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WAYNE COUNTY, MISSISSIPPI

**Audited Financial Statements
and Special Reports**

For the Year Ended September 30, 2009

WAYNE COUNTY

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WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL SECTION

WAYNE COUNTY

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Certified Public Accountant



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INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTAL INFORMATION AND SUPPLEMENTAL INFORMATION

Members of the Board of Supervisors
Wayne County, Mississippi

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

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

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

In my 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 Wayne County, Mississippi, as of September 30, 2009, or the changes in financial position thereof for the year then ended.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 14, 2011, on my consideration of Wayne County, Mississippi's internal control over financial reporting and on my 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 my 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 *Governmental Auditing Standards* and should be considered in assessing the results of my audit.

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

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

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



Waynesboro, Mississippi
March 14, 2011

WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL STATEMENTS

WAYNE COUNTY
Statement of Net Assets –
Exhibit 1
September 30, 2009

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash	\$ 9,140,533
Property tax receivable	3,581,569
Fines receivable (net of allowance for uncollectibles of \$529,122)	394,251
Capital leases receivable	150,293
Intergovernmental receivables	124,399
Other receivables	1,514
Capital assets:	
Land	1,359,208
Infrastructure	126,482,001
Buildings	9,754,615
Improvements other than buildings	554,391
Mobile equipment	5,717,410
Other furniture & equipment	922,068
Leased property under capital leases	2,809,417
Less: Accumulated depreciation	<u>(82,193,097)</u>
Total Assets	<u>78,798,572</u>
LIABILITIES	
Claims payable	260,359
Intergovernmental payables	295,307
Accrued interest payable	16,707
Deferred revenue	3,586,861
Other payables	111,812
Long-term liabilities	
Due within one year:	
Capital debt	2,103,612
Due in more than one year:	
Capital debt	2,625,185
Non-capital debt	<u>25,848</u>
Total Liabilities	<u>9,025,691</u>
NET ASSETS	
Invested in capital assets, net of related debt	60,677,216
Restricted:	
Expendable:	
General government	108,813
Debt service	146,280
Public safety	461,439
Public works	2,677,972
Culture and recreation	15,569
Economic development	35,412
Unrestricted	<u>5,650,180</u>
Total Net Assets	<u>\$ 69,772,881</u>

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

WAYNE COUNTY
Statement of Activities –
Exhibit 2
For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,717,328	541,963			(2,175,365)
Public safety	3,036,539	567,277	204,378	75,624	(2,189,260)
Public works	6,957,896	4,000	823,704	52,487	(6,077,705)
Health and welfare	286,382		42,335		(244,047)
Education	292,603				(292,603)
Culture and recreation	16,358		16,408		50
Conservation of natural resources	83,668				(83,668)
Economic development and assistance	132,350		55,692		(76,658)
Interest on long-term debt	191,514				(191,514)
Total Governmental Activities	<u>13,714,638</u>	<u>1,113,240</u>	<u>1,142,517</u>	<u>128,111</u>	<u>(11,330,770)</u>
General revenues:					
Property taxes				\$ 4,654,162	
Road & bridge privilege taxes				265,624	
Grants and contributions not restricted to specific programs				3,459,746	
Unrestricted interest income				278,386	
Miscellaneous				414,813	
Total General Revenues				<u>9,072,731</u>	
Changes in Net Assets					(2,258,039)
Net Assets - Beginning					<u>72,030,920</u>
Net Assets - Ending				\$	<u><u>69,772,881</u></u>

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

WAYNE COUNTY
Balance Sheet – Governmental Funds –
Exhibit 3
September 30, 2009

	<u>Major Fund</u>		
	General	Other	Total
	Fund	Governmental	Governmental
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash	\$ 5,504,888	3,635,645	9,140,533
Property tax receivable	1,499,510	2,082,059	3,581,569
Fines receivable (net of allowance for uncollectibles of \$529,122)	394,251		394,251
Capital lease receivable		150,293	150,293
Intergovernmental receivables	112,991	11,408	124,399
Other receivables	1,514		1,514
Due from other funds		134,809	134,809
Total Assets	\$ <u>7,513,154</u>	<u>6,014,214</u>	<u>13,527,368</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 98,925	161,434	260,359
Intergovernmental payables	275,689		275,689
Due to other funds	154,427		154,427
Deferred revenue	1,893,761	2,232,352	4,126,113
Other payables	111,812		111,812
Total Liabilities	<u>2,534,614</u>	<u>2,393,786</u>	<u>4,928,400</u>
Fund balances:			
Reserved for:			
Debt service		146,280	146,280
Unreserved - undesignated, reported in:			
General Fund	4,978,540		4,978,540
Special Revenue Funds		3,474,148	3,474,148
Total Fund Balances	<u>4,978,540</u>	<u>3,620,428</u>	<u>8,598,968</u>
Total Liabilities and Fund Balances	\$ <u>7,513,154</u>	<u>6,014,214</u>	<u>13,527,368</u>

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

WAYNE COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets–

Exhibit 3.1

September 30, 2009

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,598,968
Amounts reported for governmental services in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$82,193,097.	65,406,013
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines receivables	394,252
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(4,754,645)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	145,000
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(16,707)</u>
Total Net Assets - Governmental Activities	<u>\$ 69,772,881</u>

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

WAYNE COUNTY
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds –
Exhibit 4
For the Year Ended September 30, 2009

	<u>Major Fund</u>		Total Governmental Funds
	General Fund	Other Governmental Funds	
REVENUES			
Property taxes	\$ 1,984,562	2,669,600	4,654,162
Road and bridge privilege taxes		265,624	265,624
Licenses, commissions and other revenue	186,151	29,547	215,698
Fines and forfeitures	327,748		327,748
Intergovernmental revenues	2,248,318	2,482,056	4,730,374
Charges for services	167,771	215,791	383,562
Interest income	160,062	118,324	278,386
Miscellaneous revenues	249,010	294,983	543,993
Total Revenues	<u>5,323,622</u>	<u>6,075,925</u>	<u>11,399,547</u>
EXPENDITURES			
Current:			
General government	2,399,351	200,073	2,599,424
Public safety	1,788,128	1,353,310	3,141,438
Public works		3,348,643	3,348,643
Health and welfare	286,382		286,382
Education	291,050	1,553	292,603
Culture and recreation		16,358	16,358
Conservation of natural resources	83,668		83,668
Economic development and assistance	38,907	74,761	113,668
Debt service:			
Principal		1,266,381	1,266,381
Interest		198,854	198,854
Total Expenditures	<u>4,887,486</u>	<u>6,459,933</u>	<u>11,347,419</u>
Excess of Revenues over (under) Expenditures	<u>436,136</u>	<u>(384,008)</u>	<u>52,128</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		1,018,882	1,018,882
Proceeds from sale of capital assets		159,109	159,109
Lease principal payments		135,000	135,000
Transfers in	13,658	40,901	54,559
Transfers out	(33,901)	(20,658)	(54,559)
Total Other Financing Sources and Uses	<u>(20,243)</u>	<u>1,333,234</u>	<u>1,312,991</u>
Net Changes in Fund Balances	<u>415,893</u>	<u>949,226</u>	<u>1,365,119</u>
Fund Balances - Beginning	4,671,158	2,562,691	7,233,849
Fund Reclassification	(108,511)	108,511	0
Fund Balances - Beginning, as Restated	<u>4,562,647</u>	<u>2,671,202</u>	<u>7,233,849</u>
Fund Balances - Ending	<u>\$ 4,978,540</u>	<u>3,620,428</u>	<u>8,598,968</u>

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

WAYNE COUNTY

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities –
Exhibit 4.1**

For the Year Ended September 30, 2009

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 1,365,119
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$5,532,672 exceeded capital outlays of \$1,978,602 in the current period.	(3,554,070)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$81,785 plus the proceeds from the sale of \$159,109 in the current period.	(240,894)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	57,052
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 of debt repayment of \$1,266,381 exceeded debt proceeds of \$1,018,882.	247,499
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 change in fund balances by the principal collections on the capital leases.	(135,000)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following:	
Increase in compensated absences	(5,085)
Decrease in accrued interest payable	7,340
	(2,258,039)
Change in Net Assets of Governmental Activities	\$ (2,258,039)

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

WAYNE COUNTY
Statement of Fiduciary Assets and Liabilities –
Exhibit 5
September 30, 2009

		Agency Funds
ASSETS		
Cash	\$	150,082
Due from other funds		19,618
Total Assets	\$	169,700
 LIABILITIES		
Amounts held in custody for others	\$	150,082
Intergovernmental payables		19,618
Total Liabilities	\$	169,700

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Wayne 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 Wayne 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.

- Wayne County Economic Development District
- Wayne General Hospital

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

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

B. 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.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Fund:

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

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.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

FIDUCIARY FUND TYPE

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

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

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.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Wayne County elected to report major general infrastructure assets acquired after September 30, 1980, on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

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

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

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

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 improvement of those assets.

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

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

Fund Financial Statements:

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

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

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

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 accumulates 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 accumulates 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.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

(2) Reclassification of Fund Type

A summary of the significant fund equity reclassification is as follows:

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances.

<u>Explanation</u>	<u>Amount</u>
To correct error in classification of funds.	\$ <u>108,511</u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$9,290,615, and the bank balance was \$9,504,713. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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

(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>
Other Governmental Funds	General Fund	\$ 134,809
Agency Funds	General Fund	<u>19,618</u>
Total		\$ <u>154,427</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.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 13,658
Other Governmental Funds	General Fund	33,901
Other Governmental Funds	Other Governmental Funds	<u>7,000</u>
Total		<u>\$ 54,559</u>

The principal purposes of interfund transfers were to provide funds for debt service, reimbursement of expenditures and to close out dormant funds.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 90,833
Housing state prisoners	11,902
Housing city prisoners	6,500
MEMA funds	3,756
MS Dept. of Wildlife, Fisheries & Parks funds	<u>11,408</u>
Total Governmental Activities	<u>\$ 124,399</u>

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

(6) Capital Assets.

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

Governmental activities:

Governmental Activities:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
Non-depreciable capital assets:					
Land	\$ 1,333,208	26,000			1,359,208
Construction in progress					0
Total non-depreciable capital assets	<u>1,333,208</u>	<u>26,000</u>	<u>0</u>	<u>0</u>	<u>1,359,208</u>
Depreciable capital assets:					
Infrastructure	125,804,005	677,996			126,482,001
Buildings	9,754,615				9,754,615
Improvements other than buildings	554,391				554,391
Mobile equipment	5,430,698	376,534	352,484	262,662	5,717,410
Furniture and equipment	915,680	6,388			922,068
Leased property under capital leases	2,427,409	891,684	247,014	(262,662)	2,809,417
Total depreciable capital assets	<u>144,886,798</u>	<u>1,952,602</u>	<u>599,498</u>	<u>0</u>	<u>146,239,902</u>
Less accumulated depreciation for:					
Infrastructure	69,855,319	4,307,847			74,163,166
Buildings	2,731,126	237,522			2,968,648
Improvements other than buildings	133,054	22,175			155,229
Mobile equipment	2,992,402	485,265	254,926	197,884	3,420,625
Furniture and equipment	664,686	78,381			743,067
Leased property under capital leases	642,442	401,482	103,678	(197,884)	742,362
Total accumulated depreciation	<u>77,019,029</u>	<u>5,532,672</u>	<u>358,604</u>	<u>0</u>	<u>82,193,097</u>
Total depreciable capital assets, net	<u>67,867,769</u>	<u>(3,580,070)</u>	<u>240,894</u>	<u>0</u>	<u>64,046,805</u>
Governmental activities capital assets, net	<u>\$ 69,200,977</u>	<u>(3,554,070)</u>	<u>240,894</u>	<u>0</u>	<u>65,406,013</u>

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 138,819
Public safety	511,222
Public works	4,863,949
Economic development and assistance	18,682
Total governmental activities depreciation expense	\$ 5,532,672

(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.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

(8) Capital Leases.

As Lessor:

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

<u>Classes of Property</u>	<u>Amount</u>
Building	\$ <u><u>6,000,000</u></u>

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ <u><u>145,000</u></u>	<u><u>5,293</u></u>

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,809,417
Less: Accumulated depreciation	<u>742,362</u>
Lease Property Under Capital Leases	<u>\$ 2,067,055</u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,435,113	56,268
2011	401,564	22,727
2012	322,639	10,600
2013	115,159	3,487
2014	<u>44,261</u>	<u>484</u>
Total	<u>\$ 2,318,736</u>	<u>93,566</u>

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

(9) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
General obligation industrial taxable bonds	145,000	8.50%	04/2010
General obligation jail bonds 98	<u>1,565,000</u>	6.00%	08/2013
Total General Obligation Bonds	<u>\$ 1,710,000</u>		
B. Capital Leases:			
District 1 - Komatsu grader	\$ 117,390	4.17%	02/2010
District 2 - Komatsu grader	117,390	4.17%	02/2010
District 2 - Mack GU713 tandem dump truck	89,205	3.24%	05/2012
District 2 - Kubota tractor w/Tiger mower	44,251	3.19%	08/2011
District 3 - Komatsu motor grader	122,048	4.17%	02/2010
District 3 - Komatsu motor grader	117,390	4.17%	02/2010
District 3 - (2) Mack tandem dump trucks	124,092	4.21%	03/2010
District 3 - 09 Int'l 430 DP	10,272	3.64%	03/2011
District 3 - Case wheel loader	60,202	3.79%	04/2013
District 4 - Case 865 motor grader	83,985	3.45%	11/2013
District 4 - Komatsu WB140-2N backhoe	33,117	3.45%	03/2011
District 5 - 2005 12H Caterpillar grader	97,959	3.24%	12/2009
District 5 - International 08 4300 dump truck	12,810	4.59%	08/2010
District 5 - Komatsu grader	117,390	4.17%	02/2010
District 5 - (2) 2005 Mack tandem dump trucks	124,092	4.21%	03/2010
Countywide - Asphalt distributor truck & chip spreader	149,042	2.97%	07/2011
Countywide - Caterpillar 950H loader	170,466	3.28%	01/2012
Sanitation - 09 Int'l garbage truck w/ rear loader	52,757	3.64%	07/2011
Sanitation - Travis Wave Trailer	51,819	3.34%	12/2012
Voluntary Fire Dept - '07 & '06 Tanker Ford F750	202,481	3.44%	03/2014
Voluntary Fire Dept - Water Tanker Ford 750	140,193	3.39%	01/2013
Voluntary Fire Dept - (2) Water Tankers Ford 750	<u>280,385</u>	3.41%	06/2011
Total Capital Leases	<u>\$ 2,318,736</u>		
C. Other Loans:			
Sunbeam roof - CAP loan	\$ 59,983	4.65%	09/2010
Fire trucks - CAP loan	<u>640,078</u>	2.00%	11/2015
Total Other Loans	<u>\$ 700,061</u>		

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 510,000	74,153	158,499	13,422
2011	380,000	52,800	100,504	9,913
2012	400,000	36,080	102,533	7,885
2013	420,000	18,480	104,602	5,815
2014			106,714	3,704
2015 - 2019			127,209	1,596
Total	\$ <u>1,710,000</u>	<u>181,513</u>	<u>700,061</u>	<u>42,335</u>

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

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

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2008</u>				<u>Sept. 30, 2009</u>	<u>within one</u>
						<u>year</u>
Governmental Activities:						
Compensated absences	\$ 20,763	5,085			25,848	
General obligation bonds	2,185,000		475,000		1,710,000	510,000
Capital leases	1,937,404	1,018,882	637,550		2,318,736	1,435,113
Other loans	853,892		153,831		700,061	158,499
Total	\$ <u>4,997,059</u>	<u>1,023,967</u>	<u>1,266,381</u>	<u>0</u>	<u>4,754,645</u>	<u>2,103,612</u>

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

(10) Contingencies.

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

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

(11) Joint Venture.

The county participates in the following joint venture:

Wayne County is a participant with the City of Waynesboro in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Waynesboro-Wayne County Library System. The Library was created to provide free public library service to citizens of the respective county and city. The Library is governed by a ten-member board, one from each county and city district. The county and city are obligated by contract to levy not more than a four mill and three mill tax, respectively, as provided by Section 9-3-5(3) and 39-3-7(1), Miss. Code Ann. (1972), respectively, for the ongoing financial support of the Library. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$112,053. Complete financial statements for the Library can be obtained from the Waynesboro-Wayne County Library, Waynesboro, Mississippi.

Wayne County is a participant with Clarke County, Greene County, the City of Quitman, and the City of Waynesboro in a joint venture to operate the South Mississippi Narcotics Task Force organized under the Interlocal Cooperation Act of 1974, Section 17-13-1 through 17-13-11, Miss. Code Ann. (1972). The Task Force was created to provide a joint law enforcement effort between the participants. The Task Force is governed by a board, consisting of the sheriff/police chief from each participating entity. By contractual agreement, the county's appropriation from the General Fund this Year to the joint venture amounted to \$21,649. Complete financial statements for the Task Force can be obtained from the South Mississippi Narcotics Task Force, Waynesboro, Mississippi.

Wayne County is a participant with the City of Waynesboro in a joint venture created under the provisions of Sections 33-15-17, 21-21-3, and 17-13-7, Miss. Code Ann. (1972), to operate the Emergency Management District of Wayne County. The District was formed by an Interlocal Agreement. The council that governs the District is composed of five members, two of which are appointed by Wayne County. Expenses are shared by the two participants. The county expended \$167,469 during the fiscal year under this joint venture.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

(12) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Wayne County Board of Supervisors appoints one of the 27 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$25,127 for support of the district in fiscal year 2009.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Wayne County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$47,500 for support of the entity in fiscal year 2009.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The college is governed by a 20 member board of trustees. Each county appoints two of the college's trustees, except Jones County, which appoints six. The county appropriated \$482,457 for maintenance and support of the college in fiscal year 2009.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

Multi-County Community Service Agency is a human resources agency created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal laws. Its six members are as follows: Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne Counties. Each member appoints one of its 24 board members, except Lauderdale, which appoints three. The county appropriated \$15,000 for the agency's support in fiscal year 2009.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2009
(continued)

(13) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The employer rate for covered payroll from October 1, 2008 to June 30, 2009 was 11.85% and from July 1, 2009 to September 30, 2009 it was 12.00%. 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 \$397,719, \$360,702 and \$334,484 respectively, equal to the required contributions for each year.

(14) Subsequent Events.

Subsequent to September 30, 2009, Wayne County issued the following debt obligations:

<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/25/09	3.39%	\$ 108,500	Capital lease	Ad valorem levy
10/25/09	3.39%	108,500	Capital lease	Ad valorem levy
12/15/09	3.14%	130,000	Capital lease	Ad valorem levy
12/15/09	3.25%	185,375	Capital lease	Ad valorem levy
01/10/10	3.26%	96,000	Capital lease	Ad valorem levy
01/15/10	3.14%	138,800	Capital lease	Ad valorem levy
02/01/10	3.41%	88,122	Capital lease	Ad valorem levy
02/25/10	3.45%	111,570	Capital lease	Ad valorem levy
03/10/10	3.45%	111,570	Capital lease	Ad valorem levy
08/10/10	3.45%	114,000	Capital lease	Ad valorem levy
09/25/10	3.45%	104,378	Capital lease	Ad valorem levy

WAYNE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WAYNE 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	\$ 2,105,599	1,919,347	1,919,347	0
Licenses, commissions and other revenue	170,800	175,555	175,555	0
Fines and forfeitures	296,000	305,309	303,319	(1,990)
Intergovernmental revenues	2,573,849	1,965,343	1,965,343	0
Charges for services	106,000	201,029	201,029	0
Interest income			159,160	159,160
Miscellaneous revenues	252,234	257,884	246,117	(11,767)
Total Revenues	<u>5,504,482</u>	<u>4,824,467</u>	<u>4,969,870</u>	<u>145,403</u>
EXPENDITURES				
Current:				
General government	2,646,909	2,583,572	2,583,472	100
Public safety	1,851,762	1,800,003	1,800,003	0
Public works				0
Health and welfare	308,826	285,971	285,971	0
Culture and recreation	20,000	10,000	10,000	0
Education				0
Conservation of natural resources	90,004	85,537	85,537	0
Economic development and assistance	37,627	38,907	38,907	0
Total Expenditures	<u>4,955,128</u>	<u>4,803,990</u>	<u>4,803,890</u>	<u>100</u>
Excess of Revenues over (under) Expenditures	<u>549,354</u>	<u>20,477</u>	<u>165,980</u>	<u>145,503</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	100,000	159,161	13,658	(145,503)
Other financing uses	(30,751)	(33,901)	(33,901)	0
Total Other Financing Sources and Uses	<u>69,249</u>	<u>125,260</u>	<u>(20,243)</u>	<u>(145,503)</u>
Net Change in Fund Balance	618,603	145,737	145,737	0
Fund Balances - Beginning	4,000,000	4,774,232	4,774,232	0
Fund Balances - Ending	<u>\$ 4,618,603</u>	<u>4,919,969</u>	<u>4,919,969</u>	<u>0</u>

WAYNE COUNTY
Notes to the Required Supplementary 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. 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).

WAYNE COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2009

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

	<u>Governmental Fund Type</u>
	<u>General</u>
	<u>Fund</u>
Budget (Cash Basis)	\$ 145,737
Increase (Decrease)	
Net adjustments for revenue accruals	72,700
Net adjustments for expenditure accruals	197,456
GAAP Basis	<u>\$ 415,893</u>

WAYNE COUNTY

SUPPLEMENTAL INFORMATION

WAYNE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture/Passed-through the Mississippi State Treasurer's Office School and roads-grants to states	10.665	N/A	\$ <u>604,318</u>
US Dept of Housing and Urban Development/ Passed-through the Mississippi Development Authority HOME investment partnership program	14.239	M06-SG-280-9614	<u>55,692</u>
US Dept of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	N/A	<u>3,400</u>
US Dept of Transportation - Federal Highway Administration/ Passed-through the Mississippi Emergency Management Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	LEPC	<u>1,949</u>
US Dept of Homeland Security/ Passed-through the Mississippi Emergency Management Disaster grants - public assistance	97.036	FEMA-1837-DR-MS	<u>221,764</u>
Hazard Mitigation Grant Program	97.039		75,624
Passed-through the Mississippi Forestry Commission Hazard Mitigation Grant Program	97.039		<u>4,950</u>
Subtotal			<u>80,574</u>
US Dept of Homeland Security/Passed-through the Mississippi Dept of Public Safety Law enforcement terrorism prevention program	97.074	07LE077	18,685
Law enforcement terrorism prevention program	97.074	07HS007	<u>19,341</u>
Subtotal			<u>38,026</u>
Total Expenditures of Federal Awards			\$ <u>1,005,723</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Significant Accounting Policies

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

WAYNE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2009

Operating Expenditures, Cash Basis:

Salaries	\$ 289,732
Expendable Commodities:	
Gasoline and petroleum products	56,865
Repair parts	11,577
Hauling and landfill fees	94,749
Maintenance	7,061
Contractual services	9,311
Supplies	212
Equipment	1,340
Lease purchase - interest	3,973
Uniforms	235
Solid Waste Cash Basis Operating Expenditures	475,055
Full Cost Expenses:	
Indirect administration costs	3,144
Depreciation on equipment	91,224
Solid Waste Full Cost Operating Expenses	\$ 569,423

WAYNE COUNTY

SPECIAL REPORTS

MICHAEL E. BRITTON

Certified Public Accountant



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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***

Members of the Board of Supervisors
Wayne County, Mississippi

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued my report thereon dated March 14, 2011. My 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. I conducted my 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 my audit, I considered Wayne County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the county's internal control over financial reporting.

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. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

My consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider items 09-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County, Mississippi's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Wayne County Mississippi's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit Wayne County's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of management, 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.



Waynesboro, Mississippi
March 14, 2011

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

Members of the Board of Supervisors
Wayne County, Mississippi

Compliance

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

I conducted my 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 I 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 Wayne County, Mississippi's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Wayne County, Mississippi's compliance with those requirements.

In my opinion, Wayne County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2009.

Internal Control Over Compliance

The management of Wayne 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 my audit, I considered Wayne 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 my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management 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.



Waynesboro, Mississippi
March 14, 2011

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

Members of the Board of Supervisors
Wayne County, Mississippi

I have made a study and evaluation of the central purchasing system and inventory control system of Wayne County, Mississippi, as of and for the year ended September 30, 2009. My study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures, as I considered necessary in the circumstances.

The Board of Supervisors of Wayne 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 Wayne County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. The results of my audit procedures disclosed no instances of noncompliance with the aforementioned code sections.

In my opinion, Wayne 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 non-competitively 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 my aforementioned study and evaluation of the purchasing system and, in my 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 Wayne 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.

Michael E. Britton

Waynesboro, Mississippi

March 14, 2011

WAYNE COUNTY

**Schedule of Purchases Not Made From the Lowest Bidder – Schedule 1
For the Year Ended September 30, 2009**

<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>
03/06/09	Siren and Installation	\$ 18,009	Federal Signal Corp	\$ 15,442	Repair response meets specifications and is compatible with existing equipment.

WAYNE COUNTY
Schedule of Emergency Purchases – Schedule 2
For the Year Ended September 30, 2009

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/01/08	Live floor trailer	\$ 63,000	Gulf City Body	Old trailer floor breaking down. New one needed for holiday extra loads.
03/20/09	Culvert and coupling	1,338	High Standards	Immediate delivery to repair road wash out due to heavy rains.
03/20/09	Labor and equipment	5,750	Continental Rails & Excavating	Railroad track caving in due to heavy rains.
05/14/09	Culvert	1,650	High Standards	Immediate delivery. Road washed due to heavy rains.
06/25/09	Air conditioning system	9,000	Henry's Heat & Air	No air conditioning in GED office with extreme summer heat. Immediate delivery and installation.

WAYNE COUNTY

Schedule of Purchases Made Non-competitively From a Sole Source – Schedule 3

For the Year Ended September 30, 2009

There were no purchases made noncompetitively from a sole source.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Wayne County, Mississippi

In planning and performing my audit of the financial statements of Wayne County, Mississippi for the year ended September 30, 2009, I considered Wayne County, Mississippi's internal control to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Wayne County, Mississippi's financial reporting, I 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. My 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, I do not express such an opinion. This report does not affect my report dated March 14, 2011, on the financial statements of Wayne County, Mississippi.

Although no findings came to my attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, my 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.

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

Michael E. Britton

Waynesboro, Mississippi
March 14, 2011

WAYNE COUNTY

Schedule of Findings And Questioned Costs

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2009

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | |
| | Governmental Activities | Unqualified |
| | Aggregate discretely presently component units | Adverse |
| | General Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified that is not considered to be a material weakness? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | |
|----|--|-------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 5. | Type of auditor's report issued on compliance for major Federal programs: | Unqualified |
| 6. | Any audit finding(s) reported as required by Section ____.510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | a. Schools & Roads – Grants to States, CFDA #10.665 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |

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

- | | | |
|-----|---|----|
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

Board of Supervisors

Significant Deficiency – Material Weakness

09-1 **Finding**

Generally accepted accounting principles 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 the county's legally separate component units.

Recommendation

The county should consider providing the financial data for its discretely presented component units for inclusion in the county's financial statements.

Board of Supervisors' Response

We determined it to be more cost effective to exclude the discretely presented component units from our financial statements.

Section 3: Federal Award Findings and Questioned Costs

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