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RANKIN COUNTY

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2009

Presented by:
Dribben & Associates, Ltd.
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RANKIN COUNTY

FINANCIAL SECTION

RANKIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

February 1, 2011

Members of the Board of Supervisors
Rankin County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the Rankin County's basic financial statements of this county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Rankin County, Mississippi, as of September 30, 2009, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of September 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2011, on our consideration of the Rankin County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

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

Sincerely,

A handwritten signature in black ink, appearing to read "D. Scott Nieman", with a long horizontal flourish extending to the right.

D. Scott Nieman, CPA
Dribben & Associates, Ltd.
McComb, Mississippi

RANKIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

RANKIN COUNTY

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BOARD OF SUPERVISORS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2009

INTRODUCTION

The discussion and analysis of Rankin County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2009. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

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

FINANCIAL HIGHLIGHTS

Rankin County remains financially stable. The County, through the Board of Supervisors and County Administrator's Office continues to excel in fiscal management by employing sound financial planning, disciplined budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Rankin County remains one of the fastest growing counties in Mississippi adding an average of 8 new residents every day over the past 10 years. In Fiscal Year 2009 the Rankin County Tax Assessor performed a countywide property reappraisal for the first time in six years. The resulting property value increase allowed the Board of Supervisors to reduce millage 1 mill and embark on an eventual \$40 million infrastructure program.

The County in concert with financial advisors restructured the general county tax levy to shift 2.08 mills and create a separate debt levy for the infrastructure program. Total revenue moved from General County as a result of this restructuring equaled \$277,000.

Increases in expenses of \$13,618,913 from the prior year are largely attributed to the infrastructure projects, health insurance costs and capital outlay for Information Technology upgrades.

Total net assets decreased \$1,225,082, which represents a 0.76% decrease from the prior fiscal year.

The County had \$60,805,988 in total governmental activities revenues, which represents an increase of 3,142,163 or 5.4% increase from the prior year. Property tax revenues account for \$34,073,749 or 56% of total revenues. Revenues in the form of revenues operating and capital grants and contributions accounted for \$2,926,631 or 4.8% of total revenues. Revenues in the form of charges for service accounted for \$14,633,070 or 24% of total revenues.

The County had \$61,753,401 in total expenses, which represents an increase of \$12,940,210 or 26.5% increase from the prior fiscal year.

Among major funds, the General Fund had \$30,855,826 in revenues and \$32,343,007 in expenditures. The General Fund's fund balance decreased \$4,867,233 over the prior year.

Capital assets, net of accumulated depreciation, increased by \$4,065,457 over the prior year.

Long-term debt increased by \$37,114,138.

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

Figure 2 – Major Features of the County’s Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> ● Statement of net assets ● Statement of activities 	<ul style="list-style-type: none"> ● Balance sheet ● Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> ● Statement of net assets ● Statement of revenues, expenses and changes in net assets ● Statement of cash flows 	<ul style="list-style-type: none"> ● Statement of fiduciary net assets ● Statement of changes in net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

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

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

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

The Government-wide Financial Statements can be found on pages 23 and 24 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 26 and 28, respectively.

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

The basic governmental funds financial statements can be found on pages 25 and 27 of this report.

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are not included in this report; however, we expect them to be included in the Audit Report issued by the State Department of Audit once our audit is complete.

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplemental information can be found on pages 56 through 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets – Net assets may serve over time as a useful indicator of government's financial position. In the case of Rankin County, assets exceeded liabilities by \$159,641,681 as of September 30, 2009, of which \$159,641,681 was governmental activities and none was business-type activities.

The largest portion of the County's net assets, 47%, reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens. Capital projects reflect 23% of the County's net assets.

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

The following table presents a summary of the County's net assets for the fiscal year ended September 30, 2009, as compared to fiscal year September 30, 2008.

	Governmental Activities	
	2009	2008
Current assets	\$ 128,876,222	91,224,895
Non-Current Assets	149,313,355	145,247,898
Total Assets	<u>\$ 278,191,586</u>	<u>236,474,801</u>
Current Liabilities	\$ 43,270,489	37,442,761
Long-term Debt outstanding	75,277,407	38,163,269
Total Liabilities	<u>\$ 118,547,896</u>	<u>75,606,030</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 75,948,028	108,155,879
Restricted	65,624,661	28,951,713
Unrestricted	18,068,992	23,739,171
Total Net Assets	<u>\$ 159,641,681</u>	<u>160,846,763</u>

Changes in Net Assets – Rankin County’s total revenues for the fiscal year ended September 30, 2009 was \$60,805,988. The total cost for all services provided was \$61,753,401. The decrease in net assets was \$947,413. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2009, as compared to fiscal year September 30, 2008.

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 14,633,070	12,043,782
Operating grants and revenues	2,918,731	2,359,420
Capital grants and contributions	7,900	1,377,746
General revenues:		
Property taxes	34,073,748	30,218,062
Road and bridge privilege taxes	1,887,168	1,877,532
Unrestricted grants	4,315,738	6,529,280
Other revenue	2,969,633	3,258,003
Total Revenues	<u>\$ 60,805,988</u>	<u>57,663,825</u>
Expenses:		
General government	\$ 22,322,340	18,229,094
Public safety	17,695,820	10,418,098
Public works	15,494,327	15,348,124
Health and welfare	876,518	1,090,471
Conservation of natural resources	379,960	333,413
Culture and recreation	1,564,174	2,308,641
Economic development	32,400	31,255
Interest on long-term debt	3,387,862	1,054,095
Total Expenses	<u>\$ 61,753,401</u>	<u>48,813,191</u>
Increase in Net Assets	<u>\$ (947,413)</u>	<u>8,850,634</u>

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

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

	2009		2008	
	Total Costs	Net Costs	Total Costs	Net Costs
General Government	\$ 22,322,340	(18,840,600)	\$ 18,229,094	(16,326,463)
Public Safety	17,695,820	(13,679,083)	10,418,098	(6,630,235)
Public Works	15,494,327	(10,778,398)	15,348,124	(9,284,867)
Health and Welfare	876,518	3,790,794	1,090,471	2,636,726
Culture and Recreation	1,564,174	(1,564,174)	2,308,641	(2,008,641)
Conservation of Natural Resources	379,960	(379,960)	333,413	(333,413)
Economic Development and assistance	32,400	(32,400)	31,255	(31,255)
Interest on Long-term Debt	3,387,862	(3,387,862)	1,054,095	(1,054,095)
Total	<u>\$ 61,753,401</u>	<u>(44,871,683)</u>	<u>\$ 48,813,191</u>	<u>(33,032,243)</u>

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

Governmental funds – At the close of the fiscal year, Rankin County’s governmental funds reported a combined fund balance of \$83,506,100, an increase of \$31,785,715. The primary reasons for this increase is highlighted in the analysis of governmental activities

The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$4,867,233.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2009, Rankin County’s total capital assets was \$316,681,112. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and business-type activities.

Total accumulated depreciation as of September 30, 2009 was \$167,367,757, including \$5,203,239 of depreciation expense for the year. The balance in total net capital assets was \$149,313,355 at year-end.

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

Debt Administration – At September 30, 2009, Rankin County had \$75,277,407 in long-term debt outstanding. This includes general obligation bonds, other loans, and obligations under capital lease. Of this debt, \$5,012,939 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of 151 million dollars.

LONG-TERM DEBT ANALYSIS

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Rankin County Administrator's office at 211 East Government St., Ste. A, Brandon, MS 39042.

RANKIN COUNTY

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RANKIN COUNTY

FINANCIAL STATEMENTS

RANKIN COUNTY

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RANKIN COUNTY
Statement of Net Assets
September 30, 2009

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
Assets	
Cash	\$ 69,617,918
Investments	20,201,096
Accrued interest receivable	94,793
Property tax receivable	35,298,243
Accounts receivable, net of allowance for uncollectibles of \$903,720	617,538
Fines receivable, net of allowance for uncollectibles of \$2,993,692	2,025,799
Capital leases receivable	305,945
Intergovernmental receivables	702,628
Other receivables	12,262
Capital assets:	
Land and construction in progress	10,963,231
Other capital assets, net	138,350,124
Total Assets	<u><u>278,189,577</u></u>
Liabilities	
Claims payable	1,980,977
Retainage payable	180,359
Claims and judgments payable	175,959
Intergovernmental payables	3,591,680
Accrued interest payable	667,044
Deferred revenue	35,346,188
Other accrued liabilities	299,449
Other payables - amounts held in custody	1,028,833
Long-term liabilities	
Due within one year:	
Capital related liabilities	4,722,288
Non-capital liabilities	252,302
Due in more than one year:	
Capital related liabilities	68,643,039
Non-capital liabilities	1,659,778
Total Liabilities	<u><u>118,547,896</u></u>
Net Assets	
Investment in capital assets, net of related debt	75,948,028
Restricted:	
Expendable:	
General Government	2,424,345
Debt Service	2,673,047
Public Safety	2,576,685
Public works	21,203,154
Unemployment compensation	94,266
Capital projects	36,562,465
Other purposes	90,699
Unrestricted	18,068,992
Total Net Assets	<u><u>\$ 159,641,681</u></u>

RANKIN COUNTY
Statement of Activities
For the Year Ended September 30, 2009

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Primary Government
					Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 22,322,340	3,445,607	36,133	-	(18,840,600)
Public Safety	17,695,820	3,241,923	838,288	-	(13,615,609)
Public works	15,494,327	3,755,223	1,567,315	7,900	(10,163,889)
Health and welfare	876,518	4,190,317	476,995	-	3,790,794
Culture and recreation	1,564,174	-	-	-	(1,564,174)
Conservation of natural resources	379,960	-	-	-	(379,960)
Economic development and assistance	32,400	-	-	-	(32,400)
Interest on long-term debt	3,387,862	-	-	-	(3,387,862)
Total governmental activities	\$ 61,753,401	14,633,070	2,918,731	7,900	(44,193,700)
General Revenues:					
Property taxes					34,073,748
Road & bridge privilege taxes					1,887,168
Grants and contributions not restricted to specific programs					4,315,738
Unrestricted investment income					1,326,468
Miscellaneous					1,643,165
Total General Revenues and Transfers					43,246,287
Change in Net Assets					(947,413)
Net Assets - Beginning					160,866,763
Prior Period Adjustment					(277,669)
Net Assets - Beginning - Restated					160,589,094
Net Assets - Ending					\$ 159,641,681

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

RANKIN COUNTY

Balance Sheet - Governmental Funds
September 30, 2009

Exhibit 3

	Major Funds						Total Governmental Funds
	General Fund	County Unit Road Maintenance Fund	County Unit Bridge and Culvert Fund	Capital Projects 2008 Bond	Rankin County Bond & Interest Fund	Other Governmental Funds	
ASSETS							
Cash	\$ 23,947,596	2,213,166	10,319,424	24,925,287	2,576,808	5,594,338	69,576,619
Investments	-	4,425,080	3,318,810	10,365,623	-	2,091,583	20,201,096
Accrued interest receivable	-	34,174	25,631	18,835	-	16,153	94,793
Property tax receivable	18,563,532	6,865,049	3,856,962	-	5,402,600	610,100	35,298,243
Accounts receivable, net of allowance for uncollectibles of \$903,720	-	-	-	-	-	617,538	617,538
Fines receivable, net of allowance for uncollectibles of \$2,993,692	2,025,799	-	-	-	-	-	2,025,799
Capital lease receivable	-	-	-	-	-	305,945	305,945
Intergovernmental receivables	702,628	-	-	-	-	-	702,628
Others receivables	12,262	-	-	-	-	-	12,262
Due from other funds	46,020	414,438	138,412	-	95,738	27,037	721,645
Total Assets	45,297,837	13,951,907	17,659,239	35,309,745	8,075,146	9,262,694	129,556,568
LIABILITIES AND FUND BALANCES							
Liabilities:							
Claims payable	1,005,101	167,293	58,423	622,131	-	128,029	1,980,977
Retainage payable	180,359	-	-	-	-	-	180,359
Other accrued liabilities	12,776	-	-	-	-	-	12,776
Amounts held in custody	1,028,833	-	-	-	-	-	1,028,833
Intergovernment payables	3,591,680	-	-	-	-	-	3,591,680
Due to other funds	1,008,318	-	-	-	-	-	1,008,318
Deferred revenue	20,589,331	6,865,049	3,856,962	-	5,402,600	1,533,583	38,247,525
Total Liabilities	27,416,398	7,032,342	3,915,385	622,131	5,402,600	1,661,612	46,050,468
Fund Balances:							
Reserved for:							
Unemployment compensation	-	-	-	-	-	94,266	94,266
Unreserved, reported in:							
General Fund	17,881,439	-	-	-	-	-	17,881,439
Special revenue Funds	-	6,919,565	13,743,854	34,687,614	2,672,546	5,631,464	63,655,043
Debt Service Funds	-	-	-	-	-	501	501
Capital Project Funds	-	-	-	-	-	1,874,851	1,874,851
Total Fund Balances	17,881,439	6,919,565	13,743,854	34,687,614	2,672,546	7,601,082	83,506,100
Total Liabilities and Fund Balances	\$ 45,297,837	13,951,907	17,659,239	35,309,745	8,075,146	9,262,694	129,556,568

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

RANKIN COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2009

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 83,506,100
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$167,683,379.	149,313,355
2. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferrd in the funds.	2,643,337
3. Capital lease receivables are not available to pay for current period expenditures and, therefore, are deferrd in the funds.	258,000
4. Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(75,944,451)
5. Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	<u>(134,660)</u>
Total Net Assets - Governmental Funds	<u>\$ 159,641,681</u>

RANKIN COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2009

Exhibit 4

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	County Unit Road Maintenance Fund	County Unit Bridge and Culvert Fund	Capital Projects 2008 Bond	Rankin County Bond & Interest Fund		
Revenues:							
Property taxes	\$ 20,106,510	6,910,950	3,813,041	-	2,641,658	601,590	34,073,749
Road and bridge privilege taxes	-	1,887,168	-	-	-	-	1,887,168
Licenses, commissions and other revenue	1,643,977	-	-	-	329	47,451	1,691,757
Fines and forfeitures	1,843,329	-	-	-	-	-	1,843,329
Intergovernmental revenues	4,837,291	997,476	398,781	-	-	880,765	7,114,313
Charges for services	816,486	-	-	-	-	5,468,647	6,285,133
Interest Income	554,524	24,019	146,335	570,756	30,558	-	1,326,192
Miscellaneous revenues	1,053,709	35,041	-	-	412,632	256,618	1,758,000
Total revenues	<u>30,855,826</u>	<u>9,854,654</u>	<u>4,358,157</u>	<u>570,756</u>	<u>3,085,177</u>	<u>7,255,071</u>	<u>55,979,641</u>
Expenditures:							
Current:							
General government	13,327,627	-	-	-	-	2,024,915	15,352,542
Public Safety	13,793,991	-	-	-	-	2,479,285	16,273,276
Public works	8,537	6,309,142	3,459,515	5,272,170	-	3,808,424	18,857,788
Health and welfare	1,126,518	-	-	-	-	-	1,126,518
Culture and recreation	1,540,266	-	-	-	-	23,908	1,564,174
Conservation of natural resources	379,348	-	-	-	-	-	379,348
Economic development and assistance	32,400	-	-	-	-	3,944,514	3,976,914
Debt Service:							
Principal	1,280,352	1,504,789	178,016	-	-	634,871	3,598,028
Interest	853,968	310,489	3,592	1,110,972	412,631	208,346	2,899,998
Total expenditures	<u>32,343,007</u>	<u>8,124,420</u>	<u>3,641,123</u>	<u>6,383,142</u>	<u>412,631</u>	<u>13,124,263</u>	<u>64,028,586</u>
Excess of Revenues over (under) Expenditures	<u>(1,487,181)</u>	<u>1,730,234</u>	<u>717,034</u>	<u>(5,812,386)</u>	<u>2,672,546</u>	<u>(5,869,192)</u>	<u>(8,048,945)</u>
Other Financing Sources (Uses):							
Proceeds from bond issue	-	-	-	40,500,000	-	-	40,500,000
Proceeds from sale of assets	-	176,853	-	-	-	-	176,853
Transfers in	1,858,082	301,846	-	-	-	2,316,267	4,476,195
Compensation for loss or damage to assets	-	57,484	-	-	-	-	57,484
Transfers out	(5,238,134)	-	-	-	-	(588,205)	(5,826,339)
Lease principal payments	-	-	-	-	-	(41,000)	(41,000)
Total Other Financing Sources (uses)	<u>(3,380,052)</u>	<u>536,183</u>	<u>-</u>	<u>40,500,000</u>	<u>-</u>	<u>1,687,062</u>	<u>39,343,193</u>
Net Change in Fund Balances	<u>(4,867,233)</u>	<u>2,266,417</u>	<u>717,034</u>	<u>34,687,614</u>	<u>2,672,546</u>	<u>(4,182,130)</u>	<u>31,294,248</u>
Fund balances:							
Fund Balances - Beginning	22,748,672	4,432,032	12,860,983	-	-	11,678,698	51,720,385
Prior period adjustment & reclassifications	-	221,116	165,837	-	-	104,514	491,467
Fund Balances - Beginning, as restated	<u>22,748,672</u>	<u>4,653,148</u>	<u>13,026,820</u>	<u>-</u>	<u>-</u>	<u>11,783,212</u>	<u>52,211,852</u>
Fund Balances - Ending	<u>\$ 17,881,439</u>	<u>6,919,565</u>	<u>13,743,854</u>	<u>34,687,614</u>	<u>2,672,546</u>	<u>7,601,082</u>	<u>83,506,100</u>

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

RANKIN COUNTY

Exhibit 4-1

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2009

	<u>Amount</u>
Net Change in fund balances - governmental funds	
Amounts reported for governmental activities in the Statement of Activities are different because:	\$ 31,294,248
1. Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$10,763,836 exceeded depreciation of \$5,905,218 in the current period.	5,174,242
2. In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the loss of \$155,106 and the proceeds from the sale of \$176,853 in the current period.	(331,959)
3. Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	637,689
4. Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(20,507)
5. In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from the change in fund balances by the principal collections on the capital leases.	(41,000)
6. Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long- term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt payments of \$3,598,028 was exceeded by debt proceeds of \$40,500,000.	(36,901,972)
7. Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendible available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following item:	
The amount of increase in compensated absences	(219,856)
The amount of decrease in accrued interest payable	(487,864)
8. An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	(50,434)
Change in Net Assets of Governmental Activities	<u>\$ (947,413)</u>

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

RANKIN COUNTY
Statement of Net Assets - Proprietary Funds
September 30, 2009

Exhibit 5

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Assets	
Cash	<u>\$ 41,299</u>
Total Assets	41,299
Liabilities	
Claims and judgements payable	<u>175,959</u>
Total Liabilities	175,959
Net Assets	
Restricted for health insurance	<u>(134,660)</u>
Total Net Assets	<u><u>\$ (134,660)</u></u>

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

RANKIN COUNTYStatement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
For the Year Ended September 30, 2009Exhibit 6

	Governmental Activities
	<u>Self-insurance Internal Service Fund</u>
Operating Revenues	
Premiums	\$ 4,190,317
Total Operating Revenues	<u>4,190,317</u>
Operating Expenses	
Claims payments	5,585,252
Administrative	8,007
Total Operating Expenses	<u>5,593,259</u>
Operating Income (Loss)	<u>(1,402,942)</u>
Nonoperating Revenues (Expenses)	
Interest income	1,212
Miscellaneous income	1,152
Net Nonoperating Revenue (Expenses)	<u>2,364</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	(1,400,578)
Capital Contributions	
Transfers in	1,506,144
Transfers out	<u>(156,000)</u>
Changes in Net Assets	<u>(50,434)</u>
Net Assets - Beginning	<u>(84,226)</u>
Net Assets - Ending	\$ <u><u>(134,660)</u></u>

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

RANKIN COUNTYStatement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2009Exhibit 7

	Governmental Activities
	Self-insurance Internal Service Fund
	<u>Fund</u>
Cash Flows From Operating Activities	
Receipts for premiums	\$ 4,190,317
Payments for claims	(5,554,572)
Payments to administrator for services	(8,007)
Net Cash Provided (Used) by Operating Activities	<u>(1,372,262)</u>
Cash Flows From Noncapital Financing Activities	
Operating transfers in	<u>1,350,144</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,350,144</u>
Cash Flows From Investing Activities	
Interest and dividends on investments	1,212
Miscellaneous	<u>1,152</u>
Net Cash Provided (Used) by Investing Activities	<u>2,364</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,754)
Cash and Cash Equivalents at Beginning of Year	61,053
Cash and Cash Equivalents at End of Year	<u>\$ 41,299</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (1,402,942)
Changes in assets and liabilities:	
Increase (decrease) in claims and judgments liability	<u>30,680</u>
Total Adjustments	<u>30,680</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,372,262)</u>

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

RANKIN COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2009

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 546,871
Due from other funds	286,673
Total Assets	\$ <u><u>833,544</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 11,686
Intergovernmental payables	821,858
Total Liabilities	\$ <u><u>833,544</u></u>

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

RANKIN COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2009

Notes to Financial Statements

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Rankin County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Rankin County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

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

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are

RANKIN COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2009

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and

RANKIN COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2009

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.

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

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

Capital Projects 2008 Fund – This fund is 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.

Rankin County Bond and Interest Fund – These funds are used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest and related costs.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

RANKIN COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2009

D. Account Classifications.

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

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

Investments in governmental securities are stated at fair value.

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

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

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

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

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

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

I. Long-term Liabilities.

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

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

RANKIN COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2009

Fund Financial Statements:

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

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

K. Property Tax Revenues.

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

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

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

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

(2) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
An adjustment to correct prior period depreciation expense	\$ (285,359)
An adjustment to correct an error in recording a liability in a prior year	7,690
Total	<u>\$ (277,669)</u>

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

<u>Explanation</u>	
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	221,116
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	165,837
An adjustment to correct an error in recording a revenue or an expenditure in a prior year.	104,514
Total	<u>\$ 491,467</u>

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$70,158,275, and the bank balance was \$72,745,535. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit 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.

Investments:

Investments balances at September 30, 2009, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Money market funds	Less than 1	\$ 172,761	Not rated
Short term investments	Less than 1	597,691	Not rated
U.S. government bonds	1 to 10	16,308,192	AA
Municipal bonds	1 to 10	2,656,787	AA to AAA
Corporate bonds	1 to 10	465,664	Not rated
Total		<u>\$ 20,201,095</u>	

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

Credit Risk: State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investment choices or one that address credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the county's \$20,201,095 investment in securities, none of the underlying securities were held by the investment's counterparty on behalf of the county, not in the name of the county.

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

Concentration of Credit Risk: The county places no limit on the amount the county may invest in any one issuer. More than 5 percent of the county's investments are in US Government Bonds, and Mississippi Municipal Bonds. These investments are 83.03% of the county's total investments.

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Percentage of total investments</u>
U.S. government bonds	Various	\$ 16,308,192	80.73%
Municipal bonds	Various	2,656,787	2.31%
	Total	<u>\$ 18,964,979</u>	<u>83.03%</u>

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	General fund	\$ 46,020
County road fund	General fund	414,438
County bridge fund	General fund	138,412
Other governmental funds	General fund	27,037
County bond and interest fund	General fund	95,738
Agency funds	General fund	<u>286,673</u>
Total		<u>\$ 1,008,318</u>

The receivables represent the tax revenue collected but not settled until October 2009. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Road Maintenance Fund	Other governmental funds	\$ 301,846
General fund	General fund	\$ 1,702,082
Other governmental funds	General fund	2,029,908
Other governmental funds	Other governmental funds	286,359
General fund	Internal service fund	156,000
Internal service fund	General fund	<u>1,506,144</u>
Total		<u>\$ 5,982,339</u>

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

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

(5) Intergovernmental receivables at September 30, 2009, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$ 702,628
Total Governmental Activities	<u>\$ 702,628</u>

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

(6) Capital Assets.

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

Governmental activities:

	Balance Oct 1, 2008	Additions	Deletions	Completed Construction	Adjustments*	Balance Sept 30, 2009
<u>Non-depreciable capital assets:</u>						
Land	\$ 2,742,154	-	-	-	-	2,742,154
Construction in progress	3,212,225	4,622,497	-	-	386,356	8,221,078
Total non-depreciable capital assets	5,954,379	4,622,497	-	-	386,356	10,963,232
<u>Depreciable capital assets:</u>						
Infrastructure	220,941,017	4,748,177	-	-	-	225,689,194
Buildings	51,504,524	250,000	-	-	-	51,754,524
Improvements other than buildings	769,901	-	-	-	-	769,901
Mobile equipment	9,888,560	508,399	(218,716)	-	647,989	10,826,232
Furniture and equipment	9,449,943	248,408	(127,602)	-	(14)	9,570,735
Leased property under capital leases	10,269,650	-	(2,553,586)	-	(608,770)	7,107,294
Total depreciable capital assets	302,823,595	5,754,984	(2,899,904)	-	39,205	305,717,880
<u>Less accumulated depreciation for:</u>						
Infrastructure	(124,912,033)	(1,918,489)	-	-	-	(126,830,522)
Buildings	(17,518,897)	(1,028,576)	-	-	(967,684)	(19,515,157)
Improvements other than buildings	(511,810)	(14,876)	-	-	(23,876)	(550,562)
Mobile equipment	(6,569,467)	(858,360)	165,168	-	(210,826)	(7,473,485)
Furniture and equipment	(7,899,002)	(545,907)	114,844	-	-	(8,330,065)
Leased property under capital leases	(6,118,867)	(837,031)	2,287,932	-	-	(4,667,966)
Total accumulated depreciation	(163,530,076)	(5,203,239)	2,567,944	-	(1,202,386)	(167,367,757)
Total depreciable capital assets, net	139,293,519	551,745	(331,960)	-	(1,163,181)	138,350,123
Governmental activities capital assets, net	\$ 145,247,898	5,174,242	(331,960)	-	(776,825)	149,313,355

*Adjustments were made to adjust construction in progress to actual and to adjust accumulated depreciation to actual.

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 1,168,833
Public safety	1,683,760
Public works	2,350,034
Conservation of natural resources	<u>612</u>
Total governmental activities depreciation expense	<u>\$ 5,203,239</u>

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Addition to Rankin Co. Detention Center	\$ 189,622	Completed July 2009
Juvenile Detention Center	7,712,000.00	June 2011
Rankin County Health Department	<u>828,410.00</u>	November 2009
Total Remaining Financial Commitment	<u>\$ 8,730,032</u>	

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 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.

The county is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 2004, and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the county established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. The Rankin County Board of Supervisors has extended coverage to the employees of the following public entities:

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

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

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

Premium payments to the risk management fund are determined on an actuarial basis. The county has minimum uninsured risk retention for all participating entities, including Rankin County, to the extent that actual claims submitted exceed the predetermined premium. The county has implemented the following plans to minimize this potential loss:

The county has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$100,000, and the aggregate policy covers all submitted claims in excess of \$1,000,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2009, the amount of these liabilities was \$175,959. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Unpaid Claims and Changes in Estimate	Claim Payments	Adjustments	Balance at Fiscal Year End
2007-2008	\$ 143,800	4,507,716	4,506,237	-	145,279
2008-2009	\$ 145,279	5,577,737	5,547,057		175,959

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$140,000 for the year ended September 30, 2009. The future minimum lease receivables for these leases are as follows:

Year Ended September 30	Amount
2010	140,000
2011	140,000
2012	140,000
2013	140,000
2014	140,000
2015-2019	700,000
2020-2024	700,000
2025-2026	280,000
Total Minimum Payments Required	\$ 2,380,000

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

In addition to the future lease receivables, the county receives annual compensation in lieu of taxes equal to the difference in \$500,000 per year and the actual taxes assessed and/or imposed on the real and personal property of the leased property. For the year ended September 30, 2009, the county received \$206,283 in lieu taxes.

(9) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2009:

Classes of Property		Amount
Water improvements	\$	400,000
Sewer lines		260,000
Total	\$	660,000

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2009, are as follows:

Year Ended September 30	Principal	Interest
2010	47,000	12,037
2011	48,000	9,593
2012	24,000	7,739
2013	25,000	6,483
2014	26,000	5,176
2015-2017	88,000	6,919
Total	\$ 258,000	\$ 47,947

As Lessee:

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

Classes of Property		Governmental Activities
Leased property under capital leases	\$	7,107,294
Total		7,107,294
Less: Accumulated depreciation		(4,667,966)
Leased property under capital leases	\$	2,439,328

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

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

<u>Year Ended September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	897,288	168,625
2011	608,722	134,338
2012	496,453	107,267
2013	500,723	91,406
2014	516,976	75,153
2015-2018	1,945,165	127,288
Total	<u>\$ 4,965,327</u>	<u>\$ 704,077</u>

(10) 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>
<u>Governmental Activities:</u>			
A. General Obligation Bonds			
2009 GO Bond	\$ 20,000,000	3.5/3.875%	6/1/2022
2008 Special Obligation Bond	20,500,000	3.78%	12/1/2023
2005 MS Public Improvement	16,650,000	3.00/4.125%	09/01/21
2005 Refunding	6,890,000	3.25/4.00%	09/01/15
2005 Series 2005A	4,360,000	3.10/4.00%	07/01/20
Total General Obligation Bonds	<u>\$ 68,400,000</u>		
B. Capital Leases:			
911 Radio towers and equipment (2)	3,875,443	3.22%	03/15/18
Motorola Portable radio units	63,884	4.12%	02/15/12
E911 trunking communication system	548,242	4.84%	12/25/10
E911 Equipment	175,633	5.17%	01/01/10
Offendertrak	302,125	4.99%	06/01/10
Total Capital Leases	<u>\$ 4,965,327</u>		
C. Other Loans:			
Interlocal agreement Flowood	\$ 378,000	6.10%	04/01/12
Interlocal agreement Pearl	157,610	4.60%	02/01/19
Capital improvements loan- DECD	85,364	2.35%	04/01/10
Total Other Loans	<u>\$ 620,974</u>		

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2010	\$ 3,825,000	2,565,634	226,096	33,728
2011	4,010,000	2,560,465	150,397	22,756
2012	4,170,000	2,439,005	149,358	14,156
2013	3,700,000	2,302,550	14,387	4,929
2014	4,650,000	2,159,519	80,736	12,879
2015-2019	26,290,000	8,137,585	-	-
2020-2024	21,755,000	2,346,800	-	-
Total	\$ 68,400,000	22,511,558	620,974	88,448

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bond to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2009, the amount of outstanding debt was equal to 5.98% of the latest property assessments.

Prior Year Defeasance of Debt – In prior years, the county defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county’s financial statements. On September 30, 2009, \$11,250,000 of bonds outstanding was considered defeased.

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

	Balance Oct. 1, 2008	Additions	Reductions	Adjustments	Balance Sept. 30, 2009	Amount Due Within One Year
Governmental Activities:						
Compensated absences	\$ 1,071,250	219,856	-	-	1,291,106	64,555
General obligation bonds	30,005,000	40,500,000	(2,105,000)	-	68,400,000	3,825,000
Capital leases	6,227,984	-	(1,262,657)	-	4,965,327	897,288
Other loans	859,035	-	(230,371)	(7,690)	620,974	226,096
Total	\$ 38,163,269	40,719,856	(3,598,028)	(7,690)	75,277,407	5,012,939

Compensated absences will be paid from the fund from which the employees’ salaries were paid, which are generally the General Fund, the Road Maintenance Fund, the Bridge & Culvert Fund and the Solid Waste Fund.

RANKIN COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2009

(11) Deficit Fund Balances of Individual Funds.

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

Fund	Deficit Amount
Self-funded Health Risk Management	\$ 134,660
Total	<u>\$ 134,660</u>

(12) Contingencies.

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

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

General Obligation Debt Contingencies - The county issued general obligation bonds to provide funds for constructing and improving capital facilities of the City of Pelahatchie. Such debt is being retired from pledged resources of these entities and, therefore, is reported as a liability of those entities. However, because general obligation bonds are backed by the full faith, credit and taxing power of the county, the county remains contingently liable for its retirement. During fiscal year 2009, general obligation bonds remaining of \$605,000 issued to provide funds for constructing and improving capital facilities for Trilogy, Inc. were defeased and a deed and bill of sale were issued to Trilogy, Inc. The principal amount of the remaining general obligation debt contingency outstanding at year end is as follows:

Description	Balance at Sept. 30, 2009
Pelahatchie Sewer Improvement G.O. Bonds	\$ 50,000
Pelahatchie Water Improvement G.O. Bonds	208,000
Total	<u>\$ 258,000</u>

As of September 30, 2009, the county had the following commitments:

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

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Notes to the Financial Statements
For the Year Ended September 30, 2009

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

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

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

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

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

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

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

Description	Balance at Sept. 30, 2008	Balance at Sept. 30, 2009
Industrial revenue bonds	\$ 4,100,000	\$ -

RANKIN COUNTY

(14) Joint Venture.

The county participates in the following joint ventures:

Rankin County is a participant with Scott, Simpson and Smith Counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the county's appropriation to the joint venture was \$1,512,698 in fiscal year 2009. Complete financial statements for the Central Mississippi Regional Library System can be obtained from 3470 Hwy 80 East, Pearl, MS 39208.

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

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

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Warren and Yazoo. The Rankin County Board of Supervisors appoints three of the 33 members of the board of directors. The county appropriated \$25,107 for support of the district in fiscal year 2009.

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

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Rankin County Board of Supervisors appoints one of the 15 members of the college board of trustees. The county appropriated \$1,850,981 for maintenance and \$3,143,816 for improvement of the college in fiscal year 2009.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Rankin County Board of Supervisors appoints one member of the board of commissioners. The county appropriated \$337,000 for support of the commission in fiscal year 2009.

(16) Defined Benefit Pension Plan.

Plan Description. Rankin County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplemental 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 \$1,911,861, \$1,753,650 and \$1,553,425, respectively, equal to the required contributions for each year.

RANKIN COUNTY

(17) Subsequent Events.

On December 7, 2009, the county accepted Mississippi Emergency Management Assistance (MEMA) funding assistance from the Hazard Mitigation Grant Program in the amount of \$195,415, 75% of the cost, with a 20% state cost share and a 5% county cost share for an upgrade to the warning siren.

On December 22, 2009, the county accepted a \$1,183,155 bid from Dickerson & Bowen Inc. for five American Recovery & Reinvestment Act (ARRA) projects.

On February 1, 2010, the county awarded the bid to Coleman Hammons Construction Company, Inc. for the renovation of the Rankin County Health Department.

On February 12, 2010, the county approved a Cooperative Agreement with the Department of Public Safety, Office of Homeland Security for a \$50,000 Law Enforcement Terrorism Prevention Grant; accepted a \$118,110 bid from Mid East Contractors, Inc. for the Mill Creek Channel Improvement project; and awarded Thornton Construction Company the bid for the Hugh Ward Boulevard pedestrian improvements in the amount of \$651,102.

On March 1, 2010, the county accepted funding from the Public Safety Inoperable Communications Grant in the amount of \$200,000.

On March 15, 2010, the county accepted the bid of Coleman Hammons Construction Co. Inc., of \$938,000 to construct the Rankin County Monterey Fire Station.

On April 5, 2010, the county accepted a \$50,000 Law Enforcement Terrorism Prevention Grant for training.

On April 15, 2010, the board accepted a bid from Lyle Machinery to purchase one or more trackhoes for \$127,124 each. The board also accepted a \$206,831 bid from Southern Rock, LLC, to build a retainage wall by the old courthouse building.

On May 3, 2010, the county accepted a \$250,000 grant from the Natural Resources Conservation Service for Mill Creek Channel improvements, phase four.

On May 14, 2010, the county accepted a grant from the Community Oriented Policing Services Technology in the amount of \$50,000.

On June 7, 2010, the board accepted a \$59,836 bid from Independent Roofing to roof the Annex building.

On July 6, 2010, the board accepted a \$50,908 award from Local Government Solid Waste Assistance Grant.

On July 15, 2010, the board accepted a bid from Thornton Construction Co. in the amount of \$2,149,439 for Henderson Road improvements.

On August 16, 2010, the board accepted a bid of \$106,678 from Thornton construction Co. for the West Lake Drive box culvert project.

On September 7, 2010, the board approved support of \$200,000 to the City of Pearl for construction of a box culvert under Flynn Drive. The board also accepted a \$69,330 bid of A. J. Construction, Inc. for the Hidden Hills drainage repair project.

On October 4, 2010, the board accepted the \$182,476 bid of B & B Electrical and Utility for Hugh Ward Boulevard pedestrian improvements. The board also accepted the \$1,230,786 bid of Foshee Construction Co. for Baker Lane road improvements.³

On October 15, 2010, the board accepted the bid of Jackson Communications in the amount of \$131,185 for five warning sirens.

RANKIN COUNTY

On November 1, 2010, the board accepted the \$243,476 bid of Southern Rock, LLC for Mill Creek Improvements, Phase I-A.

On November 15, 2010, the board awarded APAC-MS, Inc. a \$3,603,532 contract for the MS 083-1440(2)B (Old Highway 471) project. The county is to provide \$538,600 to the State Highway Fund which will be earmarked for this project.

On December 15, 2010, the board approved payment request of \$1,500,000 from the East Metro Corridor Commission for the City of Flowood.

RANKIN COUNTY

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RANKIN COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

RANKIN COUNTY

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RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 20,434,768	20,083,170	20,083,170	-
Licenses, commissions and other revenue	2,074,500	1,798,685	1,798,685	-
Fines and forfeitures	770,500	1,779,184	1,779,184	-
Intergovernmental revenues	5,092,500	4,661,151	4,661,151	-
Charges for services	756,000	816,376	816,376	-
Interest income	1,350,000	548,520	548,520	-
Miscellaneous revenues	1,101,000	1,045,601	1,045,601	-
Total Revenues	<u>31,579,268</u>	<u>30,732,687</u>	<u>30,732,687</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	12,872,105	13,052,836	13,052,836	-
Public safety	14,945,190	13,824,504	13,824,504	-
Public works	7,415	7,979	7,979	-
Health and welfare	1,154,113	1,125,962	1,125,962	-
Culture and recreation	1,512,698	1,542,698	1,542,698	-
Conservation of natural resources	480,905	347,312	347,312	-
Economic development and assistance	75,532	49,729	49,729	-
Debt service:				
Principal	1,837,757	1,280,352	1,280,352	-
Interest	-	853,968	853,968	-
Total Expenditures	<u>32,885,715</u>	<u>32,085,340</u>	<u>32,085,340</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,306,447)</u>	<u>(1,352,653)</u>	<u>(1,352,653)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,430,000	1,858,082	1,858,082	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	(1,720,000)	(5,238,134)	(5,238,134)	-
Other financing uses	-	-	-	-
Total Other Financing Sources and Uses	<u>(290,000)</u>	<u>(3,380,052)</u>	<u>(3,380,052)</u>	<u>-</u>
Net Change in Fund Balance	(1,596,447)	(4,732,705)	(4,732,705)	-
Fund Balances - Beginning	18,140,500	17,769,122	17,769,122	-
Fund Balances - Ending	<u>\$ 16,544,053</u>	<u>13,036,417</u>	<u>13,036,417</u>	<u>-</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 County Unit Road Maintenance Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,880,000	6,891,626	6,891,626	-
Road and bridge privilege taxes	2,430,000	1,886,382	1,886,382	-
Intergovernmental revenues	1,195,800	997,481	997,481	-
Interest income	75,000	31,551	31,551	-
Miscellaneous revenues	7,000	35,041	35,041	-
Total Revenues	<u>10,587,800</u>	<u>9,842,081</u>	<u>9,842,081</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	7,500,734	6,566,019	6,566,019	-
Debt service:				
Principal	2,182,861	1,504,789	1,504,789	-
Interest	-	303,630	303,630	-
Total Expenditures	<u>9,683,595</u>	<u>8,374,438</u>	<u>8,374,438</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>904,205</u>	<u>1,467,643</u>	<u>1,467,643</u>	<u>-</u>
Net Change in Fund Balance	904,205	1,467,643	1,467,643	-
Fund Balances - Beginning	3,000,000	6,213,166	6,213,166	-
Fund Balances - Ending	<u>\$ 3,904,205</u>	<u>7,680,809</u>	<u>7,680,809</u>	<u>-</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 County Unit Bridge and Culvert Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,858,000	3,851,136	3,851,136	-
Intergovernmental revenues	1,000	398,784	398,784	-
Interest income	20,000	151,985	151,985	-
Total Revenues	<u>3,879,000</u>	<u>4,401,905</u>	<u>4,401,905</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	4,632,511	3,401,092	3,401,092	-
Debt service:				
Principal	181,609	178,016	178,016	-
Interest	-	3,592	3,592	-
Total Expenditures	<u>4,814,120</u>	<u>3,582,700</u>	<u>3,582,700</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(935,120)</u>	<u>819,205</u>	<u>819,205</u>	<u>-</u>
Net Change in Fund Balance	(935,120)	819,205	819,205	-
Fund Balances - Beginning	10,000,000	13,319,424	13,319,424	-
Fund Balances - Ending	<u>\$ 9,064,880</u>	<u>14,138,629</u>	<u>14,138,629</u>	<u>-</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Capital Projects 2008 Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	570,756	570,756	-
Total Revenues	<u>\$ -</u>	<u>570,756</u>	<u>570,756</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	-	562,045	562,045	-
Public works	-	4,475,890	4,475,890	-
Health and welfare		53,267	53,267	
Conservation of natural resources		180,968	180,968	
Debt service:				
Bond issue costs		1,110,972	1,110,972	
Total Expenditures	<u>-</u>	<u>6,383,142</u>	<u>6,383,142</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>(5,812,386)</u>	<u>(5,812,386)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	-	40,500,000	40,500,000	-
Total Other Financing Sources and Uses	<u>-</u>	<u>40,500,000</u>	<u>40,500,000</u>	<u>-</u>
Net Change in Fund Balance	-	34,687,614	34,687,614	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>34,687,614</u>	<u>34,687,614</u>	<u>-</u>

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

RANKIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Rankin County Bond & Interest Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ -	2,545,920	2,545,920	
Licenses, commissions and other revenues	-	329	329	
Interest income	-	30,558	30,558	-
Miscellaneous income	-	412,632	412,632	
Total Revenues	<u>-</u>	<u>2,989,439</u>	<u>2,989,439</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	-	-	-	-
Interest	-	412,631	412,631	-
Total Expenditures	<u>-</u>	<u>412,631</u>	<u>412,631</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>2,576,808</u>	<u>2,576,808</u>	<u>-</u>
Net Change in Fund Balance	-	2,576,808	2,576,808	-
Fund Balances - Beginning	-	2,989,439	2,989,439	-
Fund Balances - Ending	<u>\$ -</u>	<u>5,566,247</u>	<u>5,566,247</u>	<u>-</u>

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

RANKIN COUNTY

Notes to the Required Supplemental Information
For the Year Ended September 30, 2009

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type				
	General Fund	County Unit Road Maintenance Fund	County Unit Bridge and Culvert Fund	Capital Projects 2008 Bond Fund	Rankin County Bond & Interest Fund
Budget (Cash Basis)	\$ (4,732,705)	1,467,643	819,205	34,687,614	2,576,808
Increase(Decrease)					
Net adjustments for revenue accruals	123,139	548,756	(43,748)	-	95,738
Net adjustments for expenditure accruals	(257,667)	250,018	(58,423)	-	-
GAAP Basis	<u>\$ (4,867,233)</u>	<u>2,266,417</u>	<u>717,034</u>	<u>34,687,614</u>	<u>2,672,546</u>

RANKIN COUNTY

SUPPLEMENTAL INFORMATION

RANKIN COUNTY

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RANKIN COUNTY
 Schedule of Expenditure of Federal Awards
 For the Year Ended September 30, 2009

Schedule 1

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through the Mississippi Soil and Water Conservation Commission:		
* Soil and water conservation	10.902	\$ 331,728
Total U. S. Department of Agriculture		<u>331,728</u>
<u>U. S. Department of Transportation</u>		
Passed-through the Mississippi Department of Public Safety:		
State and community highway safety	20.600	71,380
Interagency Hazardous Material Public Sector Training and Planning Grants	20.703	4,250
Total U. S. Department of Transportation		<u>75,630</u>
<u>U. S. Department of Justice</u>		
Passed-through the Mississippi Department of Public Safety:		
Edward Byrne memorial justice assistance grant program	16.738	65,000
Crime Victim Assistance	16.575	56,193
Total U. S. Department of Transportation		<u>121,193</u>
<u>Executive Office of the President</u>		
Passed-through Mississippi Emergency Management Agency:		
High Intensity Drug Trafficking Areas Program	95.001	65,546
Total U. S. Department of Health and Human Services		<u>65,546</u>
<u>Department of Homeland Security</u>		
Passed-through Mississippi Emergency Management Agency:		
* Emergency management performance grant	97.042	77,480
Total State domestic preparedness equipment support program		<u>77,480</u>
Passed-through Mississippi Office of Homeland Security:		
Homeland security grant program	97.067	3,855
State Homeland security program	97.073	32,794
Total Homeland security grant program		<u>36,649</u>
Total Passed-through the Department of Homeland Security		<u>114,129</u>
Total Expenditures of Federal Awards		<u>\$ 708,226</u>

NOTES TO SCHEDULE

Note A - Significant Accounting Policies

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

* Denotes major Federal award program.

RANKIN COUNTY

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RANKIN COUNTY

SPECIAL REPORTS

RANKIN COUNTY

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

February 1, 2011

Members of the Board of Supervisors
Rankin County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic government financial statements and have issued our report thereon dated February 1, 2011. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified 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 2009-1 and 2009-2 to be significant deficiencies in the internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, we believe of the significant deficiencies described above, we consider findings 2009-1 and 2009-2 to be material weaknesses.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Rankin County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated February 1, 2011, included within this document.

Rankin 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 Rankin County's responses and, accordingly, we express no opinion on them.

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

Sincerely,



D. Scott Nieman, CPA
Dribben & Associates, Ltd
McComb, MS

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

February 1, 2011

Members of the Board of Supervisors
Rankin County, Mississippi

Compliance

We have audited the compliance of Rankin County, Mississippi, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs, for the year ended September 30, 2009. Rankin County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Rankin County, Mississippi's management. Our responsibility is to express an opinion on Rankin County, Mississippi's compliance based on our audit.

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

In our opinion, Rankin County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009

In addition, we have noted certain other instances of noncompliance in the Federal Awards and Questioned Cost which we have reported to the management of Rankin County, Mississippi.

Internal Control Over Compliance

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

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

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

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

In addition, we have noted certain other instances of noncompliance in the Federal Awards and Questioned Costs which we have reported to the management of Rankin County, Mississippi.

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

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

Sincerely,



D. Scott Nieman, CPA
Dribben & Associates, Ltd
McComb, MS

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

February 1, 2011

Members of the Board of Supervisors
Rankin County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Rankin County, Mississippi, as of and for the year ended September 30, 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 Rankin County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Rankin County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Rankin County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



D. Scott Nieman, CPA
Dribben & Associates, Ltd
McComb, MS

Rankin County
 Schedule of Purchase Not Made From the Lowest Bidder
 For the Year Ended September 30, 2009

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
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No bids were awarded to other than the lowest bidder for this period.

Rankin County
 Schedule of Emergency Purchases
 For the Year Ended September 30, 2009

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/12/08	Chain saw	\$ 375	Fredericks Sales & Service, Inc.	Storm damage on 12/11/08
12/15/08	Emergency repair of collapsed levy	5,965	Bodie's Construction	Storm damage on 12/11/08
01/07/09	Diesel for equipment used to clean up storm damage	17,160	Cpaitol Oil, Inc.	Storm damage on 12/11/08

Rankin County
 Schedule of Purchases Made Noncompetitively From a Sole Source
 For the Year Ended September 30, 2009

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
12/1/08	Mosquito insecticides	\$ 2,794	Adapco, Inc.
2/13/09	Equipment and services for drug interdiction for ALPR site	26,625	PIPS Technology Inc.
4/3/09	Equipment and services for drug interdiction for ALPR site	11,965	PIPS Technology Inc.
6/12/09	Mobile Vision In-Car Design Video Recording System	5,865	TCS Ware, Inc.
8/2/09	Fans for Livestock/Multipurpose Facility	90,495	Big Ass Fan Company

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

February 1, 2011

Members of the Board of Supervisors
Rankin County, Mississippi

In planning and performing our audit of the financial statements of Rankin County, Mississippi for the year ended September 30, 2009, we considered Rankin County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Rankin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated February 1, 2011, on the financial statements of Rankin County, Mississippi.

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

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. Our finding and recommendation and your response is disclosed below:

Chancery Clerk.

1. Finding

During our review of clerk of the board of supervisor's payments to the Chancery clerk, it was noted that there was an overpayment of \$1,500. There were (3) payment requests for \$1,500 each, totaling \$4,500. Per Section 25-7-9 of the Miss. Code Ann. (1972), for other services as clerk of the board of supervisors an allowance shall be made to him (chancery clerk) payable semiannually at the July and January meetings out of the county treasury, an annual sum not exceeding \$3,000.

Recommendation

We recommend that the chancery clerk abide by Section 25-7-9 of the Miss. Code Ann. (1972), and ensure that future payments for clerk of the board of supervisors are not more than the statute allows. The overpayment was repaid during the 2010 fiscal year by not requesting payment for the first six months of the fiscal year.

Response

This was corrected in fiscal year 2010 by not requesting payment for the \$1,500 that was overpaid in fiscal year 2009.

Rankin County's response to the finding identified in our audit is listed above. We did not audit Rankin County's response and, accordingly, we express no opinion on it.

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

Sincerely,

A handwritten signature in black ink, appearing to read "D. Scott Nieman", with a long horizontal flourish extending to the right.

D. Scott Nieman, CPA
Dribben & Associates, Ltd
McComb, MS

RANKIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RANKIN COUNTY

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RANKIN COUNTY

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

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unqualified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unqualified |
| | County Unit Road Maintenance Fund | Unqualified |
| | County Unit Bridge and Culvert Fund | Unqualified |
| | Capital Projects 2008 Fund | Unqualified |
| | Rankin County Bond & Interest Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiency identified that is not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the primary government financial statements? | No |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit finding reported as required by Section ____510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | Soil and water conservation | CFDA# 10.902 |
| | Emergency Management Performance Grant | CFDA# 97.042 |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____315(b) of OMB Circular A-133? | No |

RANKIN COUNTY

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency – Material Weakness.

2009-1. Finding – Board of Supervisors

As reported in the prior year's audit report, generally accepted accounting principals require the financial data for the county's component units to be reported with the financial data of the county's primary government, unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The financial statements do not include the financial data for all of the county's legally separate component units. Only three of the component units could provide audited financial statements for the period ended September 30, 2009. The other component units of the county do not have audits of their financial statements at year end. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units with financial data not included in this report.

Recommendation

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

Board of Supervisor's Response

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

Significant Deficiency – Material Weakness.

2009-2. Finding – Board of Supervisors

A critical aspect of effective financial management is the maintenance of accurate accounting records. Management does not have personnel that possess the necessary qualifications and training to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked the skills and training to apply generally accepted accounting principles in recording the entity's financial transactions and adequate controls in place over the recording and reporting of financial records, the risk increases that inaccurate information may be reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure the financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles. While it is the auditor's responsibility to perform the annual audit, management of Rankin County is charged with the responsibility for preparing its financial statements in accordance with generally accepted accounting principles.

Board of Supervisor's Response

The county is looking into the possibility of hiring someone to prepare the financials in the future.

RANKIN COUNTY

Section 3: Federal Award Findings and Questioned Costs

Significant Deficiency Not Considered to be Material Weakness

2009-3. Finding

Program: HIDTA; CFDA number 95.001; passed-through Mississippi Emergency Management Agency.

Compliance Requirement: Internal control over accountability of funds on hand and documentation of funds returned.

The HIDTA fund cash count concluded that the fund was over by \$1,160. One of the HIDTA fund transactions did not have supporting documentation and the funds returned had not been properly logged back into the ledger. This represents a weakness in internal control over accountability of funds.

Questioned Costs: This finding did not result in any questioned costs.

Recommendation

We recommend that the county institute controls over the accountability of funds to include cash balancing at an interval to be determined by the board of supervisors.

RANKIN COUNTY

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RANKIN COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

RANKIN COUNTY

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BOARD OF SUPERVISORS
"Government of the People"

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

Telephone: (601) 825-1475
Fax: (601) 825-9600

CORRECTIVE ACTION PLAN
September 30, 2009

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

Gentlemen:

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

FINANCIAL STATEMENT FINDINGS

2009-3 Finding

Corrective Action Planned: The HIDTA fund cash account will be reviewed by the Comptroller or Assistant Comptroller on no less than a quarterly basis.

Sincerely,

Clovis Reed
County Administrator