds	Other governmental funds	929,019
Internal service fund	General fund	692,500
Total		<u>\$ 1,646,844</u>

The purpose of the transfers was to transfer funds to (1) the Road Maintenance fund, (2) the Grand Gulf fund, (3) the Pelahatchie Bond Service Fund, and (4) the self-funded self insurance internal service fund to cover deficit balances in those funds.

RANKIN COUNTY

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

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$ 995,775
Total Governmental Activities	<u>\$ 995,775</u>

RANKIN COUNTY

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

(6) Capital Assets.

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

Governmental activities:

Governmental Activities						
	Balance Oct 1, 2007	Additions	Deletions	Completed Construction	Adjustments*	Balance Sept 30, 2008
<u>Non-depreciable capital assets:</u>						
Land	\$ 2,733,654	8,500				2,742,154
Construction in progress	1,810,924	3,559,050		(2,157,749)		3,212,225
Total non-depreciable capital assets	4,544,578	3,567,550	-	(2,157,749)	-	5,954,379
<u>Depreciable capital assets:</u>						
Infrastructure	213,353,754	7,587,263				220,941,017
Buildings	48,741,893	604,882		2,157,749		51,504,524
Improvements other than buildings	769,901	-	-	-		769,901
Mobile equipment	9,086,567	998,404	(331,911)	-	135,500	9,888,560
Furniture and equipment	9,406,371	122,169	(78,597)			9,449,943
Leased property under capital leases	6,481,445	4,057,387	(133,682)	-	(135,500)	10,269,650
Total depreciable capital assets	287,839,931	13,370,105	(544,190)	2,157,749	-	302,823,595
<u>Less accumulated depreciation for:</u>						
Infrastructure	(123,155,050)	(1,756,983)				(124,912,033)
Buildings	(16,495,321)	(1,023,576)				(17,518,897)
Improvements other than buildings	(487,945)	(23,876)			11	(511,810)
Mobile equipment	(6,069,237)	(794,565)	286,176	-	8,159	(6,569,467)
Furniture and equipment	(7,427,883)	(500,913)	69,112		(39,318)	(7,899,002)
Leased property under capital leases	(5,329,972)	(849,065)	60,170	-		(6,118,867)
Total accumulated depreciation	(158,965,408)	(4,948,978)	415,458	-	(31,148)	(163,530,076)
Total depreciable capital assets, net	128,874,523	8,421,127	(128,732)	2,157,749	(31,148)	139,293,519
Governmental activities capital assets, net	\$ 133,419,101	11,988,677	(128,732)	-	(31,148)	145,247,898

* Adjustments were made to adjust balances to actual and to move paid out leased equipment to proper equipment category.

RANKIN COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 1,133,179
Public safety	1,568,005
Public works	2,247,182
Conservation of natural resources	<u>612</u>
Total governmental activities depreciation expense	<u>\$ 4,948,978</u>

Commitments with respect to unfinished capital projects at September 30, 2008, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Addition to Rankin Co. Detention Center	\$ 4,065,325	August 2009

(7) 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 2004, 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. The Rankin County Board of Supervisors has extended coverage to the employees of the following public entities:

- Town of Pelahatchie
- Region 8 Mental Health
- Rankin First
- Rankin County Human Resource Agency
- Cleary Water, Sewer, and Fire Protection District
- USDA Soil and Water Conservation, Rankin County District

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each participating public entity, including Rankin County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction.

RANKIN COUNTY

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

Premium payments to the risk management fund are determined on an actuarial basis. The county has minimum uninsured risk retention for all participating entities, including Rankin County, 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 \$75,000, and the aggregate policy covers all submitted claims in excess of \$1,000,000.

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 \$145,279. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Unpaid Claims and Changes in Estimate	Claim Payments	Adjustments	Balance at Fiscal Year End
2006-2007	\$ 130,087	4,022,416	4,074,475	65,772	143,800
2007-2008	\$ 143,800	4,507,716	4,506,237		145,279

Adjustment: The adjustment was to adjust for dental claims not included in prior year amounts.

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$140,000 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	140,000
2010	140,000
2011	140,000
2012	140,000
2013	140,000
2014-2018	700,000
2019-2023	700,000
2024-2026	420,000
Total Minimum Payments Required	<u>\$ 2,520,000</u>

RANKIN COUNTY

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

In addition to the future lease receivables, the county receives annual compensation in lieu of taxes equal to the difference in \$500,000 per year and the actual taxes assessed and/or imposed on the real and personal property of the leased property. For the year ended September 30, 2008, the county received \$359,314 in lieu taxes.

(9) 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>
Water improvements	\$ 400,000
Sewer lines	260,000
Total	<u>\$ 660,000</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	41,000	14,289
2010	47,000	12,037
2011	48,000	9,593
2012	24,000	7,739
2013	25,000	6,483
2014-2016	114,000	12,095
Total	<u>\$ 299,000</u>	<u>\$ 62,236</u>

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2008:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 848,587
Other furniture and equipment	9,421,063
Total	10,269,650
Less: Accumulated depreciation	<u>(6,118,867)</u>
Leased property under capital leases	<u>\$ 4,150,783</u>

RANKIN COUNTY

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

The following is a schedule by years of the total payments due as of September 30, 2008:

<u>Year Ended September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,263,938	223,293
2010	899,192	168,625
2011	608,721	134,338
2012	493,268	107,267
2013	500,723	91,406
2014-2018	2,462,142	202,441
Total	\$ 6,227,984	927,370

(10) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds			
2005 MS Public Improvement	\$ 16,870,000	2.75/4.125%	09/01/21
2005 Refunding	7,985,000	2.50/4.00%	09/01/15
2005 Refunding	460,000	3.04%	09/01/09
2005 Series 2005A	4,690,000	2.80/4.00%	07/01/20
Total General Obligation Bonds	\$ 30,005,000		

RANKIN COUNTY

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

B. Capital Leases:

911 Radio towers and equipment (2)	3,997,693	3.22%	03/15/18
Portable radio units	88,516	4.12%	02/15/12
E911 trunking communication system	803,529	4.84%	12/25/10
Freightliner Lowboy Tractor	6,930	3.59%	01/15/09
Case Crawler Dozer (2)	146,731	3.59%	03/25/09
Case Extendahoe (3)	178,016	3.59%	04/25/09
Ingersoll-Rand Soil Compactor	48,346	3.59%	05/25/09
Sterling Dump Trucks (5)	59,662	3.59%	05/25/09
E911 Equipment	326,084	5.17%	01/01/10
Offendertrak	572,477	4.99%	06/01/10
Total Capital Leases	<u>\$ 6,227,984</u>		

C. Other Loans:

Interlocal agreement Flowood	\$ 486,000	6.10%	04/01/12
Interlocal agreement Pearl	202,014	4.60%	02/01/19
Capital improvements loan- DECD	171,021	2.35%	04/01/10
Total Other Loans	<u>\$ 859,035</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2009	\$ 2,105,000	1,089,312	229,979	45,390
2010	2,075,000	1,027,458	229,473	34,086
2011	2,260,000	960,205	150,167	22,986
2012	2,470,000	883,808	149,095	14,418
2013	2,800,000	797,227	14,110	5,206
2014-2018	12,725,000	2,555,386	86,211	14,524
2019-2020	5,570,000	380,137	-	-
Total	<u>\$ 30,005,000</u>	<u>7,693,533</u>	<u>859,035</u>	<u>136,610</u>

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 bond 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 2.21% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the county defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. On September 30, 2008, \$13,115,000 of bonds outstanding was considered defeased.

RANKIN COUNTY

Notes to the 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	\$ 1,004,637	66,613	-	-	1,071,250	40,234
General obligation bonds	31,825,000	-	(1,820,000)	-	30,005,000	2,105,000
Capital leases	3,180,693	4,057,387	(1,010,188)	92	6,227,984	1,263,928
Other loans	1,051,873	-	(232,222)	39,384	859,035	229,979
Total	\$ 37,062,203	4,124,000	(3,062,410)	39,476	38,163,269	3,639,141

(11) Deficit Fund Balances of Individual Funds.

The following fund reported deficits in fund balances at September 30, 2008:

Fund	Deficit Amount
Self-funded Health Risk Management	\$ 84,226
	<u>\$ 84,226</u>

(12) Contingencies.

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

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

RANKIN COUNTY

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

General Obligation Debt Contingencies - The county issued general obligation bonds to provide funds for constructing and improving capital facilities of the City of Pelahatchie. 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 bonds are backed by the full faith, credit and taxing power of the county, the county remains contingently liable for its retirement. During fiscal year 2008, general obligation bonds remaining of \$1,715,000 issued to provide funds for constructing and improving capital facilities for Trilogy, Inc. were defeased and a deed and bill of sale were issued to Trilogy, Inc. The principal amount of the remaining general obligation debt contingency outstanding at year end is as follows:

Description	Balance at Sept. 30, 2008
Pelahatchie Sewer Improvement G.O. Bonds	\$ 70,000
Pelahatchie Water Improvement G.O. Bonds	229,000
Total	\$ 299,000

As of September 30, 2008, the county had the following commitments:

On May 1, 2000, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Dogwood Festival Market Project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full. In the event that there shall be surplus revenues on December 31, the surplus revenue shall be reimbursed to the city and county on a pro rata basis.

On September 4, 2001, the Rankin County Board of Supervisors entered into an agreement with the City of Brandon to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Ergon Properties Project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full.

On October 1, 2003, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Dogwood Promenade, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full.

On June 1, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Lakewood Commons, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full.

RANKIN COUNTY

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

On December 6, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the City for as partial payment of a loan to the City to be used to purchase land for a baseball stadium, site work and parking lot construction. The amount pledged is \$320,000 a year for twenty years.

On December 6, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the City, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Bass Pro Shops/Bloomfield Project, the avails of the added incremental increase in county real and personal property taxes from the Bass Pro portion of the project. The terms of this agreement will not exceed twenty years.

(13) No Commitment Debt (Not Included in Financial Statements).

No commitment debt is repaid only by the entities for which the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the county's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance at Sept. 30, 2008
Industrial revenue bonds	\$ 4,100,000

(14) Joint Venture.

The county participates in the following joint ventures:

Rankin County is a participant with Scott, Simpson and Smith Counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the county's appropriation to the joint venture was \$1,285,621 in fiscal year 2008. Complete financial statements for the Central Mississippi Regional Library System can be obtained from 3470 Hwy 80 East, Pearl, MS 39208.

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Rankin County Board of Supervisors appoints two of the 26 members of the board. The county provided no financial support in fiscal year 2008.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Warren and Yazoo. The Rankin County Board of Supervisors appoints three of the 33 members of the board of directors. The county appropriated \$18,964 for support of the district in fiscal year 2008.

RANKIN COUNTY

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

East Central Community Action Agency, Inc. operates in a district composed of the Counties of Leake, Neshoba, Rankin, Scott and Smith. The Rankin County Board of Supervisors appoints two of the 30 board members. The county provides a modest amount of support when matching funds are required for federal grants.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Rankin County Board of Supervisors appoints one of the 15 members of the college board of trustees. The county appropriated \$1,656,044 for maintenance and \$750,729 for improvement of the college in fiscal year 2008.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Rankin County Board of Supervisors appoints one member of the board of commissioners. The county appropriated \$337,000 for support of the commission in fiscal year 2008.

(16) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2008 was 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 \$1,753,650, \$1,553,425 and \$1,688,929, respectively, equal to the required contributions for each year.

(17) Subsequent Events.

On October 15, 2008, the county approved a resolution authorizing sale and issuance of \$60,000,000 in capital improvement bonds.

On December 11, 2008, the county approved the sale of \$26,000,000 of capital improvement bonds but only sold \$20,000,000.

On December 15, 2008, the county ratified the bond purchase agreement for \$20,000,000 and approved \$244,433 in change orders for Rankin County Detention Center Additions.

On January 5, 2009, the county approved the final payment of \$2,024,915 to Rankin County School District for completion of the School District Administrative Office.

On July 15, 2009 the county approved the sale of \$20,000,000 more in capital improvement bonds, leaving \$20,000,000 remaining to be sold out of the original \$60,000,000 issuance.

REQUIRED SUPPLEMENTARY INFORMATION

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RANKIN 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)
REVENUES				
Property taxes	\$ 18,517,822	18,603,146	18,603,146	-
Licenses, commissions and other revenue	2,189,000	1,926,818	1,926,818	-
Fines and forfeitures	760,000	896,629	896,629	-
Intergovernmental revenues	4,283,250	7,064,483	7,064,483	-
Charges for services	530,000	984,631	984,631	-
Interest income	1,220,000	1,637,923	1,637,923	-
Miscellaneous revenues	908,800	953,801	953,801	-
Total Revenues	<u>28,408,872</u>	<u>32,067,431</u>	<u>32,067,431</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	12,890,792	12,431,416	12,431,416	-
Public safety	15,132,669	12,542,252	12,542,252	-
Public works	7,104	8,447	8,447	-
Health and welfare	1,094,888	1,090,155	1,090,155	-
Culture and recreation	2,236,913	2,294,081	2,294,081	-
Conservation of natural resources	470,203	327,528	327,528	-
Economic development and assistance	53,964	31,255	31,255	-
Debt service:				
Principal	975,412	1,022,503	1,022,503	-
Interest	-	622,828	622,828	-
Total Expenditures	<u>32,861,945</u>	<u>30,370,465</u>	<u>30,370,465</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(4,453,073)</u>	<u>1,696,966</u>	<u>1,696,966</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	1,065,500	1,056,351	1,056,351	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	(10,448,185)	(1,798,778)	(1,798,778)	-
Other financing uses	-	-	-	-
Total Other Financing Sources and Uses	<u>(9,382,685)</u>	<u>(742,427)</u>	<u>(742,427)</u>	<u>-</u>
Net Change in Fund Balance	(13,835,758)	954,539	954,539	-
Fund Balances - Beginning	14,589,000	21,262,132	21,262,132	-
Fund Balances - Ending	<u>\$ 753,242</u>	<u>22,216,671</u>	<u>22,216,671</u>	<u>-</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,075,133	6,203,988	6,203,988	-
Road and bridge privilege taxes	1,750,000	1,865,975	1,865,975	-
Intergovernmental revenues	1,010,800	1,101,932	1,101,932	-
Interest income	75,000	-	-	-
Miscellaneous revenues	10,000	5,660	5,660	-
Total Revenues	<u>8,920,933</u>	<u>9,177,555</u>	<u>9,177,555</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	7,500,734	8,535,060	8,535,060	-
Debt service:				
Principal	2,379,522	1,374,727	1,374,727	-
Interest	-	363,034	363,034	-
Total Expenditures	<u>9,880,256</u>	<u>10,272,821</u>	<u>10,272,821</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(959,323)</u>	<u>(1,095,266)</u>	<u>(1,095,266)</u>	<u>-</u>
Net Change in Fund Balance	(959,323)	(1,095,266)	(1,095,266)	-
Fund Balances - Beginning	3,000,000	4,139,026	4,139,026	-
Fund Balances - Ending	<u>\$ 2,040,677</u>	<u>3,043,760</u>	<u>3,043,760</u>	<u>-</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 County Unit Bridge and Culvert Fund
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,706,644	4,713,626	4,713,626	-
Intergovernmental revenues	1,000	19,673	19,673	-
Interest income	20,000	-	-	-
Total Revenues	<u>4,727,644</u>	<u>4,733,299</u>	<u>4,733,299</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	4,632,511	2,596,726	2,596,726	-
Debt service:				
Principal	124,372	116,039	116,039	-
Interest	-	8,006	8,006	-
Total Expenditures	<u>4,756,883</u>	<u>2,720,771</u>	<u>2,720,771</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(29,239)</u>	<u>2,012,528</u>	<u>2,012,528</u>	<u>-</u>
Net Change in Fund Balance	(29,239)	2,012,528	2,012,528	-
Fund Balances - Beginning	4,000,000	10,487,692	10,487,692	-
Fund Balances - Ending	<u>\$ 3,970,761</u>	<u>12,500,220</u>	<u>12,500,220</u>	<u>-</u>

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

RANKIN COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type		
	General Fund	County Unit Road Maintenance Fund	County Unit Bridge and Culvert Fund
Budget (Cash Basis)	\$ 954,539	(1,095,266)	2,012,528
Increase(Decrease)			
Net adjustments for revenue accruals	195,666	1,312,269	180,959
Net adjustments for expenditure accruals	(343,823)	167,299	63,796
GAAP Basis	<u>\$ 806,382</u>	<u>384,302</u>	<u>2,257,283</u>

RANKIN COUNTY

SUPPLEMENTAL INFORMATION

RANKIN COUNTY

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RANKIN COUNTY
 Schedule of Expenditure of Federal Awards
 For the Year Ended June 30, 2008

Schedule I

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Soil and Water Conservation Commission:			
* Soil and water conservation	10.902	69-4423-9974	\$ 269,738
Total U. S. Department of Agriculture			<u>269,738</u>
<u>U. S. Department of Transportation:</u>			
Passed-through the Mississippi Department of Public Safety:			
State and community highway safety	20.600	69-8020-0-7-401	75,294
Total U. S. Department of Transportation			<u>75,294</u>
<u>U. S. Department of Health and Human Services</u>			
Passed-through the Mississippi State Health Department:			
Public health emergency preparedness	93.069	N/A	17,500
Total U. S. Department of Health and Human Services			<u>17,500</u>
<u>Department of Homeland Security</u>			
Passed-through Mississippi Emergency Management Agency:			
State domestic preparedness equipment support program	97.004	70-0560-0-1-999	249,960
Total State domestic preparedness equipment support program			<u>249,960</u>
Passed-through Mississippi Office of Homeland Security:			
Homeland security grant program	97.067	70-0560-0-1-999	87,548
Total Homeland security grant program			<u>87,548</u>
Total Passed-through the Department of Homeland Security			<u>337,508</u>
<u>Other Federal Awards</u>			
Office of National Drug Control Policy			
HIDTA	N/A	N/A	41,358
Total Other Federal Awards			<u>41,358</u>
Total Expenditures of Federal Awards			<u>\$ 741,398</u>

NOTES TO SCHEDULE

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

* Denotes major Federal award program.

RANKIN COUNTY

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RANKIN COUNTY

SPECIAL REPORTS

RANKIN COUNTY

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

May 26, 2009

Members of the Board of Supervisors
Rankin 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 Rankin County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the county's basic government financial statements and have issued our report thereon dated May 26, 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 Rankin 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 Rankin 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 a certain deficiency in internal control over financial reporting that we consider to be a significant weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs and Response as 2008-1 to be a significant deficiency in the internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, we believe of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

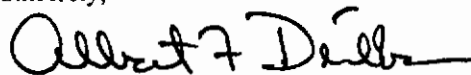
As part of obtaining reasonable assurance about whether Rankin County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

However, we noted certain matters that we reported to the management of Rankin County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated May 26, 2009, included within this document.

Rankin 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 Rankin 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, 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.

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd
McComb, MS

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

May 26, 2009

Members of the Board of Supervisors
Rankin County, Mississippi

Compliance

We have audited the compliance of Rankin 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 its major federal program for the year ended September 30, 2008. Rankin County, Mississippi's major federal program is 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 its major federal programs is the responsibility of Rankin County, Mississippi's management. Our responsibility is to express an opinion on Rankin 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 Rankin 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 Rankin County, Mississippi's compliance with those requirements.

In our opinion, Rankin County, Mississippi, complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2008.

Internal Control Over Compliance

The management of Rankin 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 Rankin 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 on the county's internal control over compliance.

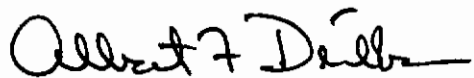
A control deficiency in a county's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control.

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

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

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

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd
McComb, MS

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

May 26, 2009

Members of the Board of Supervisors
Rankin County, Mississippi

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

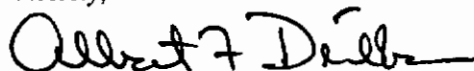
Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in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

In our opinion, Rankin County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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

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

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd
McComb, MS

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

Schedule I

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
11/07/07	2-door Chassis Class A Pumper Fire Apparatus	\$ 286,359	Sunbelt Fire Apparatus	\$ 273,634	Did not meet specifications as advertised
01/08/08	Case 560 Super M Loader/ Backhoe	71,774	Tubb Equipment	63,550	Did not meet specifications as advertised

Rankin 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>
04/07/08	Repairs to Langford Tower	\$ 2,013	Wes Tower Communications	Storm damage on 04/04/08
04/09/08	Diesel fuel	26,796	Capital Oil, Inc.	Storm cleanup on 04/04/08
04/09/08	Chipping of storm debris	41,250	Great Southern Excavators, Inc.	Storm cleanup on 04/04/08
04/10/09	Tree removal	375	James B. Drake	Storm cleanup from 04/04/08
05/08/08	Chipping of storm debris	68,750	Great Southern Excavators, Inc.	Storm cleanup from 04/04/08
06/09/08	Diesel fuel	25,375	Capital Oil, Inc.	Storm cleanup from 04/04/08
08/28/08	Diesel fuel	28,158	Capital Oil, Inc.	In preparation for Hurricane Gustav
08/28/08	Generator rental	3,250	Kossen Equipment	In preparation for Hurricane Gustav
08/28/08	Purchase generator with trailer, fuel tanks, and cables	15,600	V-Electric Co., Inc	In preparation for Hurricane Gustav
08/29/08	Bottled water	540	Brown Bottling Co.	In preparation for Hurricane Gustav

Rankin County

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2008

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/18/07	Mosquito insecticides	\$ 7,395	Adapco, Inc.
10/19/07	Equipment and services for drug interdiction for ALPR site	22,000	PIPS Technology Inc.
12/21/07	Mosquito insecticides	6,520	Adapco, Inc.
2/19/08	Mosquito insecticides	6,496	Adapco, Inc.
3/3/08	Emergency Management Victim Location System	13,815	Search Systems, Inc.
4/10/08	Mosquito insecticides	6,490	Adapco, Inc.
5/26/08	Mosquito insecticides	13,910	Adapco, Inc.
5/30/08	Mosquito insecticides	2,610	Adapco, Inc.
6/3/08	Mobile Vision In-Car Design Video Recording System	8,475	TCS Ware, Inc.
6/12/08	Mosquito insecticides	7,450	Adapco, Inc.
6/17/08	Mosquito insecticides	2,986	Adapco, Inc.
6/30/08	Mosquito insecticides	11,175	Adapco, Inc.
7/2/2008	Mosquito insecticides	14,900	Adapco, Inc.
7/15/2008	Ballot Scanner for Unity Software in Voting Machines	40,000	Election Systems & Software
7/29/2008	Mosquito insecticides	16,797	Adapco, Inc.
8/26/2008	Mosquito insecticides	19,697	Adapco, Inc.
9/19/2008	Mosquito insecticides	14,900	Adapco, Inc.

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

May 26, 2009

Members of the Board of Supervisors
Rankin County, Mississippi

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

In addition, for areas not considered material to Rankin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 26, 2009, on the financial statements of Rankin 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:

Justice Court Clerk.

1. Finding

As reported in the prior two years' audit reports, all employees have the ability to apply the remand function without approval by the Justice Clerk. This function allows employees to eliminate fines.

Recommendation:

We recommend that the software user controls should be limited as to who has authority for use of this function.

Response

I have contacted our software vendor to limit user controls for remands. I was advised that they would look into it and respond back.

Constable.

2. Finding

During our review of surety bonds for county officials, we noted the following:

One of the four constables was not bonded as required by Section 19-19-3 of the Mississippi Code Ann. (1972) with a surety bond of \$25,000 paid from the general county fund.

Recommendation

We recommend that upon entry into office: (1) the constable secure a surety bond as required by Section 19-19-3 of the Mississippi Code Ann. (1972) in the amount of \$25,000, (2) that the bond be presented to the board of supervisors for approval, and that (3) the bond be recorded in the Bond Book as required by Section 25-1-19 of the Mississippi Code Ann. (1972).

Auditor's Note: An invoice was presented for purchase of a bond on May 20, 2009 and paid on June 15, 2009. The constable is currently bonded in compliance with the law.

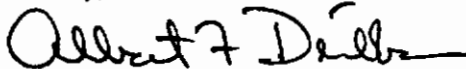
Response

The constable has secured a surety bond of \$25,000 which has been paid for by the Board of Supervisors covering the remainder of his term. The bond has been recorded with the Chancery Clerk.

Rankin County's responses to the findings identified in our audit are listed above. We did not audit Rankin County's responses and, accordingly, we express no opinion on them.

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

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd
McComb, MS

RANKIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RANKIN COUNTY

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Rankin 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: | |
| | Governmental activities | Unqualified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unqualified |
| | County Unit Road Maintenance Fund | Unqualified |
| | County Unit Bridge and Culvert Fund | Unqualified |
| | Capital Projects 2005 Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. Significant deficiency identified that is not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to the primary government financial statements? | No |

Federal Awards:

- | | | |
|-----|--|--------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiencies identified that are not considered to be a material weakness? | No |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit finding reported as required by Section __.510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | Soil and water conservation | CFDA# 10.902 |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 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? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency – Material Weakness.

2008-1. Finding

As reported in the prior year's audit report, generally accepted accounting principals require the financial data for the county's 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 financial statements do not include the financial data for all of the county's legally separate component units. Only three of the component units could provide audited financial statements for the period ended September 30, 2008. The other component units of the county do not have audits of their financial statements at year end. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units with financial data not included in this report.

Recommendation

The Board of Supervisors should require that all of its component units provide the financial data for its discretely presented component units for the inclusion in the county's financial statements.

Board of Supervisor's Response

It would be cost prohibitive to require these small component units to have an audited financial statement prepared.

Section 3: Federal Award Findings and Questioned Costs

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

RANKIN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

RANKIN COUNTY

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BOARD OF SUPERVISORS

"Government of the People"

211 E. Government St., Suite A
Brandon, Mississippi 39042

Telephone: (601) 825-1475
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Dribben & Associates, Ltd
P.O. Box 1411
McComb, MS 39649-1411

Gentlemen:

Rankin County Board of Supervisors respectfully submits the following summary schedule of prior audit findings relative to federal awards.

07-2 Laura Oster
 Comptroller
 601-824-2594

Finding:

Program: Public assistance grants, CFDA#: 97.036, Federal Award 1459-DR-MS-121, 2007, Department of Homeland Security, passed through the Mississippi Emergency Management Agency.

Compliance requirement: Activities allowed or un-allowed

Recommendation: We recommend that the county institute controls over storage and safekeeping of documents relating to all federal programs.

Auditor's Note: The County has called for an investigation by the State Auditor's Office of the emergency management program regarding the location of records. At this time the investigation is still ongoing and no decision has been reached.

Status: Upon completion of the State Auditor's investigation, guidelines for safekeeping of federal grant records were put into place with the administrative responsibility and physical location of grant records relocated to the County Administrator's Office.

07-3

Finding:

Program: State domestic preparedness equipment support program, CFDA#: 97.004, Federal Award 3SSG-1074, 2007, Department of Homeland Security, passed through the Mississippi Emergency Management Agency.

Compliance Requirement: Activities and allowed or un-allowed

Recommendation: We recommend that the County institute controls over storage and safekeeping of documents relating to all federal programs.

Auditor's Note: The County has called for an investigation by the State Auditor's Office of the emergency management program regarding the location of records. At this time the investigation is still ongoing and no decision has been reached.

Status: Upon completion of the State Auditor's investigation, guidelines for safekeeping of federal grant records were put into place with the administrative responsibility and physical location of grant records relocated to the County Administrator's Office.

Sincerely,



Clovis Reed
County Administrator