



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

WILKINSON COUNTY, MISSISSIPPI

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

Presented By:
Nieman & Associates, PC
D. Scott Nieman, CPA
Post Office Box 1411
113 North Broadway Avenue
McComb, MS 39649-1411

WILKINSON COUNTY, MISSISSIPPI

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION.....	5
INDEPENDENT AUDITOR'S REPORT	7
FINANCIAL STATEMENTS	9
Statement of Net Assets	11
Statement of Activities	12
Balance Sheet - Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Net Assets - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Assets and Liabilities	20
Notes to Financial Statements	21
REQUIRED SUPPLEMENTAL INFORMATION.....	41
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	43
County-Wide Bridge Fund.....	44
Notes to the Required Supplemental Information.....	45
SPECIAL REPORTS	47
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	49
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))	51
Schedule 1: Schedule of Purchases Not Made From Lowest Bidder.....	54
Schedule 2: Schedule of Emergency Purchases.....	55
Schedule 3: Schedule of Purchases Made Non-competitively From a Sole Source.....	56
Limited Internal Control and Compliance Review Management Report	57
SCHEDULE OF FINDINGS AND RESPONSES.....	63
Schedule of Findings and Responses	65

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

WILKINSON COUNTY, MISSISSIPPI

FINANCIAL SECTION

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

October 6, 2011

Members of the Board of Supervisors
Wilkinson County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wilkinson County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the basic financial statements of the county, 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 did not audit the financial statements of Wilkinson County Industrial Development Authority, component unit, which represents 100 percent of the assets and revenues of the Wilkinson County Industrial Development Authority. Those statements were audited by other auditors whose report thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aforementioned component unit, are based on the report of the other auditors.

Except as discussed in the following paragraphs, 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.

Management did not provide adequate records documenting the fines receivable and the related allowance for uncollectibles amount of the Circuit Clerk. Due to the lack of records, we were unable to satisfy ourselves as to the fair presentation of fines receivable and the related allowance for uncollectible amount, net reported on the Statement of Net Assets and in the General Fund at \$505,895, as of September 30, 2009. Also, because of the lack of records documenting the fines receivable and the related uncollectibles, we could not satisfy ourselves as to the fair presentation of the related transactions of the Governmental Activities and the General Fund.

As discussed in Note 7 to the financial statements, the county has not recorded certain general infrastructure assets in governmental activities, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amounts recorded in Note 7 and in the Statement of Net Assets were estimates provided by the county, and we were not able to determine the accuracy of these estimates.

The financial statements referred to above do not include all revenues and claims payments of the health insurance internal service fund. Accounting principles generally accepted in the United States of America require that an adequate record of revenues and expenditures be maintained the absence of which would cause the assets, net assets, and revenues and expenditures in the health insurance internal service fund to be misstated. The amount by which this departure would affect the assets and expenses of the health insurance internal service fund is not reasonably determinable.

In our opinion, except for the effects of the matters discussed in the third and fourth paragraphs, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Wilkinson 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 addition, in our opinion, except for the effects of the matters discussed in the fifth paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Wilkinson 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 addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, aggregate discretely presented component units, the county-wide Bridge Fund and the Solid Waste Services Fund of Wilkinson County, Mississippi, as of September 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2011, on our consideration of Wilkinson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are 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.

Sincerely,



D. Scott Nieman, CPA
Nieman & Associates, PC
McComb, MS

WILKINSON COUNTY, MISSISSIPPI

FINANCIAL STATEMENTS

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

WILKINSON COUNTY, MISSISSIPPI

Statement of Net Assets
September 30, 2009

	Primary Government			Wilkinson County Industrial Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 2,008,428	\$ -	\$ 2,008,428	\$ 1,958
Accrued interest receivable	-	-	-	209,792
Property tax receivable	3,602,750	-	3,602,750	-
Accounts receivable (net of allowance for uncollectibles of \$293,394)	-	131,815	131,815	1,060,212
Fines receivable (Net of allowance for uncollectibles of \$1,854,604)	505,895	-	505,895	-
Lease receivable	-	-	-	14,505,000
Loans receivable	410,000	-	410,000	-
Intergovernmental receivables	102,158	-	102,158	-
Other receivables	16,089	-	16,089	-
Advances to other funds	25,062	-	25,062	-
Internal balances	50,518	(50,518)	-	-
Capital assets:				
Land and construction in progress	1,231,401	-	1,231,401	-
Capital assets, net	15,008,742	149,228	15,157,970	-
Total Assets	<u>\$ 22,961,043</u>	<u>\$ 230,525</u>	<u>\$ 23,191,568</u>	<u>\$ 15,776,962</u>
LIABILITIES				
Bank overdraft	\$ 1,173,636	\$ 129,525	\$ 1,303,161	\$ -
Claims payable	368,656	5,650	374,306	1,094,910
Intergovernmental payables	296,182	-	296,182	-
Advances from other funds	255,997	-	255,997	-
Short-term debt	754,803	-	754,803	-
Accrued interest payable	22,316	-	22,316	201,278
Certificates of participation	-	-	-	14,505,000
Deferred revenue	3,602,750	34,577	3,637,327	-
Other accrued liabilities	34,701	-	34,701	-
Other payables - amounts held in custody	89,250	-	89,250	-
Long-term liabilities:				
Due within one year:				
Capital debt	226,841	23,400	250,241	-
Non-capital debt	1,440	143	1,583	-
Due beyond one year:				
Capital debt	720,516	75,237	795,753	-
Non-capital debt	46,569	4,617	51,186	-
Total Liabilities	<u>7,593,657</u>	<u>273,149</u>	<u>7,866,806</u>	<u>15,801,188</u>
NET ASSETS				
Invested in capital assets, net of related debt	15,292,786	50,591	15,343,377	-
Restricted:				
Expendable:				
Debt service	260,425	-	260,425	-
Public safety	65,585	-	65,585	-
Culture and recreation	66,554	-	66,554	-
Other purposes	183,062	-	183,062	-
Unrestricted	(501,026)	(93,215)	(594,241)	(24,226)
Total Net Assets	<u>\$ 15,367,386</u>	<u>\$ (42,624)</u>	<u>\$ 15,324,762</u>	<u>\$ (24,226)</u>

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

WILKINSON COUNTY, MISSISSIPPI

Statement of Activities
For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component unit Wilkinson County Industrial Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 2,565,178	\$ 1,054,452	\$ 67,866	\$ 2,282	\$ (1,440,578)	\$ -	\$ (1,440,578)	
Public safety	1,604,749	107,471	1,002,419	-	(494,859)	-	(494,859)	
Public works	891,833	-	259,099	7,181	(625,553)	-	(625,553)	
Health and welfare	171,426	-	39,110	-	(132,316)	-	(132,316)	
Culture and recreation	88,771	-	-	12,092	(76,679)	-	(76,679)	
Conservation of natural resources	71,424	-	-	27,681	(43,743)	-	(43,743)	
Economic development and assistance	123,691	-	-	-	(123,691)	-	(123,691)	
Interest on long-term debt	54,276	-	-	-	(54,276)	-	(54,276)	
Total Governmental Activities	<u>5,571,348</u>	<u>1,161,923</u>	<u>1,368,494</u>	<u>49,236</u>	<u>(2,991,695)</u>	<u>-</u>	<u>(2,991,695)</u>	
Business-type activities:								
Solid Waste Services	346,712	317,866	-	-	-	(28,846)	(28,846)	
Total Primary Government	<u>\$ 5,918,060</u>	<u>\$ 1,479,789</u>	<u>\$ 1,368,494</u>	<u>\$ 49,236</u>	<u>(2,991,695)</u>	<u>(28,846)</u>	<u>(3,020,541)</u>	
Component unit:								
Wilkinson County Industrial Development Authority	13,687,958	12,634,290	-	-				(1,053,668)
Total Component Units	<u>\$ 19,606,018</u>	<u>14,114,079</u>	<u>\$ 1,368,494</u>	<u>\$ 49,236</u>				<u>(1,053,668)</u>
General revenues:								
Property taxes					3,463,082	-	3,463,082	
Road & bridge privilege taxes					105,434	-	105,434	
Grants and contributions not restricted to specific programs					373,806	-	373,806	
Unrestricted investment income (expense)					17,674	-	17,674	872,944
Miscellaneous					51,858	60	51,918	
Total General Revenues and Transfers					<u>4,011,854</u>	<u>60</u>	<u>4,011,914</u>	<u>872,944</u>
Changes in Net Assets					<u>1,020,159</u>	<u>(28,786)</u>	<u>991,373</u>	<u>(180,724)</u>
Net Assets - Beginning, as originally reported					11,792,661	(37,129)	11,755,532	156,498
Prior period adjustment					2,554,566	23,291	2,577,857	-
Net Assets - Beginning, as restated					<u>14,347,227</u>	<u>(13,838)</u>	<u>14,333,389</u>	<u>156,498</u>
Net Assets - Ending					<u>\$ 15,367,386</u>	<u>\$ (42,624)</u>	<u>\$ 15,324,762</u>	<u>\$ (24,226)</u>

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

WILKINSON COUNTY, MISSISSIPPI

Balance Sheet – Governmental Funds
September 30, 2009

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	County-Wide Bridge Fund		
ASSETS				
Cash	\$ 1,253,142	\$ 162,247	\$ 495,327	\$ 1,910,716
Property tax receivable	2,944,750	315,000	343,000	3,602,750
Fines receivable, net	505,895	-	-	505,895
Intergovernmental receivables	44,480	-	57,678	102,158
Due from other funds	-	5,511	15,860	21,371
Advances to other funds	33,140	173,965	1,026,538	1,233,643
Loans receivable, net	-	-	410,000	410,000
Other assets	16,089	-	-	16,089
Total Assets	<u>\$ 4,797,496</u>	<u>\$ 656,723</u>	<u>\$ 2,348,403</u>	<u>\$ 7,802,622</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Bank overdraft	\$ -	\$ -	\$ 1,173,636	\$ 1,173,636
Claims payable	76,160	2,912	192,153	271,225
Intergovernmental payables	70,293	-	225,889	296,182
Due to other funds	21,371	-	-	21,371
Advances from other funds	1,252,815	110,649	269,170	1,632,634
Deferred revenue	3,450,645	315,000	343,000	4,108,645
Amounts held in custody for others	89,250	-	-	89,250
Other accrued liabilities	33,356	-	1,345	34,701
Total Liabilities	<u>4,993,890</u>	<u>428,561</u>	<u>2,205,193</u>	<u>7,627,644</u>
Fund balances:				
Reserved for:				
Advances to other funds	-	-	199,614	199,614
Debt service	-	-	282,741	282,741
Loans receivable	-	-	410,000	410,000
Unreserved:				
Undesignated, reported in:				
General funds	(196,394)	-	-	(196,394)
Special revenue funds	-	228,162	(749,145)	(520,983)
Total Fund Balances	<u>(196,394)</u>	<u>228,162</u>	<u>143,210</u>	<u>174,978</u>
Total Liabilities and Fund Balances	<u>\$ 4,797,496</u>	<u>\$ 656,723</u>	<u>\$ 2,348,403</u>	<u>\$ 7,802,622</u>

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

WILKINSON COUNTY, MISSISSIPPI

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

	Amount
Total Fund Balance - Governmental Funds	\$ 174,978
Amounts reported for net assets in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$12,896,209.	16,240,143
Fines receivable are not available to pay for current period expenditures and therefore are deferred in the general funds.	505,895
Interest payable used in the governmental activities are not payable from current resources and, therefore, are not reported in the governmental funds.	(22,316)
Short-term debt used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.	(754,803)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(995,366)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Assets.	218,855
Total Net Assets	\$ 15,367,386

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

WILKINSON COUNTY, MISSISSIPPI

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

	Major Funds			Total Governmental Funds
	General Fund	County-Wide Bridge Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 2,713,834	\$ 327,489	\$ 421,761	\$ 3,463,084
Road and bridge privilege taxes	-	-	105,434	105,434
Licenses, commissions and other revenue	99,813	-	4,268	104,081
Fines and forfeitures	219,059	-	3,875	222,934
Intergovernmental revenues	500,287	53,496	1,169,888	1,723,671
Charges for services	7,612	-	89,203	96,815
Interest income	35,707	-	-	35,707
Miscellaneous revenues	26,512	1,350	89	27,951
Total Revenues	<u>3,602,824</u>	<u>382,335</u>	<u>1,794,518</u>	<u>5,779,677</u>
EXPENDITURES				
Current:				
General government	1,888,684	-	55,245	1,943,929
Public safety	1,114,226	-	509,563	1,623,789
Public works	-	356,286	1,201,053	1,557,339
Health and welfare	161,091	-	5,000	166,091
Culture and recreation	88,771	-	-	88,771
Conservation of natural resources	86,497	-	-	86,497
Economic development and assistance	123,691	-	-	123,691
Debt service:				
Principal	557,098	14,512	173,828	745,438
Interest	11,954	1,416	41,120	54,490
Total Expenditures	<u>4,032,012</u>	<u>372,214</u>	<u>1,985,809</u>	<u>6,390,035</u>
Excess of Revenues over (under) Expenditures	<u>(429,188)</u>	<u>10,121</u>	<u>(191,291)</u>	<u>(610,358)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	14,824	14,824
Proceeds of loans	675,000	-	-	675,000
Insurance recoveries	188	-	-	188
Operating transfers in	-	-	780,000	780,000
Operating transfers out	-	-	(780,000)	(780,000)
Total Other Financing Sources and Uses	<u>675,188</u>	<u>-</u>	<u>14,824</u>	<u>690,012</u>
Net Changes in Fund Balance	<u>246,000</u>	<u>10,121</u>	<u>(176,467)</u>	<u>79,654</u>
Fund Balances - Beginning, as originally reported	(505,601)	218,041	319,677	32,117
Prior period adjustments	63,207	-	-	63,207
Fund balance - beginning of year, as restated	<u>(442,394)</u>	<u>218,041</u>	<u>319,677</u>	<u>95,324</u>
Fund Balances - Ending	<u>\$ (196,394)</u>	<u>\$ 228,162</u>	<u>\$ 143,210</u>	<u>\$ 174,978</u>

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

WILKINSON COUNTY, MISSISSIPPI

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

	Amounts
Net Changes in Fund Balance - Governmental Funds	\$ 79,654
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$1,582,165 exceeded depreciation of \$700,948 in the current period.	881,217
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 \$62,591 and the proceeds from the sale of \$15,012 in the current period.	(77,603)
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.	297,244
Accrued interest expense reported in the Statement of Net Assets does not require the use of current financial resources and is therefore not reported as expenditures in the governmental funds.	214
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 but the amount that debt repayments of \$745,438, was exceeded by debt proceeds of \$869,813.	(124,375)
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. Thus the change in net assets differs from the change in fund balances by the following item:	
The amount of decrease in compensated absences	1,534
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.	(37,726)
Change in Net Assets of Governmental Activities	\$ 1,020,159

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

WILKINSON COUNTY, MISSISSIPPI

Statement of Net Assets – Proprietary Funds
September 30, 2009

	Business-type Activities- Enterprise Fund	Governmental Activities <u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash	\$ -	\$ 97,712
Accounts receivable, net	131,815	-
Total Current Assets	<u>131,815</u>	<u>97,712</u>
Noncurrent assets:		
Advances to other funds	3,038	218,574
Capital assets, net	149,228	-
Total Noncurrent Assets	<u>152,266</u>	<u>218,574</u>
Total Assets	<u>\$ 284,081</u>	<u>\$ 316,286</u>
LIABILITIES		
Current liabilities:		
Bank overdraft	\$ 129,525	\$ -
Claims payable	5,650	97,431
Refundable deposits	34,577	-
Capital related debt - current	103,397	-
Total Current Liabilities	<u>143,624</u>	<u>97,431</u>
Noncurrent liabilities:		
Advances from other funds	53,556	-
Total Noncurrent Liabilities	<u>53,556</u>	<u>-</u>
Total Liabilities	<u>197,180</u>	<u>97,431</u>
NET ASSETS		
Invested in capital assets, net of related debt	50,591	-
Unrestricted	(93,215)	218,855
Total Net Assets	<u>\$ (42,624)</u>	<u>\$ 218,855</u>

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

WILKINSON COUNTY, MISSISSIPPI

Statement of Revenues, Expenses and
Changes in Fund Net Assets – Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities- Enterprise Fund	Governmental Activities
	Solid Waste Services Fund	Internal Service Fund
	<u> </u>	<u> </u>
Operating Revenues		
Charges for services	\$ 317,866	\$ -
Miscellaneous revenues	60	5,417
Premiums	-	508,466
Total Operating Revenues	<u>317,926</u>	<u>513,883</u>
Operating Expenses		
Personal services	170,890	-
Contractual services	82,425	-
Material and supplies	55,174	-
Depreciation expense	37,888	-
Administrative fees	-	54,564
Claims payments	-	330,436
Insurance premiums	-	167,312
Total Operating Expenses	<u>346,377</u>	<u>552,312</u>
Operating Income (Loss)	<u>(28,451)</u>	<u>(38,429)</u>
Nonoperating Revenues (Expenses)		
Interest income	-	703
Interest expense	(335)	-
Net Nonoperating Revenue (Expenses)	<u>(335)</u>	<u>703</u>
Changes in Net Assets	<u>(28,786)</u>	<u>(37,726)</u>
Net Assets - Beginning, as originally reported	(37,129)	282,900
Prior period adjustments	23,291	(26,319)
Net Assets - Beginning, as restated	<u>(13,838)</u>	<u>256,581</u>
Net Assets Ending	<u>\$ (42,624)</u>	<u>\$ 218,855</u>

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

WILKINSON COUNTY, MISSISSIPPI

Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities- Enterprise Fund	Governmental Activities Internal Service Fund
	Solid Waste Services Fund	Internal Service Fund
Cash Flows From Operating Activities		
Receipts from customers	\$ 307,207	\$ 5,417
Receipts for premiums	-	508,466
Payments to suppliers	(144,068)	-
Payments to employees	(170,890)	-
Administrative fees	-	(54,564)
Payments for claims	-	(368,105)
Payments for insurance premiums	-	(167,312)
Net Cash Provided (Used) by Operating Activities	<u>(7,751)</u>	<u>(76,098)</u>
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(28,237)	-
Bank overdraft	129,525	-
Interest expense	(335)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>100,953</u>	<u>-</u>
Cash Flows From Investing Activities		
Interest on investments	-	703
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>703</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>93,202</u>	<u>(75,395)</u>
Cash and Cash Equivalents at Beginning of Year, as originally reported	(116,493)	199,426
Prior period adjustments to cash	23,291	(26,319)
Cash and Cash Equivalents at Beginning of Year, as restated	<u>(93,202)</u>	<u>173,107</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 97,712</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (28,451)</u>	<u>\$ (38,429)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	37,888	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,719)	-
Increase (decrease) in claims payable	(5,671)	(37,669)
Increase (decrease) in compensated absences payables	15	-
Increase (decrease) in deferred revenue	(813)	-
Total Adjustments	<u>20,700</u>	<u>(37,669)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (7,751)</u>	<u>\$ (76,098)</u>

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

WILKINSON COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2009

	Agency Funds
ASSETS	
Cash	\$ 260,214
Advances to other funds	255,997
Other receivables	27,695
Intergovernmental receivables	538
Total Assets	\$ 544,444
LIABILITIES	
Advances from other funds	\$ 25,062
Intergovernmental payables	368,150
Other accrued liabilities	151,232
Total Liabilities	\$ 544,444

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

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Presented Component Unit Disclosures.

Discretely Presented Component Unit

The component unit columns in the financial statements include the financial data of the following component units of the county. They are reported in a separate column to emphasize that they are legally separate from the county. A majority of the members of the governing bodies of these component units are appointed by the county Board of Supervisors.

Wilkinson County Industrial Development Authority is a legally separate entity organized under Section 19-5-99, Miss. Code Ann. (1972). The Wilkinson County Industrial Development Authority was created to promote industrial development in Wilkinson County by whatever means necessary, including, but not limited to the development of an industrial park. The entity is governed by a five member board of directors, all appointed by the county Board of Supervisors. The county funds the entity's operations.

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements September 30, 2009

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 activity or governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary 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

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements September 30, 2009

incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

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

County-Wide Bridge Fund – This fund is used to account for monies from specific revenue sources that are restricted for bridge maintenance in the county.

The county reports the following major Proprietary Fund:

Solid Waste Fund –This fund is used to account for all activities related to the disposal of solid waste within the county.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

PROPRIETARY FUND TYPES

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

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 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.

E. Account Classifications.

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

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Inter-fund Transactions and Balances.

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

Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. However, the capital assets amount reported on the accompanying Statement of Net Assets is not fairly presented because the county did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets. 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 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.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2009. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

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

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

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

J. Long-term Liabilities.

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

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

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

K. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

L. Property Tax Revenues.

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

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

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

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

M. Intergovernmental Revenues in Governmental Funds.

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

N. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds 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.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(2) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 Statement of Activities

Explanation	Amount
Governmental Activities	
An adjustment to correct an error in recording and reconciling cash	\$ 50,610
An adjustment to correct an error in recording a prior year revenue or expenditure	12,597
An adjustment to correct an error in long-term debt	(98)
An adjustment to correct an error in recording a prior year liability in the internal service fund	(26,319)
An adjustment to correct an error in recording a fixed asset	2,517,776
Total	<u>\$ 2,554,566</u>
Business-type Activities	
An adjustment to correct an error in recording a prior year revenue or expenditure	23,291
Total	<u>\$ 23,291</u>

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

Explanation	Amount
Governmental Activities	
An adjustment to correct an error in recording and reconciling cash	\$ 50,610
An adjustment to correct an error in recording a prior year revenue or expenditure	12,597
Total	<u>\$ 63,207</u>

Exhibit 6 Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds

Explanation	Amount
Business Type Activities - Solid Waste Service Fund	
An adjustment to correct an error in recording a prior year revenue or expenditure	\$ 23,391
Total	<u>\$ 23,391</u>
Governmental Activities - Internal Service Fund	
An adjustment to correct an error in recording a prior year liability in the internal service fund	\$ (26,319)
Total	<u>\$ (26,319)</u>

Exhibit 7 Statement of Cash Flows - Proprietary Funds

Explanation	Amount
Business Type Activities - Solid Waste Service Fund	
An adjustment to correct an error in recording a prior year revenue or expenditure	\$ 23,391
Total	<u>\$ 23,391</u>
Governmental Activities - Internal Service Fund	
An adjustment to correct an error in recording a prior year liability in the internal service fund	\$ (26,319)
Total	<u>\$ (26,319)</u>

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(3) Deposits

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$965,481 (balance of \$2,268,642 less overdrafts of \$1,303,161) and the bank balance was \$1,243,787. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (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 country.
Investments.

(4) Inter-fund Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2009:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
County-Wide Bridge Fund	General fund	\$ 5,511
Other governmental funds	General fund	15,860
Total		<u>\$ 21,371</u>

The payable amounts represent the tax revenue collected but not settled until October, 2009. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(4) Inter-fund Transactions and Balances. (Continued)

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Enterprise fund	\$ 31,015
General fund	Agency funds	2,125
County-Wide Bridge fund	General fund	111,885
County-Wide Bridge fund	Other governmental funds	62,080
Other governmental funds	General fund	852,290
Other governmental funds	County-Wide Bridge fund	4,500
Other governmental funds	County-Wide Bridge fund	80,643
Other governmental funds	Other governmental funds	89,105
Enterprise fund	General fund	3,038
Internal service fund	General fund	109,669
Internal service fund	County-Wide Bridge fund	25,506
Internal service fund	Other governmental funds	60,858
Internal service fund	Enterprise fund	22,541
Agency fund	General fund	175,933
Agency fund	Other governmental funds	57,127
Agency fund	Agency fund	22,937
Total		<u>\$ 1,711,252</u>

Advances to other funds have generally been made to provide cash to funds to help fund operations.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Fund	Other Governmental Fund	\$ 780,000
Total		<u>\$ 780,000</u>

The purpose of the inter-fund transfers was to transfer revenues from county-wide road and county-wide highway funds to individual district road funds.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
General Fund:	
Legislative Tag Credit	\$ 44,480
Other Governmental Funds:	
Mississippi Emergency Management	57,678
Total	<u>\$ 102,158</u>
Fiduciary Activities:	
Due from local governmental agency	\$ 538
Total	<u>\$ 538</u>

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(6) Loans Receivable

Loans receivable at September 30, 2009, consist of the following:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Low income housing loan	12/1/2000	1%	12/1/2050	<u>\$ 410,000</u>

(7) 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	\$ 131,435	\$ -	\$ -	\$ -	\$ -	\$ 131,435
Construction in progress	492,285	1,169,806	-	(2,167,819)	1,605,694	1,099,966
Total non-depreciable capital assets	<u>623,720</u>	<u>1,169,806</u>	<u>-</u>	<u>(2,167,819)</u>	<u>1,605,694</u>	<u>1,231,401</u>
<u>Depreciable capital assets:</u>						
Infrastructure	18,927,535	-	-	2,167,819	(11,003)	21,084,351
Buildings	2,676,542	-	-	-	-	2,676,542
Improvements other than buildings	64,591	-	-	-	80,829	145,420
Mobile equipment	2,164,897	56,964	(198,432)	-	239,689	2,263,118
Furniture and equipment	199,405	160,582	(86,765)	-	87,949	361,171
Leased property under capital leases	664,918	194,813	-	-	514,618	1,374,349
Total depreciable capital assets	<u>24,697,888</u>	<u>412,359</u>	<u>(285,197)</u>	<u>2,167,819</u>	<u>912,082</u>	<u>27,904,951</u>
<u>Less accumulated depreciation for:</u>						
Infrastructure	(8,366,779)	(384,587)	-	-	-	(8,751,366)
Buildings	(1,886,592)	(7,957)	-	-	-	(1,894,549)
Improvements other than buildings	(12,920)	(9,050)	-	-	-	(21,970)
Mobile equipment	(1,751,490)	(143,019)	178,589	-	-	(1,715,920)
Furniture and equipment	(166,024)	(43,321)	29,005	-	-	(180,340)
Leased property under capital leases	(219,050)	(113,014)	-	-	-	(332,064)
Total accumulated depreciation	<u>(12,402,855)</u>	<u>(700,948)</u>	<u>207,594</u>	<u>-</u>	<u>-</u>	<u>(12,896,209)</u>
Total depreciable capital assets, net	<u>12,295,033</u>	<u>(288,589)</u>	<u>(77,603)</u>	<u>2,167,819</u>	<u>912,082</u>	<u>15,008,742</u>
Governmental activities capital assets, net	<u>\$ 12,918,753</u>	<u>\$ 881,217</u>	<u>\$ (77,603)</u>	<u>\$ -</u>	<u>\$ 2,517,776</u>	<u>\$ 16,240,143</u>

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(7) Capital Assets. (Continued)

Business-type activities:

	Balance Oct 1, 2008	Additions	Deletions	Adjustments*	Balance Sept 30, 2009
<u>Depreciable capital assets:</u>					
Mobile equipment	\$ 142,498	\$ -	\$ -	\$ -	\$ 142,498
Leased property under capital leases	161,173	98,637	-	-	259,810
Total depreciable capital assets	<u>303,671</u>	<u>98,637</u>	<u>-</u>	<u>-</u>	<u>402,308</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	(128,248)	-	-	-	(128,248)
Leased property under capital leases	(86,944)	(37,888)	-	-	(124,832)
Total accumulated depreciation	<u>(215,192)</u>	<u>(37,888)</u>	<u>-</u>	<u>-</u>	<u>(253,080)</u>
Enterprise activities capital assets, net	<u>\$ 88,479</u>	<u>\$ 60,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,228</u>

*Adjustments were made for the following:

Correct beginning CIP for prior costs	\$ 1,605,694
Adjust for prior year depreciation	(11,003)
Correct asset valuation from prior periods	923,085
	<u>\$ 2,517,776</u>

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Governmental Activities:</u>	
General government	\$ 26,256
Public safety	105,556
Public works	561,264
Health and welfare	7,872
Total governmental activities depreciation expense	<u>\$ 700,948</u>
<u>Business-type Activities:</u>	
Solid Waste	<u>\$ 37,888</u>

The county has not recorded certain infrastructure and related depreciation expense in the capital assets of the county. The amounts recorded in the above schedules were from estimates provided by county personnel, prior auditor's estimates and the data from the county's engineering contractors. We were not able to verify the accuracy of these amounts or trace these amounts to the county's asset records.

COMPONENT UNIT-WILKINSON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Note – this component unit had no capital assets reported as of the end of its financial year – September 30, 2009.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(8) 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 finances its exposure to risk of loss relating to employee health, accident and dental coverage. Beginning in October 2003 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.

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Wilkinson County pays the premium on a single coverage policy for its employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The county has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The county has implemented the following plan to minimize this potential loss:

The county has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. This coverage was purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$20,000, and the aggregate policy covers all submitted claims in excess of \$55,000. The reinsurance coverage limit is \$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). The following table provides changes in the balances of claims liabilities for fiscal years 2008 and 2009:

	2008	2009
Unpaid claims, beginning of year	\$ 49,404	\$ 135,100
Adjustment	-	4,765
Plus incurred claims (including IBNR's)	451,175	234,401
Less claims payments	(365,479)	(276,835)
Unpaid claims, end of year	\$ 135,100	\$ 97,431

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(9) Capital Leases.

As Lessee:

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

Classes of Property	Governmental Activities
Mobile Equipment	\$ 1,374,349
Less: Accumulated depreciation	(332,064)
Leased property under capital leases	\$ 1,042,285

Classes of Property	Business-type Activities
Mobile Equipment	\$ 259,810
Less: Accumulated depreciation	(124,832)
Leased property under capital leases	\$ 134,978

Governmental activities repayment schedule by Year Ending September 30	Principal	Interest
2010	\$ 186,841	\$ 28,440
2011	147,904	21,547
2012	104,406	17,015
2013	283,497	11,369
2014	139,614	383
Total	\$ 862,262	\$ 78,754

Business-type activities repayment schedule by Year Ending September 30	Principal	Interest
2010	\$ 23,400	\$ 3,035
2011	24,220	2,215
2012	25,069	1,366
2013	25,948	487
Total	\$ 98,637	\$ 7,103

(10) Short-term debt.

The following is a summary of short-term debt activity for the year ended September 30, 2009:

	Balance Oct. 1, 2008	Additions	Reductions	Balance Sept. 30, 2009
Tax anticipation	\$ 636,901	\$ 675,000	\$ 557,098	\$ 754,803

During the month of September, 2009, the county issued a \$675,000 tax anticipation note with an interest rate of 4.50%, payable in 12 monthly installments in order to alleviate a temporary operating cash flow deficiency.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(11) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds			
Field Memorial Community Hospital	\$ 85,000	7.00%	06/01/11
B. Capital Leases:			
District 1 & 2 2009 Ford Pickups	36,083	3.34%	03/03/12
District 2 dump truck	59,640	3.34%	03/12/12
District 2 motor grader	40,166	4.42%	11/25/10
District 3 2007 Intl Dump Truck	20,830	4.37%	02/25/11
District 3 Cat Motor Grader	166,475	3.84%	05/25/13
District 3 Front End Wheel Loader	134,372	3.29%	10/25/13
District 4 2006 Ford F250 pickup	2,474	4.15%	03/25/10
District 4 2008 Intl dump truck	24,117	4.37%	06/10/11
District 5 2006 Ford F350 pickup	952	4.15%	11/25/09
District 5 Cat Motor Grader	166,475	3.84%	05/25/13
District 3 Front End Wheel Loader	134,375	3.29%	10/20/13
County wide excavator	76,303	3.34%	02/27/12
Total Governmental activities Capital Leases	\$ 862,262		
Business-type activities			
A. Capital Leases:			
2010 Int'l Garbage Truck and Pac-Mac	\$ 98,637	3.45%	09/01/13
Total Business-type activities Capital Leases	\$ 98,637		

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	
	Principal	Interest
2010	\$ 40,000	\$ 5,950
2011	45,000	3,150
Total	\$ 85,000	\$ 9,100

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(11) Long-term Debt. (Continued)

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

	Balance Oct. 1, 2008	Additions	Reductions	Balance Sept. 30, 2009	Amount Due Within One Year
Governmental Activities:					
Compensated absences	\$ 49,543	\$ -	\$ (1,534)	\$ 48,009	\$ 1,440
General obligation bonds	125,000	-	(40,000)	85,000	40,000
Capital leases	815,884	194,813	(148,435)	862,262	186,841
Total	<u>\$ 990,427</u>	<u>\$ 194,813</u>	<u>\$ (189,969)</u>	<u>\$ 995,271</u>	<u>\$ 228,281</u>
Business-type Activities					
Capital leases	\$ 28,238	\$ 98,637	\$ (28,238)	\$ 98,637	\$ 23,400
Compensated absences	4,745	15	-	4,760	143
Total	<u>\$ 32,983</u>	<u>\$ 98,652</u>	<u>\$ (28,238)</u>	<u>\$ 103,397</u>	<u>\$ 23,543</u>

(12) Deficit Fund Balances of Individual Funds

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

Fund	Deficit Amount
General Fund	\$ (196,394)
Special Revenue Funds:	
Triad Fund	(47)
Fire Grant Fund	(8,094)
Homeland Security Fund	(163,507)
River Flood Fund	(17,216)
Tire Waste Disposal	(77,924)
Law Library Fund	(7,828)
Flood Plain	(861)
Courthouse Restoration Fund	(98,490)
Industrial Development Fund	(10,882)
District 1 Road	(237,734)
District 2 Road	(450,067)
District 4 Road	(256,025)
District 5 Road	(49,078)
Reappraisal Fund	(33,000)
Debt Service Fund:	
Fruit of the Loom Bond Fund	(2,099)
Business-type Activities Fund:	
Solid Waste Fund	(42,624)

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(13) 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.

(14) Joint Venture.

The county participates in the following joint venture:

Wilkinson County is a participant with Amite County in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Field Memorial Community Hospital. The joint venture was created to provide medical services for the residents of the local area and is governed by five board members. Wilkinson County appoints three board members, while Amite County appoints two members. The hospital is basically self-supporting. However, the counties have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Field Memorial Community Hospital can be obtained from 270 West Main Street, Centerville, MS 39631.

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Wilkinson, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Wilkinson County Board of Supervisors appoints four of the 40 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$23,869 support of the district in fiscal year 2009.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Wilkinson, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Wilkinson County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$16,875 for its support in fiscal year 2009.

Southwest Mississippi Community College operates in a district composed of the Counties of Wilkinson, Pike, Walthall and Wilkinson. The Wilkinson County Board of Supervisors appoints two of the 14 members of the college board of trustees. The county appropriated \$176,066 for the operation and maintenance of the college in fiscal year 2009.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(15) Jointly Governed Organizations. (Continued)

Southwest Mississippi Partnership operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The entity is governed by ten members, appointed by each county's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the county's Board of Supervisors. The member counties provided only modest financial support for the entity.

(16) Defined Benefit Pension Plan.

Plan Description. Wilkinson 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 current rate is 11.85% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2009, 2008 and 2007 were \$401,558, \$380,781, and \$221,553, respectively, equal to the required contributions for each year.

(17) Subsequent Events.

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Wilkinson County evaluated the activity of the County through September 1, 2011, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

On December 21, 2009, the Board approved paying \$41,941 to Southwest MS Planning & Development District.

On February 22, 2010, the Board approved a \$29,800 quote from Deviney Equipment for a used tractor with boom mower.

On March 1, 2010, the Board approved payment of \$134,048, to Power Systems of MS for (2) 100 kilowatt and (2) 50 kilowatt generators and a payment of \$89,900 for installation of the generators to Austin Electric.

On May 3, 2010, the county received the second reimbursement in the amount of \$56,862 from the Mississippi Emergency Management Agency from an emergency generators grant.

WILKINSON COUNTY, MISSISSIPPI

Notes to the Financial Statements
September 30, 2009

(17) Subsequent Events. (Continued)

On May 24, 2010, the county received a \$12,000 donation from the Lake Mary Civic Association for the specific purpose of assisting the District 4 with rental proceeds on a temporary detour bridge in place on the Possum Corner Road.

On July 19, 2010, the board accepted a \$549,815 bid from W. S. Construction, LLC for bridge project LSBP 79(21), Lake Mary Bridge; the board also accepted a \$323,599 bid from W. E. Blain & Sons for road project LSRP 79(2), Fords Creek Road.

On September 27, 2010, the board approved the borrowing \$675,000 from Concordia Bank, of which will be repaid over 12 months with a rate of 4.5%.

On November 1, 2010, the board accepted a \$378,631 bid from Dickerson & Bowen, Inc. for street and drainage improvements to Crosby, MS, Community Development Block Grant project number GV-350-079-01.

On November 22, 2010, the board accepted a \$599,401 bid from W. E. Blain & Sons for State Aid Project No. SAP-79(5)M.

On May 23, 2011, the board approved borrowing \$150,000 in order to complete the Brown Creek Project.

On August 1, 2011, the board accepted a \$462,251 bid from Dozers, LLC for Coon's Mill Road bridge project, Project number LSBP 79(19).

On August 22, 2011, the board approved borrowing \$604,750 for general operating expenses and/or to meet financial obligations, to be repaid in 12 monthly installments.

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

WILKINSON COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTAL INFORMATION

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

WILKINSON COUNTY, MISSISSIPPI

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	\$ 2,521,250	\$ 2,712,013	\$ 2,712,013	\$ -
Licenses, commissions and other revenue	93,500	102,070	102,070	-
Fines and forfeitures	175,100	219,059	219,059	-
Intergovernmental revenues	627,000	489,727	489,727	-
Charges for services	6,500	7,604	7,604	-
Interest income	45,000	17,091	35,866	18,775
Miscellaneous revenues	38,400	45,001	26,512	(18,489)
Total Revenues	<u>3,506,750</u>	<u>3,592,565</u>	<u>3,592,851</u>	<u>286</u>
EXPENDITURES				
Current:				
General government	2,369,250	2,475,591	1,907,806	567,785
Public safety	883,000	1,120,705	1,118,520	2,185
Health and welfare	179,375	161,213	161,213	-
Culture and recreation	90,000	79,067	79,067	-
Conservation of natural resources	96,000	87,346	86,078	1,268
Economic development and assistance	115,530	123,290	123,290	-
Debt service:				
Principal	-	-	557,098	(557,098)
Interest	-	-	11,954	(11,954)
Total Expenditures	<u>3,733,155</u>	<u>4,047,212</u>	<u>4,045,026</u>	<u>2,186</u>
Excess of Revenues over (under) Expenditures	<u>(226,405)</u>	<u>(454,647)</u>	<u>(452,175)</u>	<u>2,472</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	12,000	188	188	-
Total Other Financing Sources and Uses	<u>12,000</u>	<u>188</u>	<u>188</u>	<u>-</u>
Net Change in Fund Balance	(214,405)	(454,459)	(451,987)	2,472
Fund Balances				
Fund Balances - Beginning	<u>(47,169)</u>	<u>249,140</u>	<u>(505,601)</u>	<u>(754,741)</u>
Fund Balances - Ending	<u>\$ (261,574)</u>	<u>\$ (205,319)</u>	<u>\$ (957,588)</u>	<u>\$ (752,269)</u>

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

WILKINSON COUNTY, MISSISSIPPI

Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 County-Wide Bridge Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 315,000	\$ 327,360	\$ 327,360	\$ -
Intergovernmental revenues	75,000	53,496	53,496	-
Interest income			-	-
Miscellaneous revenues	-	1,350	1,350	-
Total Revenues	<u>390,000</u>	<u>382,206</u>	<u>382,206</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	<u>365,000</u>	<u>372,791</u>	<u>372,791</u>	<u>-</u>
Total Expenditures	<u>365,000</u>	<u>372,791</u>	<u>372,791</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>25,000</u>	<u>9,415</u>	<u>9,415</u>	<u>-</u>
Net Change in Fund Balance	25,000	9,415	9,415	-
Fund Balances				
Fund Balances - Beginning	<u>(37,802)</u>	<u>497,661</u>	<u>497,661</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (12,802)</u>	<u>\$ 507,076</u>	<u>\$ 507,076</u>	<u>\$ -</u>

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

WILKINSON COUNTY, MISSISSIPPI

Notes to the Required Supplemental Information
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	Bridge Fund
Budget (Cash Basis)	\$ (451,987)	\$ 9,415
Increase(Decrease)		
Net adjustments for revenue accruals	13,014	577
Net adjustments for expenditure accruals	684,973	129
GAAP Basis	\$ 246,000	\$ 10,121

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

WILKINSON COUNTY, MISSISSIPPI

SPECIAL REPORTS

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

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

October 6, 2011

Members of the Board of Supervisors
Wilkinson County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wilkinson County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated October 6, 2011. The auditor's report is qualified on the Governmental Activities, the General Fund and the aggregate remaining fund information because the county did not provide adequate records documenting fines receivable and the related allowance for uncollectible amounts of the Circuit Clerk, did not report certain general infrastructure assets and related depreciation in the governmental activities and did not record all revenues and expenditures in the health insurance internal service fund as required by accounting principles generally accepted in the United States of America. Except for the limitations related to the qualified opinions, 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. Other auditors audited the financial statements of the Wilkinson County Industrial Development Authority as described in our report on Wilkinson County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote

likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and 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.

Our consideration of the internal control over financial reporting was for limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-1, 2009-2, 2009-3, 2009-4, 2009-5, 2009-6, and 2009-7 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilkinson 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 an instance of material noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 2009-2. We also noted certain instances of noncompliance which we have reported to the management of Wilkinson County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated October 6, 2011, included within this document.

Wilkinson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Wilkinson 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 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
Nieman & Associates, PC
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))**

October 6, 2011

Members of the Board of Supervisors
Wilkinson County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Wilkinson 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 Wilkinson 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 Wilkinson 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.

The county did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets.

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. Those instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

1. Finding – Inventory Control Clerk:

- A. As reported in prior years' audit reports and per Section 31-7-107 of the Miss. Code Ann. (1972), the county's computer data base of asset inventory did not include acquisition date or acquisition costs for many assets. These exceptions relate primarily to infrastructure.
- B. The inventory control clerk filed an incomplete annual report with the board of supervisors and with the state of the general fixed assets, additions, deletions and correct ending inventory values.

- C. As reported in prior years, donated assets should be listed on the county's inventory at fair market value. In our review of the county's inventory, we noted several donated items listed at a value of \$1.
- D. Per above stated code section, the inventory clerk must make a physical inventory of assets of the county on or before October 1 of each year. Annual inventory of all assets not done. Per Chancery Clerk, they did sample testing only.

Recommendation:

- A. The county should seek the help of the county engineer to add its entire infrastructure to its computer data base with the acquisition dates and costs in order to compute depreciation expenses, accumulated depreciation and net value.
- B. After completing the annual inventory, the county's inventory clerk should compile the data required and submit an accurate annual report of its general fixed assets to the board of supervisors and to the state.
- C. The board should set the value of donated items at the time it accepts the donation and place that value in the board minutes. The county may use whatever method it deems best to estimate the fair market value—consulting an appraiser or person knowledgeable in the area, using computer-generated data such as Blue Book or other accepted methods.
- D. The county should conduct a complete inventory of all its assets. This would be accomplished with issuing a blank inventory form to each department head. Each department head should list each item of equipment in his department, including a brief description of the item, condition, serial number and property number. After these forms are returned to the inventory control clerk, the inventory should then be reconciled to the existing inventory records and any differences should be investigated and necessary adjustments made to the inventory records.

Inventory Control Clerk's Response:

The county is working with Jordan Kaiser & Sessions, civil engineers, to establish the value of the infrastructure to include all additions and deletions of the inventory. Values are being placed on donated properties of the Board.

2. Finding – Purchase Clerk:

During our audit, we noted that the county had deficit cash and the county held checks for the certain claims approved by the board due to lack of cash. Purchase requisitions and purchase orders were being approved without consulting cash and budget balances.

Recommendation:

We recommend that the purchase clerk sign off on a purchase order only after confirming that the cash balance and the budget balance to make sure there is sufficient cash in the bank and that the budget will not be overspent. Per our conversation with the purchase clerk, she does not have access to the computer records needed so that she can determine the cash or budget balances. We recommend that the board make this available to the purchase clerk so that purchase orders will not be issued without funding being available while remaining within budgeted amounts.

Purchase Clerk Response:

The purchase clerk will comply.

3. Finding – Board of Supervisors

During our test of expenditures of individually significant items, we noted the following:

- a. A check was issued for the wrong amount to one vendor, resulting in an overpayment of \$3,771.
- b. No requisition, purchase order, receiving report or other supporting documentation was found on file for a \$2,744 truck repair invoice.

Recommendation

We recommend the following:

- a. The county should seek reimbursement for the \$3,771 overpayment. Invoices keyed in the computer should be checked to a batch total before checks are written and disbursed.
- b. Policies and procedures for purchasing should be followed before repair work is authorized and checks are issued. A requisition should be issued before a purchase order is generated for all purchases and receiving reports should be on file before a check is processed. If this was an emergency repair, then the proper procedures should be followed.

Board of Supervisor's Response

Steps have been implemented to collect the overpayment, and procedures have been implemented to assure this will not happen again.

In our opinion, except as explained in the preceding paragraphs, Wilkinson 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.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Wilkinson 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
Nieman & Associates, PC
McComb, MS

WILKINSON COUNTY, MISSISSIPPI

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

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

WILKINSON COUNTY, MISSISSIPPI

Schedule of Emergency Purchases
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>
-------------	---------------------------	------------------------	---------------	--

Our test results did not identify any emergency purchases.

WILKINSON COUNTY, MISSISSIPPI

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

Our test results did not identify any purchases made from a sole source.

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

October 6, 2011

Members of the Board of Supervisors:
Wilkinson County, Mississippi

In planning and performing our audit of the financial statements of Wilkinson County, Mississippi for the year ended September 30, 2009, we considered Wilkinson County, Mississippi's internal control to determine our 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 Wilkinson 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 October 6, 2011, on the financial statements of Wilkinson 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 the 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 of 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 findings and recommendations and your responses are disclosed below:

Board of Supervisors

1. Finding

As previously reported in the prior year audit report, in our test of travel vouchers paid by the county, we noted three instances where there was no travel voucher or supporting documentation on file.

Recommendation

We recommend that travel vouchers be completed and approved for all travel, and receipts to be turned in following trips in which the County is paying for.

Board of Supervisors' Response

Receipts are being collected from vouchers issued.

Board of Supervisors

2. Finding

As reported in the previous audit report, as required by Section 19-15-1, Miss. Code Ann. (1972), the county should have a contract with the Chancery Clerk for restoration of records.

During our review we could find no contract on record filed in the Courthouse between the Chancery Clerk and Wilkinson County for the audit year.

Recommendation

We recommend that the supervisors contract with the Chancery Clerk for restoration of records and that the signed contract be filed in the Courthouse per Section 19-15-1, Miss. Code Ann. (1972).

Board of Supervisors' Response

The county will renew annually the contract with the Chancery Clerk.

Justice Clerk

3. Finding

The Justice Court Clerk does not have a \$50,000 bond or renewal of a bond on file with the Chancery Clerk's office of records as required by Section 9-11-29 of the Miss. Code Ann. (1972).

Recommendation:

We recommend that the Justice Court Clerk comply with state law, purchase the required bond and file it with the Chancery Clerk's office.

Justice Clerk's Response

The required bond has been filed.

We recommend that the Justice Court Clerk shall give bond of \$50,000 as required by state law and that it shall be filed with the Chancery Clerk's office as required by law.

Board of Supervisors' Response

The required bond is in place.

Board of Supervisors

4. Finding

As reported in prior years' audit reports, the County has operated several of its funds at substantial cash deficits and has not raised sufficient revenues or other sources of cash to fund its expenditures in some funds, particularly the general fund. This situation has caused an illegal diversion of money from some special revenue funds into the general fund and into other special revenue funds.

Recommendation

We recommend the board of supervisors should take the necessary action to comply with laws regarding diversion of money and fund deficits.

Board of Supervisors' Response

This practice will cease immediately.

Circuit Clerk

5. Finding

As noted in the previous audit report, the aged accounts receivable from prior Circuit Clerks and prior fiscal years was incomplete and could not be determined.

Recommendation

We recommend that the Circuit Clerk establish a complete aged accounts receivable subsidiary and maintain a complete record of payments for all accounts receivable.

Circuit Clerk's Response

This procedure has been implemented and shall continue as required.

Circuit Clerk

6. Finding

Circuit Clerk's bank reconciliations for all three bank accounts were not prepared timely. Reconciliations were prepared and completed while we were on site in April and May of 2011. As a result of not reconciling these bank accounts at the end of every month, we found that the Civil Clearing Account was overdrawn by \$175 as of October 2009.

Recommendation

We recommend that the Circuit Clerk reconcile each and every bank statement at the end of every month.

Circuit Clerk Response

Reconciliations will be updated as stipulated in your finding.

Circuit Clerk

7. Finding

During our examination of bonds held, we discovered that the Circuit Clerk does not have a complete list of bonds being held for the circuit court. Per Section 9-7-137 of the Miss. Code Ann. (1972), the clerk of the circuit court shall procure a well-bound book, arranged alphabetically and properly ruled, lined and headed to show the name of the principal and surety, name of principal obligor, name of obligee, date of bond, penalty of bond, kind of bond, where recorded if recorded, number of suit in which filed and date of discharge. In this he shall abstract each bond, when filed in his office, by entering in such record the name of each principal and surety, under the proper letter, the name of principal obligor, name of obligee, date, penalty, kind of bond, where recorded if recorded, and number of suit in which filed. And when such bond has been discharged, the date thereof shall be entered in said record under the proper heading. Such information may be kept on computer as provided in Section 9-7-171.

Recommendation

We recommend that the Circuit Clerk establish and maintain a complete and accurate cash bond report.

Circuit Clerk Response

This report was not available to me at the time of your audit. However, this information is now available. We shall comply.

Chancery Clerk

8. Finding

As per Section 27-31-85, of the Miss. Code Ann. (1972), from the taxes levied and collected under and by virtue of Sections 27-31-77 through 27-31-83 inclusive, the chancery clerk shall retain five percent as a fee for the collection thereof, and shall pay the remainder thereof into the proper depository to the credit of the county, one-half to the common county fund and one half to the county fund. Such deposit shall be made on or before the 15th day of the month next succeeding that in which such collection may be made. When monthly settlements of mineral stamps were reviewed, it was noted that (4) out of (15) months were settled after the 15th day of the next succeeding month.

Recommendation

We recommend that mineral stamp monies be settled by the 15th of the next succeeding month per the statute.

Chancery Clerk's Response

Deposits and disbursements are being done on a timely basis, by the 15th of the month except when it falls on weekends and holidays.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exceptions and their dispositions are as follows:

Exception Issued On:	On: Wevelyn James, Tax Assessor-Collector
Nature of Exception:	Salary
Amount of Exception:	\$34,045.11 for prior periods.
Disposition of Exception:	\$5,210.23 was repaid by the Tax Assessor-Collector's bond on May 12, 2008. The remainder is unpaid. The balance currently is \$40,730.13 including interest and investigative cost. This matter has been turned over to the Investigative Division of the Office of the State Auditor.

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

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than this party. 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
Nieman & Associates, PC
McComb, MS 39648

WILKINSON COUNTY, MISSISSIPPI

(This page was left blank intentionally.)

WILKINSON COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

WILKINSON COUNTY, MISSISSIPPI

(This page left blank intentionally.)

WILKINSON COUNTY, MISSISSIPPI

Schedule of Findings and Responses
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 financial statements: | |
| Governmental Activities | Qualified |
| Aggregate discretely presented component units | Unqualified |
| General Fund | Qualified |
| County-Wide Bridge Fund | Unqualified |
| Business-type Activities | Unqualified |
| Solid Waste Services Fund | Unqualified |
| Aggregate remaining fund information | Qualified |
| 2. Internal Control Over Financing Reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to the financial statements? | Yes |

Section 2: Financial Statement Findings

Significant Deficiency – Material Weakness

2009-1 Finding – Board of Supervisors

As reported in prior years' audit reports, the County has, in the past, made inter-fund loans. These loans were made when the County experienced negative cash flows in various funds. However, after many years, these loans have not been repaid. As a result, the County has outstanding inter-fund loans which are many years old.

Recommendation

Failure of the Board of Supervisors to ensure repayment of these loans is an illegal diversion of legally-restricted funds. For any inter-fund loan made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of the funds for the repayment. The Board of Supervisors should ensure that these old loans are repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.

Board of Supervisors' Response

We will comply to the degree that it is possible and legal to do so. Some funds no longer exist or may have been closed.

WILKINSON COUNTY, MISSISSIPPI

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

Section 2: Financial Statement Findings (Continued)

Significant Deficiency – Material Weakness and Material Non-Compliance

2009-2 Finding – Board of Supervisors

Section 19-13-43, Miss. Code Ann. (1972), requires that, before a warrant is issued, there must be sufficient money available in the fund upon which it is drawn to pay the same and all prior unpaid checks drawn on that fund. As reported in the eight prior years' audit reports, warrants were written on county funds which did not have sufficient cash balances. The following funds had a deficit cash balance at September 30, 2009: Triad Fund, Fire Grant, Homeland Security, Tire Waste Disposal, Law Library, Courthouse Renovation Grant, Industrial Development, District One Road, District Two Road, District Four Road, Fruit of the Loom Bond, and Solid Waste.

Recommendation

The county should ensure that no warrants are written on funds when cash is not available.

Board of Supervisors' Response

It is sometimes necessary to expend funds before reimbursement is made. In other instances, we will do our best to comply.

Significant Deficiency – Material Weakness

2009-3 Finding – Chancery Clerk

As stated in the previous audits, the land redemption bank statements are not reconciled and we were unable to reconcile it since the receipts could not be reconciled with deposits. In our testing, we found cash and checks do not tie directly to deposits and we could not determine if cash and checks from settlements are deposited timely. Receipts are not written for all monies received. Receipts are not checked up and deposited daily.

Recommendation

The Chancery Clerk should ensure the land redemption receipts are marked as cash or check, that PIN numbers be placed on the deposit slips so that cash and checks can be traced and that the account is reconciled on a monthly basis. Receipts and deposits should be deposited and reconciled daily. Bank statements should be reconciled monthly and all unsettled funds should be identified and properly settled to the correct parties.

Chancery Clerk's Response

There have never been problems with accounts for cash with our present system. However, as you suggested, this plan has been implemented to please this auditor.

WILKINSON COUNTY, MISSISSIPPI

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

Section 2: Financial Statement Findings (Continued)

Significant Deficiency – Material Weakness

2009-4 Finding – Chancery Clerk

In our testing of cash management, we found cash and checks do not tie directly to deposits and the case numbers are not written on the deposit slips. We could not determine if all receipts are deposited in the bank in a timely manner.

Recommendation

We recommend that case numbers be placed on the deposit slips so that all receipts and case payments can be traced. Receipts and deposits should be deposited and reconciled daily.

Chancery Clerk's Response

We are complying.

Significant Deficiency – Material Weakness

2009-5 Finding – Chancery Clerk

As reported in the prior year's audit report, capital asset internal control procedures are inadequate for maintaining an accurate inventory or adequate subsidiary records of the county's assets. During our testing we found an item not added to the asset listing, we found (8) out of (22) capital assets not properly tagged with an identifying asset number, one asset could not be located and assets on the books without complete data to document historical cost (some assets valued at \$1 and other assets valued at \$0) or (in the case of donated assets), the fair market value, purchase date and associated accumulated depreciation. Additionally, the county has no computerized subsidiary records for infrastructure assets so as to compute current year or accumulated depreciation.

Recommendation

The county should implement procedures to provide accurate reporting of their capital asset balances and develop capital asset accounting requirements to insure that all capital assets are properly tagged with an identifying asset number, and properly recorded on the books.

Chancery Clerk's Response

Where possible financially, we will comply with your recommendation.

WILKINSON COUNTY, MISSISSIPPI

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

Section 2: Financial Statement Findings (Continued)

Significant Deficiency – Material Weakness

2009-6 Finding—Board of Supervisors

As reported in prior years' audit reports, many transactions throughout the year were not posted to the County's general ledger, including virtually all health insurance claim checks, which totaled \$362,212 and insurance premiums paid of \$151,344. As a result of the health insurance claim checks not being posted to the county's general ledger or claims docket, there was no formal Board of Supervisors' approval for the issuance of the checks.

Recommendation

The county should implement procedures to ensure that all transactions that occur in the county's bank statements should be posted in the county's general ledger. No warrants should be issued without proper approval from the Board of Supervisors.

Board of Supervisors' Response

These recommendations have been implemented.

Significant Deficiency – Material Weakness

2009-7 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 Wilkinson County is charged with the responsibility for preparing its financial statements in accordance with generally accepted accounting principles.

Board of Supervisors' Response

Proper procedures have been implemented.