

YAZOO COUNTY, MISSISSIPPI

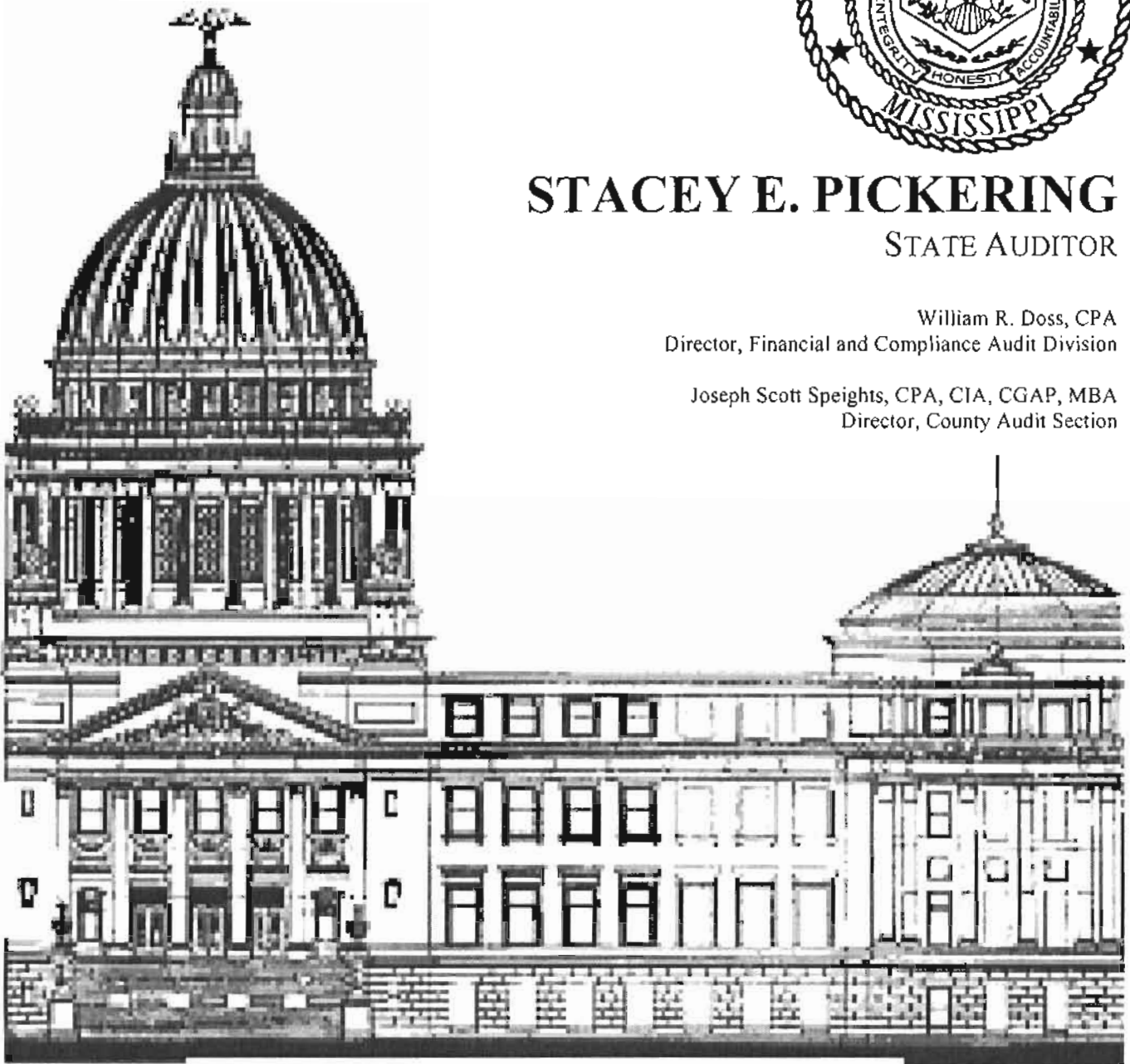
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2008



STACEY E. PICKERING STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us

*The Office of the State Auditor does not discriminate on the basis of
race, religion, national origin, sex, age or disability*



YAZOO COUNTY
TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITOR'S REPORT.....	3
FINANCIAL STATEMENTS.....	5
Statement of Net Assets	7
Statement of Activities	8
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	12
Statement of Fiduciary Assets and Liabilities	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	27
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	28
General County Road Fund.....	29
Notes to the Required Supplementary Information.....	30
SUPPLEMENTAL INFORMATION	31
Schedule of Expenditures of Federal Awards	32
SPECIAL REPORTS	35
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 <i>Government Auditing Standards</i>	37
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	39
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))	41
Limited Internal Control and Compliance Review Management Report	47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	53
AUDITEE'S CORRECTIVE ACTION PLAN AND AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	63



YAZOO COUNTY

FINANCIAL SECTION

YAZOO COUNTY

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Yazoo County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, because of the omission of the discretely presented component units, as discussed 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 Yazoo 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, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of September 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010, on our consideration of Yazoo County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

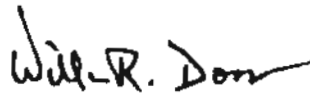
Yazoo County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

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 Yazoo 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.



STACEY E. PICKERING
State Auditor



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

March 25, 2010

YAZOO COUNTY

FINANCIAL STATEMENTS

YAZOO COUNTY

(This page left blank intentionally)

YAZOO COUNTY
Statement of Net Assets
September 30, 2008

Exhibit 1

	Primary Government
	Governmental Activities
ASSETS	
Cash	\$ 1,065,316
Accrued interest receivable	5,649
Property tax receivable	7,317,886
Fines receivable (net of allowance for uncollectibles of \$1,985,707)	114,723
Intergovernmental receivables	162,395
Other receivables	11,218
Deferred charges - bond issuance cost	107,332
Capital assets:	
Land	1,354,798
Other capital assets, net	<u>71,927,343</u>
Total Assets	<u>82,066,660</u>
LIABILITIES	
Claims payable	546,438
Claims and judgments payable	97,369
Intergovernmental payables	249,355
Matured bonds and interest payable	48,110
Accrued interest payable	77,384
Deferred revenue	7,317,886
Unamortized premiums on bonds	15,098
Other payables	108,794
Long-term liabilities	
Due within one year:	
Capital debt	2,634,969
Due in more than one year:	
Capital debt	8,314,570
Non-capital debt	<u>145,710</u>
Total Liabilities	<u>19,555,683</u>
NET ASSETS	
Invested in capital assets, net of related debt	62,332,602
Restricted:	
Expendable:	
General government	204,128
Debt service	97,107
Public safety	542,943
Public works	234,876
Health and welfare	150,752
Unemployment compensation	36,310
Unrestricted	<u>(1,087,741)</u>
Total Net Assets	<u>\$ 62,510,977</u>

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

Exhibit 2

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

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
Primary government:					
Governmental activities:					
General government	\$ 4,101,520	627,869	22,081	2,500	(3,449,070)
Public safety	2,984,057	408,912	304,730		(2,270,415)
Public works	7,817,380	1,160,123		144,911	(6,512,346)
Health and welfare	798,877		422,923		(375,954)
Culture and recreation	211,075				(211,075)
Conservation of natural resources	140,916				(140,916)
Economic development and assistance	19,610				(19,610)
Interest on long-term debt	494,992				(494,992)
Total Governmental Activities	\$ 16,568,427	1,036,781	1,909,857	147,411	(13,474,378)
General revenues:					
Property taxes					\$ 8,761,879
Road & bridge privilege taxes					275,410
Grants and contributions not restricted to specific programs					975,079
Unrestricted interest income					132,194
Miscellaneous					263,076
Total General Revenues					10,407,638
Changes in Net Assets					(3,066,740)
Net Assets - Beginning					65,577,717
Net Assets - Ending					\$ 62,510,977

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

YAZOO COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2008

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	General County Road Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 377,261		688,055	1,065,316
Accrued interest receivable	3,038	1,282	1,329	5,649
Property tax receivable	3,457,649	1,650,000	2,210,237	7,317,886
Fines receivable (net of allowance for uncollectibles of \$1,985,707)	114,723			114,723
Intergovernmental receivables	133,161		29,234	162,395
Other receivables	11,218			11,218
Due from other funds		20,564	781,417	801,981
Advances to other funds	52,000			52,000
Total Assets	\$ 4,149,050	1,671,846	3,710,272	9,531,168
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 148,364	220,114	177,960	546,438
Claims and judgments payable	97,369			97,369
Intergovernmental payables	242,097			242,097
Due to other funds	128,616	250,506	430,117	809,239
Advances from other funds			52,000	52,000
Matured bonds and interest payable			48,110	48,110
Deferred revenue	3,572,372	1,650,000	2,210,237	7,432,609
Other payables	108,794			108,794
Total Liabilities	4,297,612	2,120,620	2,918,424	9,336,656
Fund balances:				
Reserved for:				
Debt service			46,601	46,601
Unemployment compensation			36,310	36,310
Unreserved - undesignated, reported in:				
General Fund	(148,562)			(148,562)
Special Revenue Funds		(448,774)	708,937	260,163
Total Fund Balances	(148,562)	(448,774)	791,848	194,512
Total Liabilities and Fund Balances	\$ 4,149,050	1,671,846	3,710,272	9,531,168

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

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 194,512
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$52,021,645.	73,282,141
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable, net of allowance for doubtful accounts \$1,985,707	114,723
Bond issue costs, \$239,734, net of amortization \$132,402	107,332
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,095,249)
Bond premium \$32,684, net of amortization \$17,586	(15,098)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(77,384)</u>
Total Net Assets - Governmental Activities	\$ <u>62,510,977</u>

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

YAZOO COUNTY

Exhibit 4

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

	Major Funds			Total Governmental Funds
	General Fund	General County Road Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 4,353,024	1,298,827	3,109,130	8,760,981
Road and bridge privilege taxes		275,410		275,410
Licenses, commissions and other revenue	469,479		7,777	477,256
Fines and forfeitures	196,117			196,117
Intergovernmental revenues	1,469,632	705,687	865,808	3,041,127
Charges for services	150,336		213,900	364,236
Interest income	98,808	815	26,823	126,446
Miscellaneous revenues	202,176	54,331	9,386	265,893
Total Revenues	6,939,572	2,335,070	4,232,824	13,507,466
EXPENDITURES				
Current:				
General government	3,476,308		273,700	3,750,008
Public safety	2,952,842		335,060	3,287,902
Public works	130,940	2,610,228	1,415,444	4,156,612
Health and welfare	184,638		614,239	798,877
Culture and recreation	211,075			211,075
Conservation of natural resources	140,916			140,916
Economic development and assistance	19,610			19,610
Debt service:				
Principal	47,245	486,539	1,310,000	1,843,784
Interest	3,523	69,690	463,949	537,162
Total Expenditures	7,167,097	3,166,457	4,412,392	14,745,946
Excess of Revenues over (under) Expenditures	(227,525)	(831,387)	(179,568)	(1,238,480)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	148,434	200,028		348,462
Proceeds from sale of capital assets	75,000			75,000
Compensation for loss of capital assets	9,737			9,737
Transfers in	14,810		40,277	55,087
Transfers out	(40,277)		(14,810)	(55,087)
Total Other Financing Sources and Uses	207,704	200,028	25,467	433,199
Net Changes in Fund Balances	(19,821)	(631,359)	(154,101)	(805,281)
Fund Balances - Beginning	(128,741)	182,585	945,949	999,793
Fund Balances - Ending	\$ (148,562)	(448,774)	791,848	194,512

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

YAZOO COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (805,281)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$4,251,363 exceeded capital outlays of \$723,591 in the current period.	(3,527,772)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$167,947 and the proceeds from the sale of capital assets of \$75,000 and the compensation for loss of capital assets of \$9,737 in the current period.	(252,684)
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.	(8,710)
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 repayments of \$1,843,784 exceeded debt proceeds of \$348,462.	1,495,322
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
Bond issue cost amortization	(22,067)
Bond premium amortization	2,931
Change in compensated absences	11,679
Change in accrued interest payable	<u>39,842</u>
Change in Net Assets of Governmental Activities	\$ <u><u>(3,066,740)</u></u>

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

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 198,148
Due from other funds	<u>7,258</u>
Total Assets	<u>\$ 205,406</u>
LIABILITIES	
Other liabilities	\$ 148,710
Intergovernmental payables	<u>56,696</u>
Total Liabilities	<u>\$ 205,406</u>

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

YAZOO COUNTY

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

(I) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Yazoo 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 Yazoo 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.

- Yazoo County Port Commission
- Yazoo County Convention and Visitors Bureau

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

- Yazoo County Human Resource Agency

C. Basis of Presentation.

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

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 are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

YAZOO COUNTY

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

The county reports the following major Governmental Funds:

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

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

YAZOO COUNTY

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

YAZOO COUNTY

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

I. Capital Assets.

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

Governmental accounting and financial reporting standards require 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. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

	Capitalization Thresholds	Estimated Useful Life
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.

J. 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

YAZOO COUNTY

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

K. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

L. 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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

M. 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.

YAZOO COUNTY

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

N. Compensated Absences.

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

(2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2008, was \$1,263,464, and the bank balance was \$1,586,553. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal 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.

(3) 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>
General County Road	General	\$ 20,564
Other Governmental Funds	General	100,794
Other Governmental Funds	General County Road	250,506
Other Governmental Funds	Other Governmental Funds	430,117
Agency Funds	General	<u>7,258</u>
Total		<u>\$ 809,239</u>

The receivables represent the tax revenue collected but not settled until October, 2008 and short-term loans to cover cash deficits. All interfund balances are expected to be repaid within one year from the date of the financial statements.

YAZOO COUNTY

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

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	\$ <u>52,000</u>

Amount listed represents matching expenditures to start up Human Resource Agency federal programs in fiscal year 2005.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 14,810
Other Governmental Funds	General Fund	<u>40,277</u>
Total		\$ <u>55,087</u>

The purpose of interfund transfers was to provide funds for grant matches and to close the I & S Hospital fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 102,301
Reimbursement for housing state prisoners	8,780
Emergency management performance grant	20,091
Interagency hazardous materials public sector training and planning grant	1,989
Special programs for the aging-title III part C-nutrition services	7,496
Senior community service employment program	3,908
Social services block grant	5,503
Special programs for the aging - Title III Part B - grants for supportive services and senior centers	965
Medical assistance program	<u>11,362</u>
Total Governmental Activities	\$ <u>162,395</u>

YAZOO COUNTY

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

(5) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2007	Additions	Deletions	Adjustments	Balance Sept. 30, 2008
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,373,006		18,208		1,354,798
Total non-depreciable capital assets	<u>1,373,006</u>	<u>0</u>	<u>18,208</u>	<u>0</u>	<u>1,354,798</u>
<u>Depreciable capital assets:</u>					
Infrastructure	107,436,732				107,436,732
Buildings	6,447,207		268,208		6,178,999
Improvements other than buildings	3,425,185				3,425,185
Mobile equipment	2,222,805	117,570	90,921		2,249,454
Furniture and equipment	757,427	257,559			1,014,986
Leased property under capital leases	3,295,170	348,462			3,643,632
Total depreciable capital assets	<u>123,584,526</u>	<u>723,591</u>	<u>359,129</u>	<u>0</u>	<u>123,948,988</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	40,587,024	3,459,019			44,046,043
Buildings	1,450,187	127,232	59,015		1,518,404
Improvements other than buildings	2,579,522	80,331			2,659,853
Mobile equipment	1,738,235	96,383	65,638		1,768,980
Furniture and equipment	484,918	128,798			613,716
Leased property under capital leases	1,055,049	359,600			1,414,649
Total accumulated depreciation	<u>47,894,935</u>	<u>4,251,363</u>	<u>124,653</u>	<u>0</u>	<u>52,021,645</u>
Total depreciable capital assets, net	<u>75,689,591</u>	<u>(3,527,772)</u>	<u>234,476</u>	<u>0</u>	<u>71,927,343</u>
Governmental activities capital assets, net	<u>\$ 77,062,597</u>	<u>(3,527,772)</u>	<u>252,684</u>	<u>0</u>	<u>73,282,141</u>

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 189,424
Public safety	147,648
Public works	3,914,291
Total governmental activities depreciation expense	<u>\$ 4,251,363</u>

YAZOO COUNTY

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

(6) 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 finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on specific stop loss coverages. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses 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). The following table provides changes in the balances of claims liabilities for fiscal years 2007 and 2008:

	<u>2007</u>	<u>2008</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 207,652	118,067
Plus: Incurred Claims (Including IBNRs)	1,074,326	960,209
Less: Claims Payments	<u>1,163,911</u>	<u>980,907</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 118,067</u>	<u>97,369</u>

(7) Capital Leases.

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	\$ 3,453,636
Furniture and equipment	<u>189,996</u>
Total	3,643,632
Less: Accumulated depreciation	<u>1,414,649</u>
Leased Property Under Capital Leases	<u>\$ 2,228,983</u>

YAZOO COUNTY

Notes to 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:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2009	\$ 1,259,969	122,679
2010	327,666	32,451
2011	302,771	19,945
2012	204,133	8,826
Total	\$ 2,094,539	183,901

(8) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
1998 refunding bonds	\$ 2,210,000	3.90/4.25%	02-2015
1999 refunding bonds	1,540,000	5.25/5.60%	05-2013
Capital improvement bonds	1,820,000	5.40/6.75%	06-2020
2002A refunding bonds	560,000	3.00/4.38%	01-2016
2002B refunding bonds	2,725,000	4.15/4.75%	09-2012
Total General Obligation Bonds	\$ 8,855,000		
B. Capital Leases:			
Various road equipment	\$ 927,383	3.09%	01-2009
Computer system upgrade	63,376	3.19%	03-2010
Five motor graders	767,160	4.24%	04-2012
Tractors and clippers	200,028	3.09%	08-2011
Six Sheriff's vehicles	136,592	3.10%	06-2011
Total Capital Leases	\$ 2,094,539		

YAZOO COUNTY

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

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2009	\$ 1,375,000	395,380
2010	1,435,000	336,806
2011	1,500,000	275,326
2012	1,575,000	208,975
2013	835,000	136,610
2014 – 2018	1,745,000	302,467
2019 – 2023	390,000	33,040
Total	\$ 8,855,000	1,688,604

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2008, the amount of outstanding debt was equal to 5.63% of the latest property assessments.

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	\$ 157,389		11,679		145,710	
General obligation bonds	10,165,000		1,310,000		8,855,000	1,375,000
Capital leases	2,279,861	348,462	533,784		2,094,539	1,259,969
Total	\$ 12,602,250	348,462	1,855,463	0	11,095,249	2,634,969

(9) Deficit Fund Balances of Individual Funds.

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

Fund	Deficit Amount
General	\$ 148,562
General County Road	448,774
Rubbish and Garbage	398,057
Human Resource - Homemaker	18,560
Human Resource - Congregate Meals	19,374
Human Resource - Home Del. Meals	19,705

YAZOO COUNTY

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

(10) 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.

(11) Related Organizations.

The Yazoo County Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations does not extend beyond making appointments. The county periodically makes small appropriations to the organizations.

Eden Drainage District
Silver Creek Drainage District
Fifteen Mile Bayou Water Management District
Rocky Bayou Drainage District
Atchafalaya Drainage District

(12) Joint Venture.

The county participates in the following joint venture:

Yazoo County is a participant with Yazoo City in a joint venture, authorized by Senate Bill 2954, Laws of 1979, to operate the Yazoo Recreation Commission. The joint venture was created to manage recreation facilities in both the city and the county and is governed by a ten-member board, with five members appointed by Yazoo City and five members appointed by the Yazoo County Board of Supervisors. By contractual agreement, the county's appropriation to the joint venture was \$46,075 in fiscal year 2008. Complete financial statements for the Yazoo Recreation Commission can be obtained from the Yazoo Recreation Commission, P.O. Box 9, Yazoo City, MS 39194.

(13) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Yazoo County Board of Supervisors appoints two of the 22 members of the board of trustees. The county appropriated \$472,881 for maintenance and support of the college in fiscal year 2008.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Yazoo County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county appropriated \$26,211 for support of the district in fiscal year 2008.

YAZOO COUNTY

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

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Yazoo County Board of Supervisors appoints three of the 33 members of the board of directors. The county contributes a small percentage of the district's total revenue.

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 Yazoo County Board of Supervisors appoints two of the 26 members of the board. The county provides only modest financial support for the district.

(14) Defined Benefit Pension Plan.

Plan Description. Yazoo 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 \$438,881, \$396,328 and \$376,770, respectively, equal to the required contributions for each year.

(15) Subsequent Events.

Subsequent to September 30, 2008, Yazoo County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/20/08	3.17%	\$ 408,175	Capital lease	Ad valorem taxes
03/29/09	2.00%	425,000	Capital Improvement Loan Program	Ad valorem taxes and fire insurance premium rebate
07/16/09	2.00/4.85%	17,745,000	Urban Renewal Revenue Bonds	Revenue from inmate housing agreement

YAZOO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

YAZOO 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	\$ 4,588,122	4,358,438	4,357,540	(898)
Licenses, commissions and other revenue	410,000	462,205	463,103	898
Fines and forfeitures	175,000	192,148	192,148	
Intergovernmental revenues	1,103,992	1,266,889	1,266,889	
Charges for services	92,971	74,310	74,310	
Interest income	62,659	99,099	99,099	
Miscellaneous revenues	272,500	699,138	699,138	
Total Revenues	<u>6,705,244</u>	<u>7,152,227</u>	<u>7,152,227</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	3,525,601	4,047,227	4,047,227	
Public safety	2,189,359	2,457,310	2,457,310	
Health and welfare	188,640	180,082	180,082	
Culture and recreation	211,075	211,075	211,075	
Conservation of natural resources	140,687	140,694	140,694	
Economic development and assistance	49,045	19,610	19,610	
Total Expenditures	<u>6,304,407</u>	<u>7,055,998</u>	<u>7,055,998</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>400,837</u>	<u>96,229</u>	<u>96,229</u>	<u>0</u>
Net Change in Fund Balance	400,837	96,229	96,229	
Fund Balances - Beginning	<u>50,000</u>	<u>(277,927)</u>	<u>(277,927)</u>	
Fund Balances - Ending	<u>\$ 450,837</u>	<u>(181,698)</u>	<u>(181,698)</u>	<u>0</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,249,610	1,296,685	1,296,685	
Road and bridge privilege taxes	275,578	275,410	275,410	
Intergovernmental revenues	990,970	897,075	897,075	
Interest income		815	815	
Miscellaneous revenues	5,373	54,331	54,331	
Total Revenues	<u>2,521,531</u>	<u>2,524,316</u>	<u>2,524,316</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	2,262,080	2,267,432	2,267,432	
Debt service:				
Principal	447,678	556,229	556,229	
Total Expenditures	<u>2,709,758</u>	<u>2,823,661</u>	<u>2,823,661</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(188,227)</u>	<u>(299,345)</u>	<u>(299,345)</u>	<u>0</u>
Net Change in Fund Balance	(188,227)	(299,345)	(299,345)	
Fund Balances - Beginning	<u>39,800</u>	<u>48,839</u>	<u>48,839</u>	
Fund Balances - Ending	<u>\$ (148,427)</u>	<u>(250,506)</u>	<u>(250,506)</u>	<u>0</u>

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

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>General County Road Fund</u>
Budget (Cash Basis)	\$ 96,229	(299,345)
Increase (Decrease)		
Net adjustments for revenue accruals	35,935	10,782
Net adjustments for expenditure accruals	<u>(151,985)</u>	<u>(342,796)</u>
GAAP Basis	<u>\$ (19,821)</u>	<u>(631,359)</u>

YAZOO COUNTY

SUPPLEMENTAL INFORMATION

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Food and Nutrition Service/ Passed-through the Central Mississippi Planning and Development District			
Commodity supplemental food program	10.565	378182	\$ 4,808
Commodity supplemental food program	10.565	379182	<u>25,744</u>
Total U.S. Department of Agriculture			<u>30,552</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
Community development block grants/state's program	14.228	1118-01-082-EM-01	<u>2,500</u>
U.S. Department of Labor - Employment Training Administration/ Passed-through the Central Mississippi Planning and Development District			
Senior community service employment program	17.235	398F82	<u>26,388</u>
U.S. Department of Transportation - Federal Aviation Administration			
Airport improvement program (Direct Award)*	20.106	3-28-0102-008-2007 *	25,347
Airport improvement program (Direct Award)*	20.106	3-28-0102-009-2008 *	<u>102,236</u>
Total Airport Improvement Program			<u>127,583</u>
U.S. Department of Transportation - Federal Highway Administration/Passed-through the Mississippi Department of Transportation			
Highway planning and construction	20.205	N/A	28,270
U.S. Department of Transportation/Passed-through the Mississippi Emergency Management Agency			
Interagency hazardous materials public sector training and planning grants	20.703	08LEPCG0	<u>2,780</u>
Total U.S. Department of Transportation			<u>158,633</u>
U.S. Department of Health and Human Services Administration on Aging/Passed-through the Central Mississippi Development District			
Aging Cluster:			
Special programs for the aging- Title III, Part B - grants for supportive services and senior centers	93.044	377182	<u>44,832</u>
Special programs for the aging - Title III, Part C - nutrition services	93.045	378182	26,849
Special programs for the aging - Title III, Part C - nutrition services	93.045	379182	<u>121,082</u>
Subtotal			<u>147,931</u>
Total Aging Cluster			<u>192,763</u>

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

(Continued)

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services - Administration for Children and Families/Passed-through the Central Mississippi Planning and Development District Social services block grant	93.667	396 B82	55,849
U.S. Department of Health and Humans Services/ Passed-through the Central Mississippi Planning and Development District Medical assistance program	93.778	376M90E	<u>157,616</u>
Total U.S. Department of Health and Human Services			<u>406,228</u>
U.S. Corporation for National and Community Service Foster grandparent program (Direct Award)*	94.011	06SFSMS001	* 75,506
Foster grandparent program (Direct Award)*	94.011	08SFSMS001	* <u>80,554</u>
Total U.S. Corporation for National and Community Service			<u>156,060</u>
U.S. Department of Homeland Security Homeland Security Cluster/ Passed-through the Mississippi Emergency Management Agency State domestic preparedness equipment support program *	97.004	3SSG-0801	* <u>202,944</u>
Passed-through the Mississippi Department of Public Safety/ Office of Homeland Security Homeland security grant program *	97.067	05CC082	* 2,925
Homeland security grant program *	97.067	06LE082	* 8,789
Homeland security grant program *	97.067	S5HS082	* <u>27,490</u>
Total Homeland Security Grant Program			<u>39,204</u>
Total Homeland Security Cluster			242,148
U.S. Department of Homeland Security/Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance (presidentially declared disasters)	97.036	163399163-00	3,887
Emergency management performance grants	97.042	8EMP	<u>17,562</u>
Total U.S. Department of Homeland Security			<u>263,597</u>
Total Expenditures of Federal Awards			<u>\$ 1,043,958</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

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

* Denotes major federal award program

YAZOO COUNTY

(This page left blank intentionally)

YAZOO COUNTY

SPECIAL REPORTS

YAZOO COUNTY

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Yazoo County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the county's basic financial statements and have issued our report thereon dated March 25, 2010. 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 financial 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 Yazoo County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 08-1, 08-2, 08-3 and 08-4 to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yazoo 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 08-2.

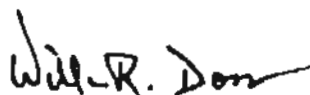
We also noted certain matters that we have reported to the management of Yazoo County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated March 25, 2010, included within this document.

Yazoo County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Yazoo 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.



STACEY E. PICKERING
State Auditor



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

March 25, 2010



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Yazoo County, Mississippi

Compliance

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

As described in items 08-5 and 08-6 in the accompanying Schedule of Findings and Questioned Costs, Yazoo County, Mississippi, did not comply with requirements regarding matching, level of effort and earmarking and reporting that are applicable to its Foster Grandparent Program. Compliance with such requirements is necessary, in our opinion, for Yazoo County, Mississippi, to comply with the requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Yazoo County, Mississippi, did not comply in all material respects with the requirements referred to above that are applicable to its Foster Grandparent Program.

As described in item 08-9 in the accompanying Schedule of Findings and Questioned Costs, Yazoo County, Mississippi, did not comply with requirements regarding equipment and real property management that are applicable to its Homeland Security Cluster. Compliance with such requirements is necessary, in our opinion, for Yazoo County, Mississippi, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Yazoo County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its Homeland Security Cluster for the year ended September 30, 2008.

Also, in our opinion, Yazoo County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its Airport Improvement Program for the year ended September 30, 2008.

Internal Control Over Compliance

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

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

A control deficiency in 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 08-5, 08-6, 08-7, 08-8, 08-9 and 08-10 to be significant deficiencies.

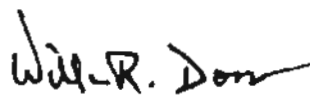
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 08-5, 08-6, 08-7, 08-8, 08-9 and 08-10 to be material weaknesses.

Yazoo County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Yazoo 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.



STACEY E. PICKERING
State Auditor



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

March 25, 2010



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Yazoo County, Mississippi

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

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

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

Inventory Control Clerk.

Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to perform a physical inventory of the assets of the county each year and file a written report of such inventory with the Board of Supervisors in triplicate by October 1st. As reported in the prior year audit report, the Inventory Control Clerk did not file an inventory report by October 1st. Failure to file an inventory report with the Board of Supervisors by October 1st could result in the loss of county assets.

Recommendation

The Inventory Control Clerk should prepare the annual inventory report and file it with the Board of Supervisors by October 1st each year.

Inventory Control Clerk's Response

I will comply.

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

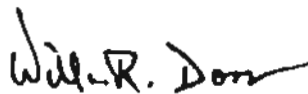
The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to 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.

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

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



STACEY E. PICKERING
State Auditor



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

March 25, 2010

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

YAZOO 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>
07-01-08	Software licenses	\$ 5,340	Delta Computer Systems, Inc.

YAZOO COUNTY

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Yazoo County, Mississippi

In planning and performing our audit of the financial statements of Yazoo County, Mississippi for the year ended September 30, 2008, we considered Yazoo 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 Yazoo 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 March 25, 2010, on the financial statements of Yazoo County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations and your responses are disclosed below:

Board of Supervisors.

I. Finding

An effective system of internal controls should include approval of interfund loans in the board minutes. Eight county funds had negative cash balances at September 30, 2008, and interfund loans were recorded in those funds for the negative cash balances. As reported in the prior year's audit report, one of those interfund loans was made without Board approval being recorded in the minutes. Failure to obtain proper approval of interfund loans could result in the loss of public funds.

Recommendation

The Board of Supervisors should authorize all interfund loans and record them in the board minutes.

Board of Supervisors' Response

The Board will comply.

2. Finding

Section 19-3-27, Miss. Code Ann. (1972), requires the board minutes to be a complete and correct record of all proceedings of the Board of Supervisors. The board minutes do not include approval of a sole source purchase for the Tax Collector's office. Failure to record orders in the board minutes could result in the county conducting business and transactions that have not been approved by the Board of Supervisors as well as increased audit time and cost.

Recommendation

The Board of Supervisors should include information for all actions approved on the board minutes.

Board of Supervisors' Response

The Board will comply.

County Administrator.

3. Finding

Section 19-4-9, Miss. Code Ann. (1972), requires the County Administrator to obtain a bond that is payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment rolls and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office for such administrator; however, such bond shall not exceed \$100,000. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. As reported in the prior year's audit report, the County Administrator's bond was for an indefinite time period. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The County Administrator should ensure that her bond has a definite beginning and ending date, running concurrent with the term of the Board of Supervisors.

County Administrator's Response

I will comply.

4. Finding

Section 27-105-5, Miss. Code Ann. (1972), gives the responsibility to the State Treasurer for the collateralization of public deposits. However, the county is still required to perform certain duties related to the collateralization of public funds. As reported in the prior year's audit report, the quarterly report from the State Treasurer was not reconciled to the county's bank accounts. Without an accurate reconciliation of the quarterly reports, the risk increases that the county's total deposits may not be properly collateralized.

Recommendation

The County Administrator should reconcile the quarterly reports received to all county bank accounts as required by law.

County Administrator's Response

I will comply.

Chancery Clerk.

5. Finding

Section 63-9-31, Miss. Code Ann. (1972), authorizes a court of a participating county to assess an additional surcharge in an amount not to exceed \$10 for each violation of title 63, Miss. Code Ann. (1972), except offences relating to vehicular parking or registration. All proceeds from the surcharge imposed by this subsection shall be deposited into a special fund of the Department of Public Safety's Office of Public Safety Planning. As reported in the prior year's audit report, the county did not settle all of the surcharge to fund automation of citations issued by Highway Safety Patrol and wireless communications programs collected in the Justice Court to the Department of Public Safety. Failure to properly settle assessments collected by the county for the state would cause the misuse of public funds.

Recommendation

The Chancery Clerk should ensure that all state assessments collected by the courts are settled to the proper authorities.

Chancery Clerk's Response

I will comply.

Circuit Clerk.

6. Finding

An effective system of internal control should include an adequate separation of duties. Cash collection and disbursement functions are not adequately separated for effective internal control. As reported in the prior year's audit report, one person prepares all deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

I will consider the recommendation and try to find a way to formulate a solution and adequately comply.

7. Finding

An effective system of internal control should include keeping a cash journal for the juror account and reconciling the cash journal to the bank statement. As reported in the prior year's audit report, the Circuit Clerk does not keep a cash journal for the juror account and therefore cannot reconcile the cash journal to the bank statement. Failure to have a cash journal and reconcile it to the bank statement could result in the loss of public funds.

Recommendation

The Circuit Clerk should keep a cash journal for the juror account and reconcile it to the bank statement.

Circuit Clerk's Response

I will consider the recommendation and try to find a way to formulate a solution. I will be working with the county Board of Supervisors and exploring computer programs with our vendor.

Sheriff.

8. Finding

Section 45-5-9, Miss. Code Ann. (1972), requires Sheriff's deputies hired under this section to execute a bond for \$25,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. As reported in the prior year's audit report, one deputy had a bond written for an indefinite period of time. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Sheriff should ensure that all deputies' bonds have a definite beginning and ending date, running concurrent with the term of the Board of Supervisors.

Sheriff's Response

I will comply.

Purchase Clerk and Assistant Purchase Clerk.

9. Finding

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

Recommendation

The Purchase Clerk and Assistant Purchase Clerk should ensure that their bonds have a definite beginning and ending date, running concurrent with the term of the Board of Supervisors.

Purchase Clerk's Response

I will comply.

Receiving Clerk and Assistant Receiving Clerks.

10. Finding

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

Recommendation

The Receiving Clerk and Assistant Receiving Clerks should ensure that their bonds have a definite beginning and ending date, running concurrent with the term of the Board of Supervisors.

Receiving Clerk's Response

I will comply.

Inventory Control Clerk.

11. Finding

An effective system of internal control over capital assets should include proper recording of additions, deletions, and depreciation of capital assets. As reported in the prior year's audit report, the subsidiary records did not include all additions and deletions reported on the financial statements and the depreciation in the financial report did not agree with the depreciation in the subsidiary records for mobile equipment because the useful life of some mobile equipment was changed for the financial report and not reflected in the subsidiary records. Failure to reconcile the amounts in the capital asset subsidiary records to the amounts in the financial statements could result in the county's records not supporting the financial statement balances.

Recommendation

The Inventory Control Clerk should properly record additions, deletions, and depreciation and reconcile the subsidiary records to the amounts reported in the financial statements.

Inventory Control Clerk's Response

I will comply.

12. Finding

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

Recommendation

The Inventory Control Clerk should cancel the current bond and secure a new bond with a definite beginning and ending date, running concurrent with the term of the Board of Supervisors.

Inventory Control Clerk's Response

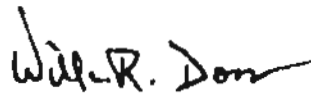
I will comply.

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

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



STACEY E. PICKERING
State Auditor



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

March 25, 2010

YAZOO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YAZOO COUNTY

(This page left blank intentionally)

YAZOO COUNTY

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

Section I: 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 |
| | General County Road Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3. | Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | | |
|----|---|-------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 5. | Type of auditor's report issued on compliance for major federal programs: | |
| | Airport improvement program, CFDA #20.106 | Unqualified |
| | Foster grandparent program, CFDA #94.011 | Adverse |
| | Homeland Security Cluster, CFDA #97.004 and CFDA #97.067 | Qualified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section __.510(a) of OMB Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | a. Airport improvement program, CFDA #20.106 | |
| | b. Foster grandparent program, CFDA#94.011 | |
| | c. Homeland Security Cluster: | |
| | State domestic equipment support program, CFDA#97.004 | |
| | Homeland security grant program, CFDA#97.067 | |

YAZOO COUNTY

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

- | | | |
|-----|---|-----------|
| 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

08-1. Finding

Generally accepted accounting principles require the financial data of 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 unit that include the financial data for its component unit. As reported in the prior year's audit report, the financial statements do not include the financial data for its component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

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

Significant Deficiency – Material Weakness
Material Noncompliance

08-2. Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. As reported in the prior year's audit report, warrants were issued on funds which did not have sufficient money to pay the warrants. At September 30, 2008, the following funds had negative cash balances:

- (a) General Fund - \$182,207
- (b) General County Road Fund - \$250,506
- (c) Rubbish and Garbage Fund - \$402,910
- (d) Human Resource Homemaker Fund - \$10,928
- (e) Human Resource Congregate Meal Fund - \$13,222
- (f) Human Resource Home Delivered Meals - \$3,887
- (g) Countywide Refunding 2002 - \$3,057

Failure to have sufficient cash balances in county funds prior to writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.

Recommendation

The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

YAZOO COUNTY

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

County Administrator.

Significant Deficiency

08-3. Finding

An effective system of internal control over recording revenues should include proper revenue classification. As reported in the prior year's audit report, some federal and state revenues were not properly classified in the general ledger. Misclassification of revenue could result in the improper classification of revenues in the financial statements. Audit adjustments were proposed and made to the financial statements for significant revenue misclassifications to correct these errors.

Recommendation

The County Administrator should ensure that all county revenues are properly classified in the general ledger.

Circuit Clerk.

Significant Deficiency

08-4. Finding

An effective system of internal control should include the proper recording of fines receivable imposed by the court. Undisputed fines should be recognized when payments are made or when the statutory time allowed for disputes lapses, whichever occurs first. Legal enforceability generally occurs when the fine is paid, when the statutory time allowed for dispute lapses, or if disputed, when a court later rules that the fine is enforceable. As reported in the prior year's audit report, management did not record fines as a receivable on some cases when the statutory time allowed for dispute lapsed unless a payment was received on the fine. Failure to record fines receivable could result in understating fines receivable in the financial statements.

Recommendation

The Circuit Clerk should record fines when payments are made or when the statutory time allowed for dispute lapses, whichever occurs first and maintain records for disputed fines assessed.

Section 3: Federal Award Findings and Questioned Costs

Board of Supervisors.

08-5. Finding

94.011 Foster Grandparent Program
Grant numbers 06SFSMS001 and 08SFSMS001
U.S. Corporation for National and Community Service

YAZOO COUNTY

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

Questioned Costs \$27,619

Significant Deficiency – Material Weakness
Material Noncompliance

Compliance Requirement: Matching, Level of Effort and Earmarking – Controls Over Matching, Level of Effort and Earmarking Should Be Strengthened.

The *Code of Federal Regulations* Title 45, Part 2552.92(e) requires that the total cost of reimbursements for Foster Grandparents, including stipends, insurance, transportation, meals, physical examinations, and recognition, shall be a sum equal to at least 80 percent of the amount of the federal share of the grant award. Federal, required and excess non-Corporation resources can be used to make up the amount allotted for cost reimbursements. During our audit testing procedures, we noted no evidence of controls in place to ensure that earmarking requirements have been met. As a result, the county failed to meet the 80 percent earmarking requirement by \$13,074 for the 2006 grant reporting period and \$14,545 for the 2008 grant reporting period.

Recommendation

The Board of Supervisors should take steps to ensure that controls are in place to ensure that the 80 percent earmarking requirements are fulfilled as required by the *Code of Federal Regulations*.

08-6. Finding

94.011 Foster Grandparent Program
Grant numbers 06SFMS001 and 08SFMS001
U.S. Corporation for National and Community Service

Significant Deficiency – Material Weakness
Material Noncompliance

Compliance Requirement: Reporting – Controls Over Reporting Should Be Strengthened.

The *Code of Federal Regulations* Title 45, Part 2552.25(g) states that a sponsor shall establish record keeping/reporting systems in compliance with Corporation requirements that ensure quality of program and fiscal operations, facilitate timely and accurate submission of required reports and cooperate with Corporation evaluation and data collect efforts. During our audit testing, we noted no evidence that control activities were in place to ensure that the county complied with reporting requirements set forth by the Corporation. As a result, the county reported inaccurate disbursement amounts on three out of four of the PSC-272 reports submitted.

Recommendation

The Board of Supervisors should take steps to ensure that controls are in place to ensure that the county properly and accurately reports grant information in required reports.

YAZOO COUNTY

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

08-7. Finding

94.011 Foster Grandparent Program
Grant numbers 06SFSMS001 and 08SFSMS001
U.S. Corporation for National and Community Service

Significant Deficiency – Material Weakness

Compliance Requirement: Eligibility – Controls Over Eligibility Should Be Strengthened.

The *Code of Federal Regulations* Title 45, Part 2552.41 states the following guidelines for Foster Grandparent eligibility:

1. Be 55 years of age or older;
2. Be determined by a physical examination to be capable, with or without reasonable accommodation, of serving children with exceptional or special needs without detriment to either himself/herself or the children served;
3. Agree to abide by all requirements as set forth in this part; and
4. In order to receive a stipend, have an income that is within the income eligibility guidelines specified;
5. Eligibility shall not be restricted on the basis of formal education, experience, race, religion, color, national origin, sex, age, handicap, or political affiliation.

During our audit testing procedures, we noted no evidence that control activities were in place to ensure that the methods used to calculate income eligibility amounts or to verify the accuracy and completeness of the data used in eligibility determinations were consistent with program requirements. Failure to implement controls could result in noncompliance with eligibility requirements.

Recommendation

The Yazoo County Board of Supervisors should take steps to ensure that controls are in place to ensure that eligibility requirements are fulfilled by ensuring that methods used to calculate income eligibility amounts are consistent with program requirements and by ensuring that the data used in eligibility determinations has been verified for accuracy and completeness.

08-8. Finding

94.011 Foster Grandparent Program
Grant numbers 06SFSMS001 and 08SFSMS001
U.S. Corporation for National and Community Service

Significant Deficiency – Material Weakness

Compliance Requirement: Matching, Level of Effort and Earmarking – Controls Over Matching, Level of Effort and Earmarking Should Be Strengthened.

The *Code of Federal Regulations* Title 45, Part 2552.92(a) states that a sponsor is required to contribute non-Corporation support of at least 10 percent of the total project cost from non-Federal sources or authorized Federal sources. CFR Title 45, Part 2552.12(n) defines non-Corporation as the percentage share of non-Federal cash and in-kind contributions, required to be raised by the sponsor in support of the grant. During our audit testing procedures, we noted no evidence that control activities were in place to ensure that matching requirements have been met. Failure to implement controls could result in noncompliance with matching requirements.

YAZOO COUNTY

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

Recommendation

The Board of Supervisors should take steps to ensure that controls are in place to ensure that matching requirements are fulfilled as required.

08-9. Finding

97.004 State Domestic Preparedness Equipment Support Program
 Grant number 3SSG-0801
 U.S. Department of Homeland Security/
 Passed-through the Mississippi Emergency Management Agency

Significant Deficiency – Material Weakness
Material Noncompliance

Compliance Requirement: Equipment and Real Property Management – Controls Over Equipment and Real Property Management Should Be Strengthened.

The State Homeland Security grant award requires the county to certify that they will comply with regulations, policies, guidelines and requirements set forth in the Department of Justice Financial Guide and the Standard Assurances as they relate to the application, acceptance and use of federal funds. Part III Chapter 6 of the Department of Justice Financial Guide requires the county to comply with Title 28 Part 66 of the *Code of Federal Regulations*. 28 CFR Part 66.32(d) specifies the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of the property, who holds title, the acquisition date, cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft of the property.

During our audit testing procedures, we noted that none of the equipment purchased with these grant awards were included in the county's property records. As a result, the county did not comply with the equipment and real property management requirements of the grant.

Recommendation

The Yazoo County Board of Supervisors should take steps to ensure that controls are in place to ensure that all equipment acquired with federal funds are properly identified and accounted for as required by the grant award.

YAZOO COUNTY

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

08-10. Finding

97.067 Homeland Security Grant Program
 Grant numbers 06LE082, S5HS082 and 05CC082
 U.S. Department of Homeland Security/
 Passed-through the Mississippi Department of Public Safety

Significant Deficiency – Material Weakness

Compliance Requirement: Procurement, Suspension and Debarment – Controls Over Procurement, Suspension and Debarment Should Be Strengthened.

Section 14 of the Yazoo County grant agreement with the Mississippi Department of Public Safety requires that the applicant shall not enter into any contracts or purchase merchandise from any party or vendor which is disbarred or suspended from participating in Federal assistance programs. During our audit testing procedures, we noted no evidence that control activities were in place to ensure that verification was obtained to determine if any party or vendor was suspended or debarred. Failure to implement controls, could result in the county entering into a contract or purchasing merchandise from a party or vendor who has been disbarred or suspended.

Recommendation

The Board of Supervisors should take steps to ensure that controls are in place to ensure verification is obtained that any party or vendor is not suspended or debarred or otherwise excluded. The verification may be accomplished by checking the *Excluded Parties Lists System* maintained by the General Services Administration, collecting a certification from the party or vendor or adding a clause or condition to the covered transaction with the party or vendor.

YAZOO COUNTY

(This page left blank intentionally)

YAZOO COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YAZOO COUNTY

(This page left blank intentionally)

Beat 1
Van Foster
Beat 2
David F Berry, III
Beat 3
Willie Wright
Beat 4
Edward L. Dew, Vice President
Beat 5
Cobie Collins, President



Attorney
Griffin Norquist
County Administrator
Donna S. Kraft
Sheriff
Thomas E. Vaughan
Chancery Clerk
Quint Carver

Yazoo County Board of Supervisors

CORRECTIVE ACTION PLAN

OFFICE OF THE STATE AUDITOR
P.O. BOX 956
JACKSON, MS 39205

GENTLEMEN:

YAZOO COUNTY RESPECTFULLY SUBMITS THE FOLLOWING CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2008.

THE FOLLOWING FINDINGS FOR THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS ARE DISCUSSED BELOW. THE FINDINGS ARE NUMBERED CONSISTENTLY WITH THE NUMBERS ASSIGNED IN THE SCHEDULE. SECTION 1: SUMMARY OF AUDITORS RESULTS DOES NOT INCLUDE FINDINGS AND IS NOT ADDRESSED.

SECTION 2: FINANCIAL STATEMENT FINDING

08-1. CORRECTIVE ACTION PLANNED:
YAZOO COUNTY WILL NOT INCLUDE COMPONENT UNITS IN ITS FINANCIAL STATEMENTS.

ANTICIPATED COMPLETION DATE:THE COUNTY WILL CONTINUE TO EVALUATE THIS COMPONENT UNIT TO DETERMINE IF IT IS IN THE COUNTY'S BEST INTEREST TO INCLUDE IT IN THE FINANCIALS.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:
DONNA KRAFT, COUNTY ADMINISTRATOR

08-2. CORRECTIVE ACTION PLANNED:

YAZOO COUNTY WILL WORK TO ENSURE THAT NO WARRANTS ARE SIGNED OR DELIVERED UNTIL THERE IS SUFFICIENT MONEY IN THE FUND UPON WHICH IT IS DRAWN TO PAY THE SAME, AS REQUIRED BY LAW.

ANTICIPATED COMPLETION DATE: YAZOO COUNTY HAS IMPLEMENTED PRACTICE TO ENSURE THAT THERE IS SUFFICIENT MONEY IN FUND UPON WHICH IT IS DRAWN TO PAY SAME.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

DONNA KRAFT, COUNTY ADMINISTRATOR

08.3- CORRECTIVE ACTION PLANNED:

YAZOO COUNTY WILL CONTINUE TO WORK TO ESTABLISH A REVIEW PROCEDURE FOR THE CLASSIFICATION OF REVENUE. WE PLAN TO START A PRACTICE TO REVIEW CLASSIFICATION ON A QUARTERLY BASIS.

ANTICIPATED COMPLETION DATE: YAZOO COUNTY HAS CURRENTLY IMPLEMENTED A REVIEW PROCESS BY THE COUNTY ADMINISTRATOR. WE ALSO PLAN TO HAVE NEW PERSONNEL TRAINED BY JUNE, 2010.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

DONNA KRAFT, COUNTY ADMINISTRATOR

08-4. CORRECTIVE ACTION PLANNED:

IT IS OUR POSITION THAT REVENUE RECOGNITION IS BEST ACHIEVED WHEN THE PERSON MAKES THE FIRST PAYMENT THUS ESTABLISHING THAT THE FINE IS UNDISPUTED. IN MANY CASES, THE STATUTORY TIME ALLOWED FOR DISPUTE PASSES BECAUSE THE PERSON IS IN JAIL AND COULD BE THERE FOR SEVERAL YEARS. ANY FINES RECORDED AT THIS TIME WOULD REQUIRE A CORRESPONDING BAD DEBT EXPENSE AND ALLOWANCE FOR BAD DEBTS. THIS WOULD HAVE A NEUTRAL OPERATIONAL AS WELL AS BALANCE SHEET IMPACT.

ANTICIPATED COMPLETION DATE: THE CIRCUIT CLERK WILL CONTINUE TO EVALUATE AGED FINES TO DETERMINE IF IT IS IN THE COUNTY'S BEST INTEREST TO INCLUDE AGING SCHEDULE OF FINES RECEIVABLE.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:
SUSIE BRADSHAW, CIRCUIT CLERK

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

08.5-CORRECTIVE ACTION PLANNED:

YAZOO COUNTY WILL TAKE STEPS TO ENSURE THAT CONTROLS ARE IN PLACE TO ENSURE THAT THE 80 PERCENT EARMARKING REQUIREMENTS ARE FULFILLED. THE COUNTY ADMINISTRATOR HAS MET WITH THE GRANDPARENT PROGRAM DIRECTOR AND REPORTING METHODS WILL BE CHANGED. REPORTS WILL BE MADE MONTHLY TO THE COUNTY ADMINISTRATOR. A NEW DIRECTOR TOOK OVER THIS PROGRAM JULY 2009.

ANTICIPATED COMPLETION DATE: JUNE 2010

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:
RENA SWEENEY, DIRECTOR FOSTER GRANDPARENT PROGRAM
DONNA KRAFT, COUNTY ADMINISTRATOR

08.6- CORRECTIVE ACTION PLANNED:

YAZOO COUNTY WILL TAKE STEPS TO ENSURE THAT THE COUNTY PROPERLY AND ACCURATELY REPORTS GRANT EXPENDITURES. MONTHLY REPORTS, ALONG WITH QUARTERLY REPORTS, WILL BE SUBMITTED TO THE COUNTY ADMINISTRATOR. A NEW DIRECTOR TOOK OVER THIS PROGRAM JULY 2009.

ANTICIPATED COMPLETION DATE: JUNE 2010

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:
RENA SWEENEY, DIRECTOR FOSTER GRANDPARENT PROGRAM
DONNA KRAFT, COUNTY ADMINISTRATOR

08.7-CORRECTIVE ACTION PLANNED:

A NEW DIRECTOR WAS HIRED FOR THIS PROGRAM EFFECTIVE JULY 2009. THE NEW DIRECTOR HAS BEEN INSTRUCTED TO FOLLOW GUIDELINES FOR ELIGIBILITY AND ALSO DO AN UPDATE ON ALL WHO ARE CURRENTLY IN THIS PROGRAM. A

COPY OF THIS REPORT WILL BE FILED WITH THE COUNTY ADMINISTRATOR TO ENSURE THAT THE GUIDELINES HAVE BEEN FOLLOWED.

ANTICIPATED COMPLETION DATE: NEW DIRECTOR HAS STARTED UPDATE PROCESS ON ALL WHO ARE CURRENTLY IN THIS PROGRAM AND SHOULD BE COMPLETED APRIL 2010.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:
RENA SWEENEY, DIRECTOR FOSTER GRANDPARENT PROGRAM

08.8-CORRECTIVE ACTION PLANNED:

THE GRANDPARENT PROGRAM BUDGET HAS BEEN CORRECTED TO INCLUDE CASH MATCH WHICH WILL COME FROM COUNTY FUNDS. THE PAST DIRECTOR FOR THE GRANDPARENT PROGRAM HAD NOT MADE THE BOARD OF SUPERVISORS AWARE OF THE CASH MATCH REQUIREMENT. MONTHLY AND QUARTERLY REPORTS WILL BE FILED WITH THE COUNTY ADMINISTRATOR. A NEW DIRECTOR HAS BEEN HIRED FOR THE GRANDPARENT PROGRAM EFFECTIVE JULY 2009.

ANTICIPATED COMPLETION DATE: NEW FISCAL YEAR FOR GRANDPARENT PROGRAM BEGINS APRIL 1, 2010. WE WILL BEGIN ENTRIES APRIL 2010 TO COVER CASH MATCH.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:
RENA SWEENEY, DIRECTOR FOSTER GRANDPARENT PROGRAM

08.9-CORRECTIVE ACTION PLANNED:

YAZOO COUNTY INVENTORY CONTROL CLERK WILL MAINTAIN RECORDS OF EQUIPMENT PURCHASED WITH FEDERAL FUNDS TO PROPERLY IDENTIFY AS SUCH. A PHYSICAL INVENTORY WILL BE TAKEN AT LEAST ONCE EVERY TWO YEARS AND WILL BE SURE RECORDS ARE KEPT. A NEW INVENTORY CONTROL CLERK HAS BEEN NAMED FOR YAZOO COUNTY EFFECTIVE OCTOBER 2009. ALL EQUIPMENT PREVIOUSLY PURCHASED WITH FEDERAL FUNDS TO BE PROPERLY ADDED TO INVENTORY LIST.

ANTICIPATED COMPLETION DATE: COMPLETE FISCAL INVENTORY WILL BE COMPLETED BY SEPTEMBER 30, 2010 WITH ALL EQUIPMENT PROPERLY ADDED TO INVENTORY LIST.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

DONNA KRAFT, COUNTY ADMINISTRATOR

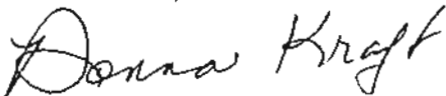
08.10-ANYONE REQUESTING TO PURCHASE MERCHANDISE WITH FEDERAL FUNDS WILL BE REQUIRED TO PRODUCE DOCUMENTATION THAT VENDOR IS NOT SUSPENDED OR DEBARRED OR OTHERWISE EXCLUDED. A COPY OF SUCH CERTIFICATION WILL BE FILED IN THE OFFICE OF THE COUNTY ADMINISTRATOR.

ANTICIPATED COMPLETION DATE: THIS PROCESS IS ALREADY IN PLACE EFFECTIVE MARCH 1,2010.

NAME OF CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

DONNA KRAFT, COUNTY ADMINISTRATOR

SINCERELY,

A handwritten signature in cursive script that reads "Donna Kraft". The signature is written in black ink and is positioned above the printed name.

DONNA KRAFT

COUNTY ADMINISTRATOR, YAZOO COUNTY

Beat 1

Van Foster

Beat 2

David F. Berry, III

Beat 3

Willie Wright

Beat 4

Edward L. Dew, Vice President

Beat 5

Cobie Collins, President



Attorney
Griffin Norquist
County Administrator
Donna S. Kraft
Sheriff
Thomas E. Vaughan
Chancery Clerk
Quint Carver

Yazoo County Board of Supervisors

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR YEAR ENDED SEPTEMBER 30, 2007

OFFICE OF THE STATE AUDITOR

P.O. BOX 956

JACKSON, MISSISSIPPI 39205

GENTLEMEN:

YAZOO COUNTY RESPECTFULLY SUBMITS THE FOLLOWING SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS RELATIVE TO FEDERAL AWARDS.

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING NO. 07.5- AIRPORT IMPROVEMENT PROGRAM

GRANT NUMBERS 3-28-0102-2006 AND 3-28-0102-008-2007
U.S. DEPARTMENT OF TRANSPORTATION-FEDERAL AVIATION
ADMINISTRATION

CONDITION:

THE OMB A-133 COMPLIANCE SUPPLEMENT, SPECIFIES THAT REQUIREMENTS OF THE DAVIS-BACON ACT ARE APPLICABLE TO CONSTRUCTION WORK FOR AIRPORT PROJECTS FINANCED UNDER THIS PROGRAM. AN EFFECTIVE SYSTEM OF INTERNAL CONTROL INCLUDES MONITORING PAYROLLS FOR THE REQUIREMENT TO PAY WAGES IN ACCORDANCE WITH THE DAVIS-BACON ACT. MANAGEMENT DID NOT MAINTAIN DOCUMENTATION OF MONITORING WAGE RATES IN ACCORDANCE WITH THE DAVIS-BACON ACT. FAILURE TO MAINTAIN DOCUMENTATION OF MONITORING CONTRACTOR PAYROLLS FOR COMPLIANCE WITH THE DAVIS-BACON ACT COULD RESULT IN THE LOSS OF FEDERAL GRANTS.

RECOMMENDATION: THE BOARD OF SUPERVISORS SHOULD ENSURE THAT DOCUMENTATION OF MONITORING WAGE RATES FOR COMPLIANCE WITH THE DAVIS-BACON ACT ARE FILED IN THE COUNTY RECORDS.

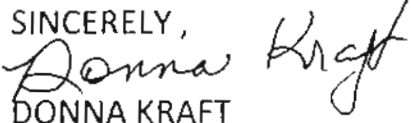
CURRENT STATUS:
CORRECTIVE ACTION WAS TAKEN

FINDING NO. 07-6 - STATE DOMESTIC PREPAREDNESS EQUIPMENT SUPPORT GRANT. GRANT NUMBERS 04LE082 ,05HSO82, AND S5HSO82
U.S. DEPARTMENT OF HOMELAND SECURITY/PASSED THROUGH THE MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY/OFFICE OF HOMELAND SECURITY

CONDITION:
THE OMB CIRCULAR A-133 COMPLIANCE SUPPLEMENT REQUIRES THE FILING OF FINANCIAL STATUS REPORTS WITH THE GRANTOR AGENCY. AN EFFECTIVE SYSTEM OF INTERNAL CONTROL INCLUDES MAINTAINING PROPER FILES DOCUMENTING EXPENDITURE REPORTS FILED WITH GRANTOR AGENCIES OF FEDERAL PROGRAMS. MANAGEMENT DID NOT MAINTAIN DOCUMENTATION OF EXPENDITURE REPORTS FILED WITH GRANTOR AGENCY OF THE FEDERAL PROGRAMS. FAILURE TO MAINTAIN PROPER DOCUMENTATION OF EXPENDITURE REPORTING COULD RESULT IN THE LOSS OF FEDERAL GRANTS.

RECOMMENDATION:
THE BOARD OF SUPERVISORS SHOULD ENSURE THAT COPIES OF REPORTS OF FEDERAL EXPENDITURES FILED WITH GRANTOR AGENCIES ARE KEPT BY THE COUNTY.

CURRENT STATUS:
CORRECTIVE ACTION WAS TAKEN

SINCERELY,

DONNA KRAFT

COUNTY ADMINISTRATOR, YAZOO COUNTY