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LAUDERDALE COUNTY, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
and Special Reports**

For the Year Ended September 30, 2009

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LAUDERDALE COUNTY, MISSISSIPPI

FINANCIAL AUDIT REPORT

For the Year Ended September 30, 2009



REA, SHAW, GIFFIN & STUART, LLP
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**INDEPENDENT AUDITORS' REPORT ON THE BASIC
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lauderdale County, Mississippi as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements 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 also audited the financial statements of the Ambulance Enterprise Fund which represents 100% of the assets and revenues of the enterprise fund column. We did not audit the financial statements of the Meridian-Lauderdale County Public Library, component unit, which represent 83%, 83%, and 66% of the assets, net assets, and revenues of the governmental component units column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors.

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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lauderdale County, Mississippi, as of September 30, 2009, 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 June 29, 2010, on our consideration of Lauderdale County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Lauderdale County, Mississippi has not presented the 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 Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lauderdale 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. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 29, 2010

LAUDERDALE COUNTY
FINANCIAL STATEMENTS

LAUDERDALE COUNTY

Exhibit 1

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Tourism	Public Library
ASSETS					
Cash	\$ 13,007,863	\$ 812,328	\$ 13,820,191	\$ 415,471	\$ 2,517,292
Property tax receivable	17,509,920	-	17,509,920	-	-
Accounts receivable, net	-	452,205	452,205	-	-
Fines receivable	521,741	-	521,741	-	-
Intergovernmental receivables	514,133	-	514,133	-	-
Other receivables	2,128	-	2,128	88,220	-
Inventories and Prepaid items	-	228,557	228,557	-	24,227
Capital assets, net	102,505,950	967,853	103,473,803	35,950	41,259
Total assets	\$ 134,061,735	\$ 2,460,943	\$ 136,522,678	\$ 539,641	\$ 2,582,778
LIABILITIES					
Claims payable	\$ 959,410	\$ 18,493	\$ 977,903	\$ 1,470	\$ 4,720
Intergovernmental payables	1,040,719	-	1,040,719	-	-
Accrued interest payable	294,695	-	294,695	-	-
Unearned revenue	17,509,920	1,714	17,511,634	-	-
Other payables	-	60,145	60,145	14,142	6,053
Long-term liabilities					
Due within one year:					
Capital debt	3,969,577	-	3,969,577	-	-
Non-capital debt	2,336,170	-	2,336,170	-	-
Due in more than one year:					
Capital debt	40,056,126	-	40,056,126	-	-
Non-capital debt	3,335,392	58,041	3,393,433	-	-
Total Liabilities	\$ 69,502,009	\$ 138,393	\$ 69,640,402	\$ 15,612	\$ 10,773
NET ASSETS					
Invested in capital assets, net of related debt	\$ 63,348,525	\$ 967,853	\$ 64,316,378	\$ 35,950	\$ 41,259
Restricted:					
General government	24,214	-	24,214	-	-
Debt service	3,095,989	-	3,095,989	-	-
Public safety	460,706	-	460,706	-	-
Culture and recreation	153,523	-	153,523	-	521,350
Economic development	471,082	-	471,082	-	-
Capital projects	1,096,029	-	1,096,029	-	-
Unrestricted (deficit)	(4,090,342)	1,354,697	(2,735,645)	488,079	2,009,396
Total Net Assets	\$ 64,559,726	\$ 2,322,550	\$ 66,882,276	\$ 524,029	\$ 2,572,005

The Notes to Financial Statements are an integral part of this statement.

Exhibit 2

LAUDERDALE COUNTY

STATEMENT OF ACTIVITIES
September 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Tourism	Public Library	
Primary government:										
Governmental activities:										
General government	\$ 7,435,502	\$ 2,079,388	\$ 147,583	\$ -	\$ (5,208,531)	\$ -	\$ (5,208,531)	\$ -	\$ -	\$ -
Public safety	10,081,222	2,032,881	939,394	69,999	(7,038,948)	-	(7,038,948)	-	-	-
Public works	9,601,856	978,626	673,949	2,077,370	(5,871,911)	-	(5,871,911)	-	-	-
Health and welfare	992,150	-	403,641	-	(588,509)	-	(588,509)	-	-	-
Culture and recreation	396,434	-	19,884	50,000	(326,550)	-	(326,550)	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Conser. of natural resources	133,154	-	-	-	(133,154)	-	(133,154)	-	-	-
Economic development	397,925	-	293,851	941,549	837,475	-	837,475	-	-	-
Interest & bond issuance costs	2,566,534	-	-	-	(2,566,534)	-	(2,566,534)	-	-	-
Total Governmental Activities	\$ 31,604,777	\$ 5,090,895	\$ 2,478,302	\$ 3,138,918	\$ (20,896,662)	\$ -	\$ (20,896,662)	\$ -	\$ -	\$ -
Business-type activities:										
Metro Ambulance	\$ 5,188,204	\$ 5,117,265	\$ -	\$ -	\$ -	\$ (70,939)	\$ (70,939)	\$ -	\$ -	\$ -
Total Business-type Activities	\$ 5,188,204	\$ 5,117,265	\$ -	\$ -	\$ -	\$ (70,939)	\$ (70,939)	\$ -	\$ -	\$ -
Total Primary Government	\$ 36,792,981	\$ 10,208,160	\$ 2,478,302	\$ 3,138,918	\$ (20,896,662)	\$ (70,939)	\$ (20,967,601)	\$ -	\$ -	\$ -
Component Units:										
Tourism	\$ 506,074	\$ -	\$ 640,405	\$ -	\$ -	\$ -	\$ -	\$ 134,331	\$ -	\$ -
Public Library	942,879	68,082	929,575	521	-	-	-	-	-	55,299
Total Component Units	\$ 1,448,953	\$ 68,082	\$ 1,569,980	\$ 521	\$ -	\$ -	\$ -	\$ 134,331	\$ -	\$ 55,299

BFA, SHAW, GILIN & STUART, LLP

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 2

STATEMENT OF ACTIVITIES (continued)
September 30, 2009

		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
		<u>Primary Government</u>		<u>Component Units</u>	
		<u>Governmental</u>	<u>Business-</u>	<u>Total</u>	
		<u>Activities</u>	<u>type</u>		
			<u>Activities</u>		<u>Tourism</u>
					<u>Public</u>
					<u>Library</u>
General revenues:					
Property taxes		\$ 23,545,194	\$ -	\$ 23,545,194	\$ -
Road & bridge privilege taxes		931,724	-	931,724	-
Grants and contributions not restricted to specific programs		1,614,503	77,781	1,692,284	201,414
Unrestricted gifts and donations		-	11,172	11,172	-
Unrestricted investment income		337,683	200	337,883	24,713
Miscellaneous		1,319,850	-	1,319,850	-
Gain (Loss) on sale of capital assets		85,743	(889)	84,854	-
Total General Revenues		\$ 27,834,697	\$ 88,264	\$ 27,922,961	\$ 226,127
Changes in Net Assets		\$ 6,938,035	\$ 17,325	\$ 6,955,360	\$ 281,426
Net Assets - Beginning		\$ 57,621,691	\$ 2,305,225	\$ 59,926,916	\$ 2,290,579
Net Assets - Ending		\$ 64,559,726	\$ 2,322,550	\$ 66,882,276	\$ 2,572,005

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 3

BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2009

	Major Funds					Total Governmental Funds
	General Fund	Road Maintenance Fund	GO Road & Bridge Series 2008 Fund	Other Governmental Funds		
ASSETS						
Cash	\$ 3,220,799	\$ 140,938	\$ 4,740,186	\$ 4,905,940	\$ 13,007,863	
Property tax receivable	8,647,824	2,404,091	-	6,458,005	17,509,920	
Fines receivable	521,741	-	-	-	521,741	
Intergovernmental receivables	244,189	-	-	269,944	514,133	
Other receivables	2,128	-	-	-	2,128	
Due from other funds	-	107,437	-	166,332	273,769	
Advances to other funds	250,000	-	-	-	250,000	
Total Assets	\$ 12,886,681	\$ 2,652,466	\$ 4,740,186	\$ 11,800,221	\$ 32,079,554	

LIABILITIES & FUND BALANCES

Liabilities:					
Claims payable	\$ 397,616	\$ 166,521	\$ 158,213	\$ 237,060	\$ 959,410
Intergovernmental payables	1,025,743	-	-	-	1,025,743
Due to other funds	288,745	-	-	-	288,745
Advances from other funds	-	-	-	250,000	250,000
Deferred revenue-fines	521,741	-	-	-	521,741
Unearned revenue	8,647,824	2,404,091	-	6,458,005	17,509,920
Total Liabilities	\$ 10,881,669	\$ 2,570,612	\$ 158,213	\$ 6,945,065	\$ 20,555,559

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 3

BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
September 30, 2009

	General Fund	Road Maintenance Fund	GO Road & Bridge Series 2008 Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Reserved for:					
Debt service	\$ -	\$ -	\$ -	\$ 3,363,913	\$ 3,363,913
Advances	250,000	-	-	-	250,000
Unreserved, reported in:					
General fund	1,755,012	-	-	-	1,755,012
Special revenue funds	-	81,854	-	108,909	190,763
Capital project funds	-	-	4,581,973	1,382,334	5,964,307
Total Fund Balances	\$ 2,005,012	\$ 81,854	\$ 4,581,973	\$ 4,855,156	\$ 11,523,995
Total Liabilities & Fund Balances	\$ 12,886,681	\$ 2,652,466	\$ 4,740,186	\$ 11,800,221	\$ 32,079,554

LAUDERDALE COUNTY

Exhibit 3.1

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**
September 30, 2009

Total Fund Balance - Governmental Funds	\$ 11,523,995
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 \$72,495,426.	102,505,950
Fines receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	521,741
Long-term liabilities not due and payable in the current period and, are not reported in the funds:	(49,697,265)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	<u>(294,695)</u>
Total Net Assets - Governmental Activities	<u>\$ 64,559,726</u>

The Notes to Financial Statements are an integral part of this statement.

Exhibit 4

LAUDERDALE COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

September 30, 2009

	Major Funds					Total Governmental Funds
	General Fund	Road Maintenance Fund	GO Road & Bridge Series 2008 Fund	Other Governmental Funds		
REVENUES						
Property taxes	\$ 10,879,934	\$ 3,181,755	\$ -	\$ 9,483,505	\$ 23,545,194	
Road and bridge privilege taxes	-	931,724	-	-	931,724	
Licenses, commissions and other revenue	672,614	433	-	40,023	713,070	
Fines and forfeitures	1,725,429	136,042	-	14,449	1,875,920	
Intergovernmental revenues	1,640,787	750,523	-	3,019,946	5,411,256	
Charges for services	624,430	-	-	1,843,442	2,467,872	
Interest income	146,566	-	129,591	61,526	337,683	
Miscellaneous revenues	579,017	18,137	-	722,696	1,319,850	
Total Revenues	\$ 16,268,777	\$ 5,018,614	\$ 129,591	\$ 15,185,587	\$ 36,602,569	
EXPENDITURES						
Current:						
General government	\$ 6,016,903	\$ -	\$ -	\$ 952,071	\$ 6,968,974	
Public safety	7,485,951	-	-	1,990,965	9,476,916	
Public works	-	4,452,978	4,454,657	4,801,829	13,709,464	
Health and welfare	1,326,497	-	-	390,687	1,717,184	
Culture and recreation	-	-	-	381,007	381,007	
Education	-	-	-	-	-	
Conservation of natural resources	131,540	-	-	-	131,540	
Economic development and assistance	175,636	-	-	1,030,509	1,206,145	
Debt service:						
Principal	294,686	455,717	-	4,330,759	5,081,162	
Interest	124,659	75,975	-	2,351,494	2,552,128	
Bond issue costs	-	-	-	31,367	31,367	
Total Expenditures	\$ 15,555,872	\$ 4,984,670	\$ 4,454,657	\$ 16,260,688	\$ 41,255,887	
Excess of Revenues under Expenditures	\$ 712,905	\$ 33,944	\$ (4,325,066)	\$ (1,075,101)	\$ (4,653,318)	

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 4

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (continued)
September 30, 2009

	Major Funds					Total Governmental Funds
	General Fund	Road Maintenance Fund	GO Road & Bridge Series 2008 Fund	Other Governmental Funds		
OTHER FINANCING SOURCES (USES)						
Proceeds of other debt	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	
Refunding bonds issued	-	-	-	-	-	
Proceeds from sale of capital assets	4,047	3,200	-	288,810	296,057	
Compensation for loss of capital assets	41,604	67,025	-	1,244	109,873	
Transfers in	482,557	-	-	3,309,781	3,792,338	
Transfers out	(718,929)	(136,908)	-	(2,936,501)	(3,792,338)	
Payment to bond refunding escrow agent	-	-	-	-	-	
Discount on bonds issued	-	-	-	-	-	
Capital leases	-	260,000	-	625,728	885,728	
Total Other Financing Sources and Uses	\$ (190,721)	\$ 193,317	\$ -	\$ 2,289,062	\$ 2,291,658	
Net Changes in Fund Balances	\$ 522,184	\$ 227,261	\$ (4,325,066)	\$ 1,213,961	\$ (2,361,660)	
Fund Balances - Beginning	\$ 1,482,828	\$ (145,407)	\$ 8,907,039	\$ 3,641,195	\$ 13,885,655	
Fund Balances - Ending	\$ 2,005,012	\$ 81,854	\$ 4,581,973	\$ 4,855,156	\$ 11,523,995	

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended September 30, 2009

Net Changes in Fund Balances - Governmental Funds \$ (2,361,660)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$8,549,505 exceeded depreciation of \$2,571,817 and adjustments of (\$399,626) in the current period. 6,377,314

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 gain of \$85,743 and the proceeds from the sale of \$296,057 in the current period and compensation for the loss of capital assets of \$109,873. (320,187)

Fines 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. 34,033

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 \$5,081,162 was less than debt proceeds \$1,885,728. 3,195,434

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

Compensated absences	(3,858)	
Accrued interest on bonds	16,959	13,101

Change in net assets of governmental activities (Exhibit 2) \$ 6,938,035

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 5

**STATEMENT OF NET ASSETS - PROPRIETARY FUND
AMBULANCE ENTERPRISE FUND**
September 30, 2009

ASSETS

Current assets	
Cash	\$ 812,328
Accounts receivable, net	452,205
Inventories	30,863
Prepaid expenses	<u>197,694</u>
Total current assets	<u>\$ 1,493,090</u>
Noncurrent assets	
Capital assets, net	<u>\$ 967,853</u>
Total noncurrent assets	<u>\$ 967,853</u>
Total assets	<u>\$ 2,460,943</u>

LIABILITIES

Current liabilities	
Deferred revenue	\$ 1,714
Claims payable	18,493
Other payables	60,145
Compensated absences	<u>58,041</u>
Total current liabilities	<u>\$ 138,393</u>
Total liabilities	<u>\$ 138,393</u>

NET ASSETS

Invested in capital assets	\$ 967,853
Unrestricted	<u>1,354,697</u>
Total net assets	<u>\$ 2,322,550</u>

The Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND
AMBULANCE ENTERPRISE FUND**
For the Year Ended September 30, 2009

OPERATING REVENUES	
Charges for sales and services	\$ 5,117,265
Total operating revenues	<u>\$ 5,117,265</u>
OPERATING EXPENSES	
Personal services	\$ 3,019,602
Contractual services	329,385
Materials and supplies	131,335
Depreciation expense	331,721
Bad debt expense	1,130,782
Administrative	<u>245,379</u>
Total operating expenses	<u>\$ 5,188,204</u>
Operating income (loss)	<u>\$ (70,939)</u>
NONOPERATING REVENUES	
County and local support	\$ 77,781
Loss on disposal of fixed assets	(889)
Interest income	200
Membership income	2,332
Other income	<u>8,840</u>
Net nonoperating revenues	<u>\$ 88,264</u>
Change in net assets	\$ 17,325
Total net assets - beginning	<u>2,305,225</u>
Total net assets - ending	<u>\$ 2,322,550</u>

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 7

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
 AMBULANCE ENTERPRISE FUND

For the Year Ended September 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 4,046,858
Cash payments to suppliers for goods and services	(1,098,078)
Cash payments to employees for services	<u>(2,582,081)</u>

Net cash provided by operating activities \$ 366,699

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants received	\$ 45,427
Cash received from property taxes	31,807
Other receipts	<u>10,908</u>

Net cash provided by noncapital financing activities \$ 88,142

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>\$ (80,667)</u>
-------------------------------	--------------------

Net cash used in capital and related financing activities \$ (80,667)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investment	<u>\$ 200</u>
------------------------	---------------

Net cash provided by investing activities \$ 200

Net increase in cash and cash equivalents \$ 374,374

Cash and cash equivalents at beginning of year 437,954

Cash and cash equivalents at end of year \$ 812,328

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 7

STATEMENT OF CASH FLOWS – (continued)
 PROPRIETARY FUND - AMBULANCE ENTERPRISE FUND
 For the Year Ended September 30, 2009

RECONCILIATION OF OPERATING INCOME TO NET CASH
 USED IN OPERATING ACTIVITIES

Operating income (loss)	\$ (70,939)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 331,721
Loss on disposal of equipment	889
Change in assets and liabilities	
Decrease in accounts receivables	60,374
Decrease in prepaid expenses	15,165
Increase in inventory	(8,779)
Increase in claims payable	18,493
Increase in other accrued liabilities	4,399
Increase in compensated absences	15,376
Total adjustments	<u>\$ 437,638</u>
Net cash provided by operating activities	<u>\$ 366,699</u>

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 8

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 104,802
Due from other funds	<u>14,976</u>
Total assets	<u>\$ 119,778</u>
 LIABILITIES	
Intergovernmental payables	<u>\$ 119,778</u>
Total liabilities	<u>\$ 119,778</u>

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

B. Individual Component Unit Disclosures

Blended Components 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.

- Section 41-59-61 of the Mississippi Code of 1972 created The Lauderdale County Emergency Medical Service District (Metro Ambulance) which provides emergency medical and patient transporting service in the Lauderdale County area. The county Board of Supervisors serve as the board for Metro Ambulance. Metro Ambulance is reported as an Enterprise fund in the counties financial statements.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

Discretely Presented Component Units

The component units column in the financial statements includes the financial data of the following component units of the county. They are reported in a separate column to emphasize that they are legally separate from the county.

- The Meridian-Lauderdale County Public Library was formed under Section 39-3-1, Miss. Code Ann. (1972), and is a legally separate entity. The library was originally organized by the City of Meridian. Effective October 1, 1994, the library became a county library rather than a municipal library. At that time the county Board of Supervisors began appointing board members as the city appointed members' terms expired. Complete financial statements for the Meridian-Lauderdale County Public Library can be obtained from 2517 7th Street, Meridian, MS 39301.
- The Lauderdale County Tourism Commission was authorized under House Bill 1751. The county appoints three of the seven board members. A majority of the Commission's funding is supplied by the county, and the Commission's budget must be approved by the county. Complete financial statements for the Lauderdale County Tourism Commission can be obtained from P.O. Box 5313, Meridian, MS 39302.

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 and its component units. 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 and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

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

Fund Financial Statements

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

D. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Fund 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.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

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

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

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

The county reports the following major Governmental Funds:

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

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

GO Road and Bridge Series 2008 Fund – This fund is used to account for monies that are restricted for the purposes of acquiring equipment for roads and bridges or for the construction or maintenance of roads and bridges.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

Additionally, the county reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

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.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

F. Deposits and Investments

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

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

G. Receivables

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

H. Interfund Transactions and Balances

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

I. Inventories and Prepaid Items

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

J. Restricted Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

K. Capital Assets

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

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Fund. 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:

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A
Infrastructure	-	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.

L. Long-term Liabilities

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

In the government-wide financial statements and in the Proprietary Fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund Statement of Net Assets.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

M. Equity Classifications

Government-wide Financial Statements

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

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

N. Property Tax Revenues

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

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 1. Significant Accounting Policies (continued)

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

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

O. 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.

P. Compensated Absences

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

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 2. Deposits

Primary Government

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$13,924,993, and the bank balance was \$14,949,239. 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 (FDIC)

Component Units – Governmental

The carrying amount of the Meridian-Lauderdale County Public Library's total deposits with financial institutions at September 30, 2009, was \$2,560,398. The carrying amount of the Lauderdale County Tourism Commission's total deposits with financial institutions at September 30, 2009, was \$414,392. The collateral for public entities' deposits in financial institutions is now 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, collateralization of the entity's funds is monitored 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 (FDIC).

Custodial Credit Risk – Deposits

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

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 3. Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2009:

Due From/To Other Funds

Receivable Fund	Payable Fund	
Major Funds		
County Road Maintenance	General Fund	\$ 107,437
Nonmajor Governmental Funds	General Fund	<u>166,332</u>
Due from other funds		<u>\$ 273,769</u>
Agency fund	General fund	<u>\$ 14,976</u>
Due to other funds		<u>\$ 288,745</u>

The amounts payable to the county road maintenance fund, the nonmajor governmental funds, and agency fund from the general fund represent distribution of tax collector funds, which are expected to be repaid within one year.

Advances From/To Other Funds

Receivable Fund	Payable Fund	
Major Fund		
General Fund	Nonmajor Governmental Funds	<u>\$ 250,000</u>
Total		<u>\$ 250,000</u>

The principal purpose of the advances is to provide funds for debt service or operating expenditures. All advances are expected to be repaid within one year from the date of the financial statements.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 3. Interfund Transactions and Balances (continued)

Transfers In/Out

Transfer In	Transfer Out		
Major Fund			
Nonmajor Governmental Funds	Major Governmental Funds	\$	136,908
General Fund	General Fund		482,345
General Fund	Nonmajor Governmental Funds		212
Nonmajor Governmental Funds	General Fund		236,584
Nonmajor Governmental Funds	Nonmajor Governmental Funds		2,936,289
Total		\$	3,792,338

The principal purpose of interfund transfers was to provide funds for grant matches, to provide funds for capital outlay, and to transfer funds collected on special levy reappraisal and approved by the State Tax Commission.

Note 4. Intergovernmental Receivables

Intergovernmental receivables at September 30, 2009 consists of the following:

Governmental Activities

Motor Vehicle License Tax	\$	244,189
Other intergovernmental Receivables		269,944
Total Governmental Activities	\$	514,133

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 5. Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2009:

Governmental Activities

	Balance Oct 1, 2008	Addition	Deletion	Adjustments	Balance Sept 30, 2009
<u>Non-depreciable capital assets:</u>					
Land	\$ 9,524,010	\$ 20,225	\$ (335)	\$ -	\$ 9,543,900
Construction in progress	10,004,580	6,359,476	-	(1,732,196)	14,631,860
Total non-depreciable capital assets	\$ 19,528,590	\$ 6,379,701	\$ (335)	\$ (1,732,196)	\$ 24,175,760
<u>Depreciable capital assets:</u>					
Infrastructure	\$ 95,673,301	\$ -	\$ -	\$ 1,281,039	\$ 96,954,340
Buildings	32,079,083	929,717	-	(39,540)	32,969,260
Improvements other than buildings	1,492,045	-	-	132,129	1,624,174
Mobile equipment	9,861,156	194,008	(575,411)	2,315,114	11,794,867
Furniture and equipment	2,529,286	170,071	(345,085)	191,279	2,545,551
Property under capital leases	6,381,661	876,008	-	(2,320,245)	4,937,424
Total depreciable capital assets	\$ 148,016,532	\$ 2,169,804	\$ (920,496)	\$ 1,559,776	\$ 150,825,616
<u>Less accumulated depreciation for:</u>					
Infrastructure	\$ 54,019,572	\$ 836,099	\$ -	\$ 305,055	\$ 55,160,726
Buildings	4,774,731	379,727	-	(259,202)	4,895,256
Improvements other than buildings	596,783	52,245	-	-	649,028
Mobile equipment	7,918,928	627,917	(491,131)	535,577	8,591,291
Furniture and equipment	1,944,383	231,380	(109,513)	(30,211)	2,036,039
Property under capital leases	1,841,902	444,449	-	(1,123,265)	1,163,086
Total accumulated depreciation	\$ 71,096,299	\$ 2,571,817	\$ (600,644)	\$ (572,046)	\$ 72,495,426
Total depreciable capital assets, net	\$ 76,920,233	\$ (402,013)	\$ (319,852)	\$ 2,131,822	\$ 76,330,190
Governmental activities capital assets, net	\$ 96,448,823	\$ 5,977,688	\$ (320,187)	\$ 399,626	\$ 102,505,950

*The adjustments are the reclassifications of completed construction in progress, expirations of capital leases, and amounts under threshold.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 5. Capital Assets (continued)

The adjustments are to remove items under threshold, to balance to county's schedule.

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 476,444
Public safety	687,085
Public works	1,377,818
Health and welfare	3,483
Culture and recreation	19,840
Conservation of natural resources	5,533
Economic development	<u>1,614</u>
Total governmental activities depreciation expense	<u>\$ 2,571,817</u>

Business-type Activities

	Balance Oct 1, 2008	Addition	Deletion	Adjustments	Balance Sept 30, 2009
<u>Depreciable capital assets:</u>					
Leasehold Improvements	\$ 269,137	\$ -	\$ -	\$ -	\$ 269,137
Mobile equipment	1,018,074	20,407	-	-	1,038,481
Furniture and equipment	<u>1,096,866</u>	<u>60,260</u>	<u>(1,067)</u>	-	<u>1,156,059</u>
Total depreciable capital assets	<u>\$ 2,384,077</u>	<u>\$ 80,667</u>	<u>\$ (1,067)</u>	<u>\$ -</u>	<u>\$ 2,463,677</u>
<u>Less accumulated depreciation for:</u>					
Leasehold Improvements	\$ 52,484	\$ 19,600	\$ -	\$ -	\$ 72,084
Mobile equipment	561,010	142,395	-	-	703,405
Furniture and equipment	<u>550,787</u>	<u>169,725</u>	<u>(177)</u>	-	<u>720,335</u>
Total accumulated depreciation	<u>\$ 1,164,281</u>	<u>\$ 331,720</u>	<u>\$ (177)</u>	<u>\$ -</u>	<u>\$ 1,495,824</u>
Total depreciable capital assets, net	<u>\$ 1,219,796</u>	<u>\$ (251,053)</u>	<u>\$ (890)</u>	<u>\$ -</u>	<u>\$ 967,853</u>
Business-type activities capital assets, net	<u>\$ 1,219,796</u>	<u>\$ (251,053)</u>	<u>\$ (890)</u>	<u>\$ -</u>	<u>\$ 967,853</u>

All depreciation expense was charged to Metro Ambulance.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 5. Capital Assets (continued)

Component units – governmental

The Meridian-Lauderdale County Public Library capital assets balances at September 30, 2009, are as follows:

Mobile equipment	\$ 16,506
Furniture and equipment	<u>315,451</u>
Total capital assets	\$ 331,957
Less accumulated depreciation	<u>(290,698)</u>
Capital assets, net	<u>\$ 41,259</u>

The library's financial statements do not disclose the changes in capital assets as required by the *Governmental Accounting and Financial Reporting Standards*.

The Lauderdale County Tourism Commission capital assets balance at September 30, 2009, is as follows:

Mobile equipment	\$ 56,127
Furniture and equipment	<u>37,718</u>
Total capital assets	\$ 93,845
Less accumulated depreciation	<u>(57,895)</u>
Capital assets, net	<u>\$ 35,950</u>

The Tourism's financial statements do not disclose the changes in capital assets as required by the *Governmental Accounting and Financial Reporting Standards*.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 5. Capital Assets (continued)

As of September 30, 2009, the county had the following commitments with respect to unfinished capital projects:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Proj 07-611 Suqualena-Graham Road	\$ 372,986	9/30/2010
Proj 07-613 Knight Parker Road	26,740	9/30/2010
Proj 07-614 Shelton Shelby Road	10,633	9/30/2010
Proj 07-616 Payne Road	12,089	9/30/2010
Proj 07-618 Antioch Road	128,614	9/30/2010
Proj 99-617B R-O-W Peavy Rd & Bogue Rd	154,417	9/30/2010
LSBP-38(7) Sat A Shuck Rd; Sat B Wedgeworth	60,884	9/30/2010
LSBP-38(18) John Catlett Road	11,234	9/30/2010
Proj 00-609B R-O-W Seth Cobb Road	1,120,700	9/30/2011

Note 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, 2009, to January 1, 2010. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 7. Operating Leases

As Lessor

The county receives income from property it leases under a noncancellable operating lease. Total income from such lease was \$385,534 for the year ended September 30, 2009. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2010	\$ 375,000
2011	375,000
2012	375,000
2013	375,000
2014	375,000
2015 - 2019	1,875,000
2020 - 2024	<u>875,000</u>
	<u>\$ 4,625,000</u>

Note 8. Capital Leases

As Lessee

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2009:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 4,087,379
Furniture and equipment	850,045
Less: Accumulated depreciation	<u>(1,163,086)</u>
Leased Property under Capital Leases	<u>\$ 3,774,338</u>

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 8. Capital Leases (continued)

The following is a schedule by years of the total payments due as of September 30, 2009:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,040,427	\$ 102,480
2011	1,003,628	64,490
2012	844,712	31,043
2013	208,214	7,922
2014	-	-
Total	<u>\$ 3,096,981</u>	<u>\$ 205,935</u>

Note 9. Long-term Debt

Debt outstanding as of September 30, 2009, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Refunding bonds - Series 1993 & 2003	\$ 575,000	1.2 - 3.0	12/09
Refunding bonds - Series 2003	1,490,000	4.375 - 6.25	3/12
Recreation construction - Series 1999	1,135,000	3.9 - 5.25	3/14
Refunding bonds - Series 1999	3,220,000	3.7 - 4.65	10/14
Road and bridge - Series 2000	1,940,000	5.3 - 7.0	6/15
Industrial park - Series 2000	2,295,000	6.5 - 9.25	10/15
Road and bridge - Series 2004	2,400,000	2.75 - 3.5	4/16
Industrial Development bonds - Series 2006	9,245,000	5.3 - 5.75	2/22
Industrial Development bonds - Series 2006	9,195,000	7.0 - 7.25	7/22
Road and bridge - Series 2008	8,855,000	3.1-4.0	4/23
Road and bridge - Series 2009	1,000,000	3.0	9/19
Total General Obligation Bonds	<u>\$ 41,350,000</u>		

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 9. Long-term Debt (continued)

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
B. Special Obligation Bonds:			
Special Obligation Bonds	\$ 2,945,000	3.0 - 4.0	7/19
Hurricane Katrina	<u>839,294</u>	4.25	8/10
	<u>\$ 3,784,294</u>		
C. Capital Leases:			
IBM 5 Series Model	\$ 9,882	3.29	2/10
Caterpillar motorgrader	28,490	3.5	6/10
John Deere excavator	40,704	4.06	3/11
Holland tractor	45,166	4.08	6/11
Caterpillar excavator	52,857	3.98	9/11
5 Fire Trucks	518,442	3.95	11/11
2 Cat Motorgraders	325,938	4.42	8/12
Equip for 5 Fire Trucks	17,606	4.08	2/10
7 F250 Trucks	71,980	4.21	6/12
2006 International Truck	45,334	4.23	5/12
24 Ballot Stations	46,791	4.28	5/12
2 Garbage Trucks	177,775	4.23	2/12
Lowboy Trail Boss 35 Ton	16,408	4.23	7/12
Alamo Boom Mower	54,686	4.35	9/12
9 Mack Dump Trucks	788,175	3.74	12/12
Computers and software	56,908	3.04	5/12
E911 System upgrade	503,493	3.09	4/12
100 Two-way radios	36,346	3.09	2/12
Asphalt spreader	<u>260,000</u>	3.1	9/12
Total Capital Leases	<u>\$ 3,096,981</u>		
D. Other Loans:			
Mississippi Development Authority loan for drainage - south industrial park	\$ 488,722	3.0	4/16
Reappraisal	361,372	4.25	8/11
Reappraisal	<u>150,000</u>	4.07	6/12
Total Other Loans	<u>\$ 1,000,094</u>		

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 9. Long-term Debt (continued)

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

<u>Year Ending September 30</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 4,969,294	\$ 1,964,124
2011	3,735,000	1,894,762
2012	4,080,000	1,725,649
2013	3,700,000	1,549,713
2014	3,835,000	1,380,221
2015 - 2019	11,775,000	4,877,777
2020 - 2024	9,740,000	2,356,109
2025 - 2029	3,300,000	246,115
Total	\$ 45,134,294	\$ 15,994,470

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 296,026	\$ 35,242
2011	305,749	23,382
2012	123,420	11,484
2013	75,653	7,216
2014	77,954	4,915
2015 - 2019	121,292	2,904
Total	\$ 1,000,094	\$ 85,143

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 9. Long-term Debt (continued)

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, 2009, the amount of outstanding debt was equal to 8.3% of the latest property assessments.

Commitments

On October 5, 1999, the Lauderdale County Board of Supervisors entered into an agreement with the City of Meridian relating to the financing for the construction of the Wal-Mart Super Center. The County's share of this obligation is \$770,000, which is equivalent to 35% of the total debt. Payments began October 1, 2002, with principal and interest amounting to \$94,500 and \$38,272, respectively for the year ended September 30, 2009. Payments are made from the revenues generated by tax increment financing.

On December 4, 2000, Lauderdale County entered into an agreement with the City of Meridian to service 35% (or \$385,000) of the total debt of the Lowe's construction project. This debt will be serviced by revenues generated by tax increment financing. Principal of \$38,500 and interest of \$19,215 was paid for the year ended September 30, 2009.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 9. Long-term Debt (continued)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009:

Governmental Activities:	Balance <u>Oct 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Sept 30, 2009</u>	Amount due within one year
Compensated absences	\$ 462,038	\$ 3,858	\$ -	\$ 465,896	**
General obligation bonds	48,009,294	1,000,000	(3,875,000)	45,134,294	4,969,294
Limited obligation bonds	-	-	-	-	-
Capital leases	3,130,601	885,728	(919,348)	3,096,981	1,040,427
Other loans	<u>1,286,908</u>	<u>-</u>	<u>(266,814)</u>	<u>1,000,094</u>	<u>296,026</u>
Total	<u>\$ 52,888,841</u>	<u>\$ 1,889,586</u>	<u>\$ (5,081,162)</u>	<u>\$ 49,697,265</u>	<u>\$ 6,305,747</u>

Business-type Activities:	Balance <u>Oct 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Sept 30, 2009</u>	Amount due within one year
Compensated absences	\$ 42,665	\$ 15,376	\$ -	\$ 58,041	**

** Due to immateriality, the current portion of Compensated absences has not been estimated.

Note 10. Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balances at September 30, 2009:

<u>Special Revenue Funds</u>	<u>Deficit Amount</u>
10th Judicial District Drug Court	\$ 11,413
Cops in School	4,293
Homeland Security Grant 07-LEMA	69
Garbage and solid waste	1,000,617
County Bridge/Culverts	24,870

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2009

Note 11. Contingencies

Federal Grants

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

Note 12. Joint Venture

The county participates in the following joint venture:

Lauderdale County is a participant with the City of Meridian in a joint venture, authorized by Section 57-31-1, Miss. Code Ann. (1972), to operate the East Mississippi Business Development Corporation. The joint venture was created to encourage, foster and facilitate economic development in the county. The board is made up of citizens and corporate members, who are not appointed by the county or the city. The county's appropriation to the joint venture was \$282,600 in fiscal year 2009. Complete financial statements for the East Mississippi Business development Corporation can be obtained from P. O. Box 790, Meridian, MS 39302.

Note 13. Jointly Governed Organizations

The county participates in the following jointly governed organizations:

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Lauderdale County Board of Supervisors appoints two of the 26 members of the board. The county provided no financial support in fiscal year 2009.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

Note 13. Jointly Governed Organizations (continued)

East Central Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the 15 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$56,993 for support of the district in fiscal year 2009.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee and Oktibbeha. The Lauderdale County Board of Supervisors appoints two of the 12 members of the college board of trustees. The county appropriated \$213,372 for maintenance and support of the college in fiscal year 2009.

The Multi-County Community Service Agency operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The agency was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Lauderdale County Board of Supervisors appoints three of the 24 members of the board of directors. Most of the funding is derived from federal funds. The county appropriated \$43,750 for support of the agency in fiscal year 2009.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$140,000 for support of the commission in fiscal year 2009.

Mid-Mississippi Development District operates in a district composed of the Counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was created to encourage, foster and facilitate economic development in member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The county appropriated \$12,250 for the district's support in fiscal year 2009.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2009

Note 14. Defined Benefit Pension Plan

Plan Description

The county 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, 2009 was 12% 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, 2009, 2008, and 2007 were \$1,301,699, \$1,303,925, and \$1,255,299, respectively, equal to the required contributions for each year.

Note 15. Subsequent Event

Subsequent to September 30, 2009, the 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>
12/17/2009	8.75%	\$ 1,400,000	tax increment	Hancock Bank
3/3/2010	5.00%	<u>105,000</u>	tax increment	Trustmark Bank
		<u>\$ 1,505,000</u>		

SUPPLEMENTAL INFORMATION

LAUDERDALE COUNTY

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Non-GAAP Budgetary Basis	Variances Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
	REVENUES				
Property taxes	\$ 10,523,951	\$ 10,889,086	\$ 10,889,086	\$ 365,135	\$ -
Licenses, commissions and other revenue	241,610	559,959	559,959	318,349	-
Fines and forfeitures	899,000	1,268,557	1,268,557	369,557	-
Intergovernmental revenues	1,993,900	1,632,163	1,632,163	(361,737)	-
Charges for services	700,000	573,788	576,333	(126,212)	2,545
Interest income	122,000	140,612	140,612	16,612	-
Miscellaneous revenues	668,400	749,649	747,104	81,249	(2,545)
Total Revenues	\$ 15,148,861	\$ 15,813,814	\$ 15,813,814	\$ 664,953	\$ -
EXPENDITURES					
Current					
General government	\$ 6,108,091	\$ 6,064,181	\$ 5,993,531	\$ 43,910	\$ (70,650)
Public safety	7,502,562	7,468,604	7,468,604	33,958	-
Health and welfare	1,270,680	1,328,993	1,328,993	(58,313)	-
Culture and recreation	-	-	-	-	-
Conservation of natural resources	114,394	131,725	131,725	(17,331)	-
Economic development and assistance	64,685	175,636	175,636	(90,951)	-
Debt service					
Principal	348,786	294,686	294,686	54,100	-
Interest	140,000	54,009	124,659	85,991	70,650
Total Expenditures	\$ 15,569,198	\$ 15,517,834	\$ 15,517,834	\$ 51,364	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ (420,337)	\$ 295,980	\$ 295,980	\$ 716,317	\$ -
OTHER FINANCING SOURCES (USES)					
Proceeds from sales of capital assets	\$ -	\$ 4,047	\$ 4,047	\$ 4,047	\$ -
Compensation for loss of capital assets	-	41,604	41,604	41,604	-
Transfers in	480,800	858,633	858,633	377,833	-
Transfers out	(480,800)	(690,354)	(690,354)	(209,554)	-
Other Financing Sources (Uses)	\$ -	\$ 213,930	\$ 213,930	\$ 213,930	\$ -
Net Change in Fund Balances	\$ (420,337)	\$ 509,910	\$ 509,910	\$ 930,247	\$ -
Fund Balance - Beginning	\$ 3,415,383	\$ 1,817,404	\$ 1,817,904	\$ -	\$ -
Fund Balance - Ending	\$ 2,995,046	\$ 2,327,314	\$ 2,327,814	\$ -	\$ -

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

LAUDERDALE COUNTY

BUDGETARY COMPARISON SCHEDULE FOR THE ROAD MAINTENANCE FUND
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)	
	Original	Final	Non-GAAP Budgetary Basis	Original to Final	Final to Actual
REVENUES					
Property taxes	\$ 3,264,000	\$ 3,186,194	\$ 3,186,194	\$ (77,806)	\$ -
Licenses, commissions and other revenue	940,450	932,215	932,215	(8,235)	-
Fines and forfeitures	150,000	136,042	136,042	(13,958)	-
Intergovernmental revenues	803,500	751,585	751,565	(51,935)	-
Interest income	1,000	-	-	(1,000)	-
Miscellaneous revenues	5,000	18,137	18,137	13,137	-
Total Revenues	<u>\$ 5,163,950</u>	<u>\$ 5,024,153</u>	<u>\$ 5,024,153</u>	<u>\$ (139,797)</u>	<u>\$ -</u>
EXPENDITURES					
Current					
Public works	\$ 4,964,611	\$ 4,678,820	\$ 4,205,268	\$ 285,791	\$ (473,552)
Debt service					
Principal	-	58,140	455,717	(58,140)	397,577
Interest	-	-	75,975	-	75,975
Total Expenditures	<u>\$ 4,964,611</u>	<u>\$ 4,736,960</u>	<u>\$ 4,736,960</u>	<u>\$ 227,651</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 199,339</u>	<u>\$ 287,193</u>	<u>\$ 287,193</u>	<u>\$ 87,854</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sales of capital assets	\$ -	\$ 3,200	\$ 3,200	\$ 3,200	\$ -
Compensation for loss of capital assets	-	67,025	67,025	67,025	-
Transfers out	-	(136,908)	(136,908)	(136,908)	-
Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (66,683)</u>	<u>\$ (66,683)</u>	<u>\$ (66,683)</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ 199,339</u>	<u>\$ 220,510</u>	<u>\$ 220,510</u>	<u>\$ 21,171</u>	<u>\$ -</u>
Fund Balance - Beginning	<u>\$ 122,635</u>	<u>\$ (454,766)</u>	<u>\$ (454,766)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Ending	<u>\$ 321,974</u>	<u>\$ (234,256)</u>	<u>\$ (234,256)</u>	<u>\$ -</u>	<u>\$ -</u>

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

LAUDERDALE COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2009

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

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

Note 2. 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.

Note 3. 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 Notes to the Required Supplementary Information are an integral part of this statement.

Note 3. Budget/GAAP Reconciliation (continued)

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ 509,910	\$ 220,510
Increase (Decrease)		
Net adjustments for revenue accruals	50,312	254,461
Net adjustments for expenditure accruals	<u>(38,038)</u>	<u>(247,710)</u>
GAAP Basis	<u>\$ 522,184</u>	<u>\$ 227,261</u>

LAUDERDALE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2009

Federal Grantor / Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
CDBG - N.E.W. Call Center	* 14.228	R-103-038-02-KED	\$ 779,293
CDBG - Human Service Complex	* 14.228	1124-07-038-PF-01	284,187
CDBG - First Time Homebuyers	* 14.228	MO4-SG-280-942	128,175
CDBG - Handy Hardware	* 14.228	R-103-038-04-KED	120,551
CDBG - MS Railcar Site	* 14.228	R-103-038-03-KED	<u>41,705</u>
Total U.S. Department of Housing and Urban Development			\$ <u>1,353,911</u>
U.S. Department of Justice - Office of Justice Programs			
Multijurisdictional Drug Task Force	16.579	N/A	\$ 208,126
Multijurisdictional Drug Task Force	16.579	2006-DH-BX-0438	34,123
Justice Assistance Grant	16.UN	2009-SB-B9-1744	102,856
2007 Hurricane Relief	16.738	2007-DJ-BX-0224	<u>2,852</u>
Total U.S. Department of Justice			\$ <u>347,957</u>
U.S. Department of Transportation - Federal Highway Admin Passed through the Office of Highway Safety - State of MS			
Alcohol / Drug Countermeasures	20.601	09-TA-138-1	\$ 90,222
Hazardous Materials Emergency Preparedness	20.703	N/A	1,750
Occupant Protection Grant	20.UN	NHTS 402/FY09	12,659
Enhancement Tree Planting Program	20.UN	N/A	<u>11,260</u>
Total U.S. Department of Transportation			\$ <u>115,891</u>
U.S. Department of Homeland Security / Passed through the Mississippi Emergency Management Agency State Homeland Security Program			
	97.073	N/A	\$ <u>37,438</u>
Total U.S. Department of Homeland Security			\$ <u>37,438</u>
Federal Emergency Management Agency / Passed through the Mississippi Emergency Management Agency			
LEMA Hurricane Gustav Emergency Fund	97.UN	N/A	\$ 51,521
Emergency Management Reimbursement	97.306	N/A	24,416
FY08 Cert Grant (Federal Flood Control Act)	97.042	N/A	<u>1,097</u>
Total Federal Emergency Management Agency			\$ <u>77,034</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,932,231</u>

LAUDERDALE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended September 30, 2009

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies

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

*Denotes major federal award program.

LAUDERDALE COUNTY

RECONCILIATION OF OPERATING COSTS OF SOLID WASTE

For the Year Ended September 30, 2009

OPERATING EXPENDITURES, CASH BASIS	
Salaries	\$ 958,287
Expendable commodities	
Gasoline and petroleum products	127,219
Repair parts	109,879
Supplies	56,742
Contractual disposal services	437,701
Insurance on equipment	<u>18,134</u>
Solid Waste Cash Basis Operating Expenditures	\$ 1,707,962
FULL COST EXPENSES	
Indirect administrative costs	\$ 19,755
Depreciation on equipment	38,432
Interest	<u>9,098</u>
Solid Waste Full Cost Operating Expenses	<u>\$ 1,775,247</u>

**LAUDERDALE COUNTY
SPECIAL REPORTS**



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

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund and the aggregate remaining fund information of Lauderdale County, Mississippi as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated June 29, 2010. We also audited the financial statements of the Ambulance Enterprise Fund, which represent 100% of the assets and revenues of the enterprise fund column. We did not audit the financial statements of the Meridian-Lauderdale County Public Library, component unit, which represents 83% of the assets and 66% of the revenues of the governmental component units column. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the report of the other auditors. 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 Lauderdale 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 the 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 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 09-1 and 09-2 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 09-1 and 09-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lauderdale County, Mississippi's financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 09-2.

Lauderdale County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Lauderdale 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.


REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 29, 2010



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

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

Compliance

We have audited the compliance of Lauderdale 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, 2009. Lauderdale County, Mississippi's major federal programs are identified in the summary of auditors' 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 Lauderdale County, Mississippi's management. Our responsibility is to express an opinion on Lauderdale 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 Lauderdale 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 Lauderdale County, Mississippi's compliance with those requirements.

In our opinion, Lauderdale County, Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 09-3.

Internal Control Over Compliance

The management of Lauderdale County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lauderdale 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 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 the internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 09-3 to be a significant deficiency.

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

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

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 29, 2010

REA, SHAW, GIFFIN & STUART, LLP



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

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

We have made a study and evaluation of the central purchasing system and inventory control system of Lauderdale County, Mississippi, as of and for the year ended September 30, 2009. 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 Lauderdale 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 Lauderdale County, Mississippi has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

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

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 29, 2010

REA, SHAW, GIFFIN & STUART, LLP

SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER
For the Year Ended September 30, 2009

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

SCHEDULE OF EMERGENCY PURCHASES

For the Year Ended September 30, 2009

The following purchases were emergency purchases.

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/15/2008	Heating unit	\$ 9,350	The Service Company	Immediate need

SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE
For the Year Ended September 30, 2009

The following purchases were each made noncompetitively from a sole source.

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
1/26/2009	4 DVM digital cameras	\$ 16,875	Digital-Ally



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**LIMITED INTERNAL CONTROL AND
COMPLIANCE REVIEW MANAGEMENT REPORT**

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

In planning and performing our audit of the financial statements of Lauderdale County, Mississippi for the year ended September 30, 2009, we considered Lauderdale 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 Lauderdale 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 June 29, 2010, on the financial statements of Lauderdale 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 finding and recommendation and your response are discussed below:

Board of Supervisors

1. Finding

The County is not compliant with Senate Bill 2857. The bill allows the Board of Supervisors to use county credit cards to pay expenses incurred for travel for official duties. Some of the supervisors are not furnishing receipts for these expenses.

Recommendation

Supervisors should provide proper documentation for the use of county credit cards.

Board of Supervisors Response

This matter will be discussed with the Supervisors who are not furnishing the receipts, so that we will be in compliance with Senate Bill 2857.

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

**LAUDERDALE COUNTY
SCHEDULE OF FINDINGS**

LAUDERDALE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended September 30, 2009

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiencies identified that are not considered to material weaknesses? | No |
| 3. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|---|-------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 5. Type of auditor's report issued on compliance for major Federal programs: | Unqualified |
| 6. Any audit finding(s) reported as required by Section __.510(a) of Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. CDBG – N.E.W. Call Center | 14,228 |
| b. CDBG – Human Service Complex | 14,228 |
| c. CDBG – First Time Homebuyers | 14,228 |
| d. CDBG – Handy Hardware | 14,228 |
| e. CDBG – MS Railcar Site | 14,228 |

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2009

SECTION I: SUMMARY OF AUDITORS' RESULTS (continued)

Federal Awards (continued):

- | | |
|---|-----------|
| 8. The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |
| 10. Prior fiscal audit finding(s) 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 II: FINANCIAL STATEMENT FINDINGS

Board of Supervisors
Significant Deficiency – Material Weakness

09 – 1 Finding

A critical aspect of effective financial management is the preparation of accurate financial statements. Management did not have personnel that possessed the necessary expertise to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked expertise to apply generally accepted accounting principles in preparing its financial statements, the auditor was relied upon to perform these tasks. Without adequate controls in place over the preparation of financial statements in accordance with generally accepted accounting principles, the risk increases that inaccurate information may be reported.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2009

SECTION II: FINANCIAL STATEMENT FINDINGS (continued)

Board of Supervisors/County Administrator
Significant Deficiency - Material Instance of Noncompliance

09 – 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. Warrants were issued on funds which did not have sufficient money to pay the warrants. At September 30, 2009, the following funds had negative cash balances: 10th Judicial District Drug Court (\$7,679), City/County Drug Task Force (\$35,542), Cops in School (\$4,293), Alcohol/Drug Countermeasures (\$21,362), Step Migrant Occupant Protection (\$5,351), Homeland Security Grant 07 LEMA (\$69), 2007 Hurricane Relief (\$2,852), LEMA HMEP Grant (\$1,750), Reappraisal Fund (\$35,849), Garbage and Solid Waste (\$743,728).

Recommendation

The Chancery Clerk 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.

SECTION III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

09 – 3 Finding

A physical inventory of equipment acquired under Federal awards is required to be taken every two years. Lauderdale County has not taken a physical inventory of equipment acquired under Federal awards in the past two years.

Recommendation

Adequate procedures should be established to ensure that a physical inventory of equipment acquired under Federal awards is conducted every two years.

LAUDERDALE COUNTY

Board of Supervisors

BOARD OF SUPERVISORS
HANK FLOREY, District 1
WAYMAN NEWELL, District 2
CRAIG HITT, District 3
JOE NORWOOD, District 4
RAY BOSWELL, District 5



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CAROLYN MOONEY
Chancery Clerk

MIKI SUMRALL
County Administrator

NEAL CARSON, PE
County Engineer

JESSIE NEWELL
Director of Purchasing

J. RICHARD "Rick" BARRY
Board Attorney

CORRECTIVE ACTION PLAN

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

Gentlemen:

Lauderdale County respectfully submits the following corrective action plan for the year ended September 30, 2009.

The findings from the schedule of Findings and Questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION I: SUMMARY OF AUDITOR'S RESULTS DOES NOT INCLUDE FINDINGS AND IS NOT ADDRESSED.

SECTION II: FINANCIAL STATEMENT FINDINGS

09-01 Corrective Action Planned: Lauderdale County is in the process of establishing adequate controls in preparation of its financial statements.

Anticipated Completion Date: Ending of 2010 Fiscal Year.

Contact Person Responsible for Corrective Action: Chancery Clerk, Lauderdale County, Mississippi.

09-02 Lauderdale County has implemented adequate controls 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. Lauderdale County has adjusted the County's Budget to ensure increased revenues and decreased expenditures to the point that an appropriate fund balance is maintained in all

County Funds. For all reimbursable funds an inter-fund loan will be made until such time the grant or reimbursable funds are received.

Anticipated Completion Date: Ending of 2010 Fiscal Year.

Contact Person Responsible for Corrective Action: Chancery Clerk, Lauderdale County, Mississippi

SECTION III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

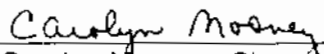
09-3 Corrective Action Planned: Lauderdale County will conduct complete yearly inventory of all county property.

Anticipated Completion Date: Ending of 2010 Fiscal Year.

Contact Person Responsible for Corrective Action: Chancery Clerk, Lauderdale County, Mississippi.

Sincerely,

LAUDERDALE COUNTY, MISSISSIPPI



Carolyn Mooney, Chancery Clerk

LAUDERDALE COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

LAUDERDALE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2009

Finding 08-1:

During the audit for the year ended September 30, 2008, it was noted that the County did not have personnel that possessed the necessary expertise to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked expertise to apply generally accepted accounting principles in preparing its financial statements, the auditor was relied upon to perform these tasks. Without adequate controls in place over the preparation of financial statements in accordance with generally accepted accounting principles, the risk increases that inaccurate information may be reported.

Recommendation:

The Board of Supervisors should establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

Current status:

For the year ended September 30, 2009 Lauderdale County did not have personnel that possessed the necessary expertise to prepare financial statements in accordance with generally accepted accounting principles.

Finding 08-2:

During the audit for the year ended September 30, 2008, it was noted that the County issued warrants for funds that did not have sufficient money to pay them.

Recommendation:

The County Administrator 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.

Current status:

Lauderdale County has implemented adequate controls 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.

Finding 08-3:

During the audit for the year ended September 30, 2008, it was noted that the County did not take physical inventory of equipment acquired under Federal awards that is required to be done every two years.

Recommendation:

Adequate procedures should be established to ensure that a physical inventory of equipment acquired under Federal awards is conducted every two years.

Current status:

For the year ended September 30, 2009, Lauderdale County did not conduct a physical inventory of equipment acquired under Federal awards.