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ADAMS COUNTY, MISSISSIPPI

**Audited Financial Statements and Special Reports
For the Year Ended September 30, 2010**

ADAMS COUNTY
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ADAMS COUNTY

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

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Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Adams County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining funds and the proprietary fund information of Adams County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Adams County, Mississippi, as of September 30, 2010, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining funds and the proprietary fund information of Adams County, Mississippi, as of September 30, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2011, on our consideration of Adams 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.

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

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

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



Windham and Lacey, PLLC
July 18, 2011

ADAMS COUNTY

FINANCIAL STATEMENTS

ADAMS COUNTY
Statement of Net Assets
September 30, 2010

Exhibit I

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 2,440,333
Property tax receivable	9,453,346
Accounts receivable (net of allowance for uncollectibles of \$1,411,393)	299,149
Fines receivable (net of allowance for uncollectibles of \$2,257,024)	482,637
Intergovernmental receivables	322,716
Loans receivable (net of allowance for uncollectibles of \$175,048)	2,775,000
Other receivables	44,052
Deferred charges - bond issuance costs	106,420
Restricted assets - investments	726,786
Capital assets:	
Land and construction in progress	4,879,763
Other capital assets, net	34,476,713
Total Assets	<u>56,006,915</u>
LIABILITIES	
Claims payable	718,319
Claims and judgments payable	152,225
Intergovernmental payables	478,982
Accrued interest payables	113,083
Deferred revenue	9,453,346
Compensated absences	400,722
Other payables	111,403
Long-term liabilities	
Due within one year:	
Capital debt	1,151,963
Non-capital debt	789,860
Due in more than one year:	
Capital debt	5,991,694
Non-capital debt	665,000
Total Liabilities	<u>20,026,597</u>
NET ASSETS	
Invested in capital assets, net of related debt	32,212,819
Restricted:	
Expendable:	
General government	98,758
Public works	4,248,270
Culture and recreation	147
Debt service	552,357
Unemployment compensation	28,409
Unrestricted	<u>(1,160,442)</u>
Total Net Assets	<u>\$ 35,980,318</u>

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

ADAMS COUNTY
Statement of Activities
For the Year Ended September 30, 2010

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Primary Government
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 6,464,143	735,696	1,213,173		(4,515,274)
Public safety	5,527,357	630,242	539,097	118,920	(4,239,098)
Public works	5,349,792	886,558	815,337	2,072,796	(1,575,101)
Health and welfare	533,118		171,828		(361,290)
Culture and recreation	75,267				(75,267)
Education	57,602				(57,602)
Conservation of natural resources	157,289				(157,289)
Economic development and assistance	98,083				(98,083)
Interest on long-term debt	523,085				(523,085)
Total Governmental Activities	\$ 18,785,736	2,252,496	2,739,435	2,191,716	(11,602,089)
General revenues:					
Property taxes				\$ 12,330,927	
Road & bridge privilege taxes				472,644	
Grants and contributions not restricted to specific programs				1,138,206	
Unrestricted interest income				19,418	
Miscellaneous				451,466	
Total general revenues				14,412,661	
Changes in Net Assets				2,810,572	
Net Assets - Beginning				33,544,746	
Prior Year Adjustments				(375,000)	
Net Assets, Restated				33,169,746	
Net Assets - Ending				\$ 35,980,318	

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

ADAMS COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2010

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Funds	Port and Harbor Fund	Countywide Road Fund		
ASSETS					
Cash	\$ 985,895	6,964	78,422	1,366,931	2,438,212
Investments - restricted				726,786	726,786
Loans receivable		2,775,000			2,775,000
Property tax receivable	7,560,713	56,069	176,773	1,659,791	9,453,346
Accounts receivable, net of allowance for uncollectibles of \$1,411,393				299,149	299,149
Fines receivable, net of allowance for uncollectible of \$2,257,024	482,637				482,637
Intergovernmental receivables	230,798		8,992	82,926	322,716
Other receivables	8,852			35,200	44,052
Advances to other funds	28,735			12,990	41,725
Due from other funds		1,521	167,248	924,498	1,093,267
Total Assets	\$ 9,297,630	2,839,554	431,435	5,108,271	17,676,890
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 468,906		45,458	203,955	718,319
Intergovernmental payables	326,992				326,992
Due to other funds	86,731	207,150		951,376	1,245,257
Advances from other funds	4,460		8,520	28,745	41,725
Deferred revenue	8,043,350	56,069	176,773	1,958,940	10,235,132
Other payables	111,402				111,402
Total Liabilities	9,041,841	263,219	230,751	3,143,016	12,678,827
Fund balances:					
Reserved for:					
Debt service				559,021	559,021
Unemployment compensation				28,409	28,409
Advances	28,735			12,990	41,725
Unreserved, undesignated reported in:					
General Fund	227,054				227,054
Special Revenue Funds		2,576,335	200,684	1,364,835	4,141,854
Total Fund Balances	255,789	2,576,335	200,684	1,965,255	4,998,063
Total Liabilities and Fund Balances	\$ 9,297,630	2,839,554	431,435	5,108,271	17,676,890

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

ADAMS COUNTY
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
 September 30, 2010

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,998,063
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$58,776,066.	39,356,476
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	781,786
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(8,999,239)
Accrued interest payable is not due and payable in the current period and therefore, is not deferred in the funds.	(113,084)
Bond issuance cost, net of amortization.	106,420
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	<u>(150,104)</u>
Total Net Assets - Governmental Activities	\$ <u><u>35,980,318</u></u>

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

ADAMS COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2010

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Funds	Port and Harbor Fund	Countywide Road Fund		
REVENUES					
Property taxes	\$ 9,643,448	106,325	234,001	2,347,153	12,330,927
Road and bridge privilege taxes			472,644		472,644
Licenses, commissions and other revenue	413,391			52,041	465,432
Fines and forfeitures	411,920			30,994	442,914
Intergovernmental revenues	1,416,139	1,016,859	1,949,250	1,687,109	6,069,357
Charges for services	97,040			1,233,118	1,330,158
Interest income	7,456	46	1,698	10,218	19,418
Miscellaneous revenues	289,016	19,515		96,837	405,368
Total Revenues	<u>12,278,410</u>	<u>1,142,745</u>	<u>2,657,593</u>	<u>5,457,470</u>	<u>21,536,218</u>
EXPENDITURES					
Current:					
General government	5,302,848			986,437	6,289,285
Public safety	4,603,179			1,013,362	5,616,541
Public works	107,179	1,205,142	2,559,892	2,240,071	6,112,284
Health and welfare	388,557			144,561	533,118
Education	57,601				57,601
Culture and recreation	75,267				75,267
Conservation of natural resources	157,289				157,289
Economic development and assistance	96,583			1,500	98,083
Debt service:					
Principal	929,088	44,592	139,339	1,521,321	2,634,340
Interest	356,051	1,338	20,859	142,804	521,052
Total Expenditures	<u>12,073,642</u>	<u>1,251,072</u>	<u>2,720,090</u>	<u>6,050,056</u>	<u>22,094,860</u>
Excess of Revenues over (under) Expenditures	<u>204,768</u>	<u>(108,327)</u>	<u>(62,497)</u>	<u>(592,586)</u>	<u>(558,642)</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	336,191				336,191
Transfers in	549,071			185,870	734,941
Transfers out	(33,478)			(701,463)	(734,941)
Lease principal payments				124,408	124,408
Total Other Financing Sources and Uses	<u>851,784</u>	<u>0</u>	<u>0</u>	<u>(391,185)</u>	<u>460,599</u>
Net Changes in Fund Balances	<u>1,056,552</u>	<u>(108,327)</u>	<u>(62,497)</u>	<u>(983,771)</u>	<u>(98,043)</u>
Fund Balances - Beginning	(479,763)	2,684,662	271,181	2,995,026	5,471,106
Prior Year Adjustments	<u>(321,000)</u>		<u>(8,000)</u>	<u>(46,000)</u>	<u>(375,000)</u>
Fund Balances - Beginning, as Restated	<u>(800,763)</u>	<u>2,684,662</u>	<u>263,181</u>	<u>2,949,026</u>	<u>5,096,106</u>
Fund Balances - Ending	\$ <u>255,789</u>	<u>2,576,335</u>	<u>200,684</u>	<u>1,965,255</u>	<u>4,998,063</u>

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

ADAMS COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2010

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (98,043)
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 \$1,553,612 exceeded depreciation of \$835,775 in the current period.	717,836
In the Statement of Activities, only gains and losses from the disposal of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by loss on disposal of \$4,770.	(4,770)
Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full accrual basis of accounting.	(49,822)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full accrual basis of accounting.	66,224
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$2,634,340 exceeded debt proceeds of \$336,191.	2,298,149
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from:	
The-decrease in compensated absences	25,468
The reduction in accrued interest payable	18,451
Bond issue cost amortization	(35,483)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from the change in fund balances by the principal collections on the capital leases.	(124,408)
An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net change is reported with the governmental activities.	<u>(3,030)</u>
Change in Net Assets of Governmental Activities	\$ <u>2,810,572</u>

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

ADAMS COUNTY
Statement of Net Assets - Proprietary Fund
September 30, 2010

Exhibit 5

	Governmental Activities
	<u>Internal Service Fund</u>
ASSETS	
Current assets:	
Cash	\$ 2,121
Total Current Assets	<u>2,121</u>
Total Assets	<u>2,121</u>
LIABILITIES	
Current liabilities:	
Claims and judgments payable	<u>152,225</u>
Total Current Liabilities	<u>152,225</u>
NET ASSETS	
Unrestricted (deficit)	<u>(150,104)</u>
Total Net Assets	<u>\$ 2,121</u>

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

ADAMS COUNTY
Statement of Revenues, Expenses and Changes in Fund Net Assets -
Proprietary Fund
For the Year Ended September 30, 2010

Exhibit 6

	Governmental Activities
	Internal Service Fund
	<u> </u>
Operating Revenues	
Premiums	\$ 1,747,800
Miscellaneous revenue	<u>29,470</u>
Total Operating Revenues	<u>1,777,270</u>
Operating Expenses	
Claims paid	1,354,418
Premiums paid	<u>426,227</u>
Total Operating Expenses	<u>1,780,645</u>
Operating Income (Loss)	<u>(3,375)</u>
Nonoperating Revenues (Expenses)	
Interest income	<u>345</u>
Net Nonoperating Revenue (Expenses)	<u>345</u>
Net Income	<u>(3,030)</u>
Changes in Net Assets	<u>(3,030)</u>
Net Assets - Beginning	<u>(147,074)</u>
Net Assets - Ending	<u>\$ (150,104)</u>

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

ADAMS COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2010

Exhibit 7

	Governmental Activities
	Internal Service Fund
	<u> </u>
Cash Flows From Operating Activities	
Premiums received	\$ 1,747,800
Miscellaneous revenue	29,470
Insurance premiums	(426,227)
Claims paid	<u>(1,350,259)</u>
Net Cash Provided (Used) by Operating Activities	<u>784</u>
Cash Flows From Investing Activities	
Interest on deposits	<u>345</u>
Net Cash Provided (Used) by Investing Activities	<u>345</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,129
Cash and Cash Equivalents at Beginning of Year	<u>992</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,121</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(3,375)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in claims payable	<u>4,159</u>
Total Adjustments	<u>4,159</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 784</u>

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

ADAMS COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2010

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 576,818
Due from other funds	<u>335,450</u>
Total Assets	<u>\$ 912,268</u>
LIABILITIES	
Amounts held in custody for others	\$ 500,736
Due to other funds	<u>183,460</u>
Total Liabilities	<u>\$ 684,196</u>

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

ADAMS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2010

(I) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Adams County Port Commission
- Natchez Regional Medical Center
- Adams County Airport Commission
- Natchez/Adams County Development Authority

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

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

B. Blended Component Unit.

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

Adams County Public Improvement Corporation was incorporated as a nonprofit under Section 31-8-3, Miss. Code Ann. (1972), that allows counties to enter into lease agreements with any corporation. The corporation's three-member board of directors is appointed by the Board of Supervisors. The corporation produces a financial benefit through its ability to finance the construction of capital facilities for the primary government and imposes a financial burden on the primary government by obligating funds to repay debt pursuant to a lease agreement.

ADAMS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2010

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

ADAMS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2010

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

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

Port and Harbor Fund - This fund is used to account for expenditures incurred on behalf of and funds loaned to the Adams County Port Commission, a component unit.

Countywide Road Fund - This fund is used to account for expenditures incurred for road construction and maintenance.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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 TYPE

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

ADAMS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2010

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Capital Assets.

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

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

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

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

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

J. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

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.

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. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Beginning Fund Balance Adjustment

For the year beginning October 1, 2009, the following funds were reclassified:

<u>Fund Name</u>	<u>General Fund</u>	<u>Countywide Road Fund</u>	<u>Other Governmental Funds</u>
Special Levy Appraisal Fund	\$ (183,723)		183,723
Airport Oil Run Fund	(4,086)		4,086
Sheriff Forfeited Assets - State	(1,042)		1,042
Sheriff Forfeited Assets - Federal	(626)		626
First Homeowners' Loan Fund	(61)		61
Excess Tax Bid Fund	(5,345)		5,345
Countywide Road Fund		<u>271,181</u>	<u>(271,181)</u>
Total	<u>\$ (194,883)</u>	<u>271,181</u>	<u>(76,298)</u>

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

(3) Prior Year Adjustments.

A summary of significant fund equity adjustments are as follows:

Exhibit 2 - Statement of Activities

Explanation	Amount
Recognition of prior year interfund transactions not recorded:	
General Fund	\$ (321,000)
Countywide Road Fund	(8,000)
Other Governmental Funds	(46,000)
Total prior period adjustments	\$ (375,000)

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

Explanation	Amount
Recognition of prior year interfund transactions not recorded:	
General Fund	\$ (321,000)
Countywide Road Fund	(8,000)
Other Governmental Funds	(46,000)
Total prior period adjustments	\$ (375,000)

(4) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2010, was \$3,017,151, and the bank balance was \$3,386,845. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the county are handled through a trust indenture between the county and the trustee related to the construction and operation of the Adams County Administrative Building.

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

Investments balances at September 30, 2010, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Mutual Fund		\$ <u>726,786</u>	AAAm
Total		\$ <u><u>726,786</u></u>	

Interest Rate Risk. The county does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity period of any investment to no more than one year. The average weighted maturity of the securities in the Hancock Horizon Treasury Security Money Market Mutual Fund was less than one year.

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. These investments are held by the Hancock Bank trust department. All of the investments are uninsured and unregistered. The investment in the Hancock Horizon Treasury Money Market Mutual Funds is not backed by the full faith and credit of the federal government.

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2010:

A. Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Fund	General Fund	\$ 35,571
Countywide Road Fund	Port and Harbor Fund	50,150
Countywide Road Fund	Other Governmental Funds	81,527
Port and Harbor Fund	General Fund	1,521
Other Governmental Funds	General Fund	38,753
Other Governmental Funds	Port and Harbor Fund	157,000
Other Governmental Funds	Other Governmental Funds	580,255
Other Governmental Funds	Agency Funds	148,490
Agency Funds	General Fund	10,886
Agency Funds	Other governmental Funds	289,594
Agency Funds	Agency Funds	<u>34,970</u>
Total		\$ <u><u>1,428,717</u></u>

Amounts listed are the tax revenues, justice court and circuit clerk fines and fees collected in September, 2010 but not settled until October, 2010, and short-term loans made to pay current month's expenses. All interfund balances are expected to be repaid within one year from the date of the financial statements.

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

B. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 28,735
Other Governmental Funds	Countywide Road Fund	8,520
Other Governmental Funds	Other Governmental Funds	10
Other Governmental Funds	General Fund	4,460
Total		\$ 41,725

The purpose of the advances was to provide funds for operations.

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 549,071
Other Governmental Funds	Other Governmental Funds	152,392
Other Governmental Funds	General Fund	33,478
Total		\$ 734,941

The purposes of the transfers were to close inactive accounts and provide matching funds. The transfers were routine and consistent with the activities of the fund making the transfer.

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2010, consisted of the following:

Description	Amount
Legislative tag credit	\$ 125,876
Victims of Child Abuse Grant	5,000
Edward Byrne Memorial Formula Grant	16,950
State Court Improvement Grant Program	3,352
Department of Transportation	8,992
Housing prisoners	2,800
Department of Homeland Security	76,820
Victims Assistance Grant	11,606
Department of Public Safety - Public Safety Planning	2,330
Temporary Assistance to Needy Families	10,587
Casey Foundation	7,755
Promoting Safe and Stable Families Grant	14,399
Administrative Office of the Courts	36,249
Total	\$ 322,716

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

(7) Loans Receivable.

Loans receivable balance at September 30, 2010, is as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Adams County Port Commission	Nov. 1997	5.20%	Nov. 2017	\$ 2,775,000
Munford Trust	Nov. 2003	0.00%	Dec. 2003	175,048
Total				2,950,048
Less: Allowance for doubtful accounts*				(175,048)
Total (Net of allowance for doubtful accounts)				<u>\$ 2,775,000</u>

* The Munford Trust loan receivable dated November 2003, was determined to be uncollectible in fiscal year 2008.

(8) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2010:

	Balance Oct. 1, 2009	Increases	Decreases	Transfers	Balance Sept. 30, 2010
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,984,032	46,719			3,030,751
Construction in progress	2,113,582	62,093		(326,663)	1,849,012
Total capital assets, not being depreciated	5,097,614	108,812	0	(326,663)	4,879,763
Capital assets, being depreciated:					
Buildings	9,356,333				9,356,333
Improvements other than buildings				1,112,797	1,112,797
Mobile equipment	4,001,397	255,011	(47,706)	(83,974)	4,124,728
Furniture and equipment	1,263,675	72,301		682,845	2,018,821
Property under capital leases	4,243,694	87,201		(1,711,668)	2,619,227
Infrastructure	72,663,923	1,030,287		326,663	74,020,873
Total capital assets being depreciated	91,529,022	1,444,800	(47,706)	326,663	93,252,779
Less: Accumulated depreciation for:					
Buildings	3,856,275	159,957			4,016,232
Improvements other than buildings		35,342		230,242	265,584
Mobile equipment	2,884,761	233,937	(42,936)	73,506	3,149,268
Furniture and equipment	1,070,491	54,155		579,824	1,704,470
Property under capital leases	1,509,492	219,994		(883,572)	845,914
Infrastructure	48,662,208	132,390			48,794,598
Total accumulated depreciation	57,983,227	835,775	(42,936)	0	58,776,066
Total capital assets, being depreciated, net	33,545,795	609,025	(4,770)	326,663	34,476,713
Governmental activities capital assets, net	\$ 38,643,409	717,837	(4,770)	0	39,356,476

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

Depreciation expense was charged to the following functions:

Governmental activities:		
General government	\$	184,272
Public safety		326,863
Public works		<u>324,640</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>835,775</u></u>

Commitments with respect to unfinished capital projects at September 30, 2010, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
State Aid Project SAP-1(52)/81-0001-00-052-10	\$ 0	Final approval June, 2011

(9) 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, 2010, to January 1, 2011. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The county is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in May, 1995 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. Each participating public entity, including Adams County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. 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 plans to minimize this potential loss:

The county has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000, and the aggregate policy covers all submitted claims in excess of \$98,000. The coinsurer is not liable for claims in excess of \$1,000,000 per participant.

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2010, the amount of these liabilities was \$152,225. An analysis of claims activities is presented below:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2007-2008	\$ 200,961	1,836,143	1,740,443	296,661
2008-2009	\$ 296,661	1,235,113	1,383,708	148,066
2009-2010	\$ 148,066	1,358,577	1,354,418	152,225

(10) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2010:

Asset:	<u>Governmental Activities</u>
Buildings	\$ 660,455
Mobile equipment	1,376,106
Other furniture and equipment	<u>582,666</u>
Total	2,619,227
Less: Accumulated depreciation	<u>(845,914)</u>
Leased property under capital leases	<u>\$ 1,773,313</u>

The following is a schedule by years of the total payments due as of September 30, 2010:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 606,037	49,886
2012	443,993	26,203
2013	155,791	8,064
2014	95,462	3,067
2015	<u>1,461</u>	
Total	<u>\$ 1,302,744</u>	<u>87,220</u>

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

(11) Long-term Debt.

Debt outstanding as of September 30, 2010, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Refunding 2002	\$ 1,065,000	4.125 to 4.40%	Aug., 2012
Taxable urban renewal bonds	<u>230,000</u>	6.51%	April, 2012
Total General Obligation Bonds	<u>\$ 1,295,000</u>		
B. Limited Obligation Bonds:			
Special obligation refunding bonds	<u>\$ 6,075,000</u>	3.45 to 5.00%	July, 2024
C. Capital Leases:			
Energy efficient equipment	\$ 158,218	4.85%	Aug., 2012
Computer equipment	156,984	4.50%	Dec., 2012
Kubota Tractor	20,004	3.36%	Nov., 2013
Console for juvenile center	50,418	3.36%	April, 2014
Road equipment	311,816	4.31%	Aug., 2012
Road equipment	85,230	3.36%	Nov., 2013
Road equipment	145,154	3.36%	Aug., 2014
E-911 tower	52,552	4.59%	Dec., 2012
Sheriff's vehicles	75,354	3.29%	Nov., 2012
4 Caterpillar generators	180,000	3.19%	Dec., 2010
Computer equipment - Sheriff's Office	<u>67,014</u>	3.36%	Oct., 2014
Total Capital Leases	<u>\$ 1,302,744</u>		
D. Other Loans:			
Market Street Building renovations	\$ 93,945	1.25%	Dec., 2012
Revenue shortfall loan	<u>159,860</u>	4.02%	Oct., 2010
Total Other Loans	<u>\$ 253,805</u>		

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 630,000	61,313	515,000	293,618
2012	665,000	31,792	540,000	273,275
2013			565,000	251,000
2014			595,000	222,750
2015			620,000	193,000
2016-2020			2,655,000	479,500
2021-2024			585,000	74,750
Total	<u>\$ 1,295,000</u>	<u>93,105</u>	<u>6,075,000</u>	<u>1,787,893</u>

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 190,786	7,584
2012	31,313	788
2013	31,706	396
Total	<u>\$ 253,805</u>	<u>8,768</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2010, the amount of outstanding debt was equal to 2.79% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2010:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount due</u>
	<u>October 1, 2009</u>			<u>September 30, 2010</u>	<u>within one</u>
					<u>year</u>
Governmental Activities:					
General obligation bonds	\$ 1,900,000		605,000	1,295,000	630,000
Limited obligation bonds	6,570,000		495,000	6,075,000	515,000
Capital leases	1,678,986	336,191	712,433	1,302,744	606,037
Other loans	1,075,712		821,907	253,805	190,786
	<u>11,224,698</u>	<u>336,191</u>	<u>2,634,340</u>	<u>8,926,549</u>	<u>1,941,823</u>
Less deferred amount on refunded bonds	<u>(354,854)</u>	<u>0</u>	<u>(26,822)</u>	<u>(328,032)</u>	<u>0</u>
Total	<u>10,869,844</u>	<u>336,191</u>	<u>2,607,518</u>	<u>8,598,517</u>	<u>1,941,823</u>
Compensated absences	<u>426,190</u>	<u>0</u>	<u>25,468</u>	<u>400,722</u>	<u>0</u>
Total	<u>\$ 11,296,034</u>	<u>336,191</u>	<u>2,632,986</u>	<u>8,999,239</u>	<u>1,941,823</u>

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2010:

Fund	Deficit Amount
County Fire	\$ 550,295
Waste Collection and Disposal	102,884
Reappraisal Maintenance	15,185
Community and Development Authority	19,825
Occupant Protection	1,730
Adolescent Offenders Program	19,686
Southwest Mississippi AOP	6,286
Youth Court Support	13,142
Juvenile Drug Court	10,049
Violence Against Women	1,771
Self Funded Health Insurance Fund	150,104

(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.

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.

Hospital Revenue Bond Contingencies - The county issues revenue bonds to provide funds for constructing and improving capital facilities of the Natchez Regional Medical Center. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the county remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the county is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2010, is \$16,075,000.

Airport Revenue Note Contingencies - The county issues revenue notes to provide funds for constructing and improving capital facilities of the Adams County Airport. The revenue notes are reported as a liability of the airport because such debt is payable primarily from the airport's operations. However, the county remains contingently liable for the retirement of these notes because its state sales tax allocation and homestead exemption reimbursement is secondarily pledged in case of default by the airport. The principal amount of airport revenue notes outstanding at September 30, 2010, is \$28,777.

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Adams County Board of Supervisors appoints five of the 27 members of the college board of trustees. The county appropriated \$758,396 for maintenance and support of the college in fiscal year 2010.

ADAMS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams 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 \$79,269 for the support of the district in fiscal year 2010.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$77,143 for its support in fiscal year 2010.

Southwest Mississippi Development Corporation 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 provide only modest financial support for the entity.

(15) Defined Benefit Pension Plan.

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

Funding Policy. Until June 30, 2010 and after July 1, 2010, PERS members were required to contribute 7.25% and 9.00%, respectively, of their annual covered salary, and the county was required to contribute at an actuarially determined rate. The rate at September 30, 2010 was 12.00% 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, 2010, 2009 and 2008 were \$727,299, \$729,717 and \$669,377, respectively, equal to the required contributions for each year.

(16) Subsequent Events.

Adams County has evaluated events and transactions for potential recognition or disclosure through July 18, 2011, which is the date the financial statements were available to be issued.

As of July 18, 2011, Adams County issued the following debt obligation:

<u>Date</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/01/2010	2.90%	\$ 2,400,000	Loan	Ad valorem taxes

ADAMS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ADAMS COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 10,335,052	9,635,011	9,635,011	
Licenses, commissions and other revenue	466,692	417,518	417,518	
Fines and forfeitures	813,821	522,726	411,418	(111,308)
Intergovernmental revenues	1,663,607	1,539,891	1,766,742	226,851
Charges for services	100,000	94,240	94,240	
Interest income	71,500	27,209	6,650	(20,559)
Miscellaneous revenues	10,400	243,292	291,840	48,548
Total Revenues	<u>13,461,072</u>	<u>12,479,887</u>	<u>12,623,419</u>	<u>143,532</u>
EXPENDITURES				
Current:				
General government	5,198,083	4,893,102	4,887,942	5,160
Public safety	4,954,614	4,528,706	4,528,584	122
Health and welfare	389,611	388,539	388,539	
Culture and recreation	75,850	74,935	74,935	
Education	432,546	380,693	423,397	(42,704)
Conservation of natural resources	289,836	61,426	42,879	18,547
Economic development and assistance	198,658	120,741	96,583	24,158
Debt service	1,199,014	1,285,139	1,285,139	
Total Expenditures	<u>12,738,212</u>	<u>11,733,281</u>	<u>11,727,998</u>	<u>5,283</u>
Excess of Revenues over (under) Expenditures	<u>722,860</u>	<u>746,606</u>	<u>895,421</u>	<u>148,815</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			336,191	336,191
Transfers in		2,827,482	2,463,301	(364,181)
Transfers out	(172,000)	(2,595,893)	(2,595,893)	
Long-term debt incurred				
Other financing sources	360,000			
Other financing uses				
Total Other Financing Sources and Uses	<u>188,000</u>	<u>231,589</u>	<u>203,599</u>	<u>(27,990)</u>
Net Change in Fund Balance	910,860	978,195	1,099,020	120,825
Fund Balances - Beginning	<u>629,000</u>	<u>22,835</u>	<u>22,835</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,539,860</u>	<u>1,001,030</u>	<u>1,121,855</u>	<u>120,825</u>

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

ADAMS COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Port and Harbor Fund
 For the Year Ended September 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 108,731	106,657	106,657	
Intergovernmental revenues	100,000	1,016,859	1,016,859	
Miscellaneous revenues		46	46	
Total Revenues	<u>208,731</u>	<u>1,123,562</u>	<u>1,123,562</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	162,800	1,205,142	1,205,142	
Debt service:	45,931	45,930	45,930	
Total Expenditures	<u>208,731</u>	<u>1,251,072</u>	<u>1,251,072</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>(127,510)</u>	<u>(127,510)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Other financing sources		19,515	19,515	
Total Other Financing Sources and Uses	<u>0</u>	<u>19,515</u>	<u>19,515</u>	<u>0</u>
Net Change in Fund Balance	0	(107,995)	(107,995)	0
Fund Balances - Beginning		51,808	(92,192)	(144,000)
Fund Balances - Ending	<u>\$ 0</u>	<u>(56,187)</u>	<u>(200,187)</u>	<u>(144,000)</u>

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

ADAMS COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Fund
 For the Year Ended September 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 313,430	232,161	232,161	
Licenses, commissions and other revenue	650,000	664,397	664,397	
Fines and forfeitures	85,000	29,156	29,156	
Intergovernmental revenues	1,136,000	889,665	889,665	
Interest income	6,500	1,698	1,698	
Total Revenues	<u>2,190,930</u>	<u>1,817,077</u>	<u>1,817,077</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	2,016,767	1,565,678	1,565,678	
Education	220,570	192,303	192,303	
Debt service	132,593	160,198	160,198	
Total Expenditures	<u>2,369,930</u>	<u>1,918,179</u>	<u>1,918,179</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(179,000)</u>	<u>(101,102)</u>	<u>(101,102)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	6,000	266,558	266,558	
Other financing uses		(266,558)	(266,558)	
Total Other Financing Sources and Uses	<u>6,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(173,000)	(101,102)	(101,102)	0
Fund Balances - Beginning	<u>273,000</u>	<u>258,764</u>	<u>258,764</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 100,000</u>	<u>157,662</u>	<u>157,662</u>	<u>0</u>

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

ADAMS COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2010

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 the major Special Revenue Funds:

	Governmental Fund Types		
	General Fund	Port and Harbor Fund	Countywide Road Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ 1,099,020	(107,995)	(101,102)
Increase (decrease):			
Net adjustments for revenue accruals	(345,009)	19,183	840,517
Net adjustments for expenditure accruals	(345,644)		(801,912)
Net adjustments for other financing sources/uses accruals	648,185	(19,515)	
Net Change in Fund Balance - GAAP Basis	\$ <u>1,056,552</u>	<u>(108,327)</u>	<u>(62,497)</u>

Any line item that had an excess of actual over budget was the result of audit reclassification entries.

ADAMS COUNTY

SUPPLEMENTAL INFORMATION

ADAMS COUNTY
Schedule of Expenditures of Federal Awards
September 30, 2010

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. Department of Agriculture Natural Resources Conservation Service Watershed Protection and Flood Prevention	10.904	68-4423-9-1850		\$ 261,774
Passed-through Mississippi State Treasurers Office Schools and Roads Grants to States	10.665			<u>98,489</u>
Total U.S. Department of Agriculture				<u>360,263</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community Development Block Grant - States Program	14.228	*	R-103-001-001-02-KED	<u>917,921</u>
U.S. Department of Justice Edward Byrne Memorial Justice Assistance Grant Program	16.580		2009-DJ-BX-1421	4,179
Passed-through the Mississippi Department of Public Safety Planning Edward Byrne Memorial Formula Grant Program	16.575		09NM1011	104,231
Victims Assistance Programs	16.575		08VA1011	<u>59,447</u>
Total U.S. Department of Justice				<u>167,857</u>
U.S. Department of Transportation-Federal Highway Administration/Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205		BR NBIS 071B(01)	16,800
Passed-through the Mississippi Department of Public Safety - Public Safety Planning State and Community Highway Safety- DUI Liaison	20.600		10TA1011	15,669
Seat Belt	20.600		10OP1011	<u>10,677</u>
Total U.S. Department of Transportation				<u>43,146</u>
U. S. Department of Health and Human Services/ Passed-through the Mississippi Department of Human Services Promoting Safe and Stable Families	93.558	*	313W101A	129,766
Temporary Assistance to Needy Families	93.558	*	111WL92	138,635
Temporary Assistance to Needy Families	93.558	*	111WL02	40,498
Temporary Assistance to Needy Families	93.558	*	111WL93	93,558
Temporary Assistance to Needy Families	93.558	*	111WL03	<u>25,888</u>
Total U.S. Department of Health and Human Services				<u>428,345</u>

ADAMS COUNTY
 Schedule of Expenditures of Federal Awards
 September 30, 2010

(Continued)

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. Department of Homeland Security/Passed-through				
Mississippi Emergency Management Agency				
Disaster Assistance Grants Gustav	97.036		FEMA 1794 DR MS	7,078
Performance Grants	97.042			26,670
Disaster Mitigation Grants	97.036		FEMA 1604 MM 822	<u>170,070</u>
Total U.S. Department of Homeland Security				<u>203,818</u>
Total Expenditures of Federal Awards				<u>\$ 2,121,350</u>

* Major Program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

Basis of Presentation

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

ADAMS COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Adams County, Mississippi

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining funds and the proprietary fund information of Adams County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the county's basic financial statements and have issued our report thereon dated July 18, 2011. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 10-1, 10-2 and 10-3 to be material weaknesses.

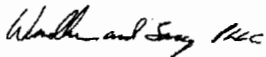
Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Adams County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 18, 2011, included within this document.

Adams County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Adams County's responses and, accordingly, we express no opinion on them.

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



Windham and Lacey, PLLC
July 18, 2011

Windham and Lacey, PLLC

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors
Adams County, Mississippi

Compliance

We have audited the compliance of Adams County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2010. Adams County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Adams County, Mississippi's management. Our responsibility is to express an opinion on Adams County, Mississippi's compliance based on our audit.

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

In our opinion, Adams County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2010.


Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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



Windham and Lacy, PLLC

July 18, 2011

Windham and Lacey, PLLC

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

Members of the Board of Supervisors
Adams County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Adams County, Mississippi, as of and for the year ended September 30, 2010. 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.

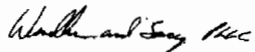
The Board of Supervisors of Adams County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing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

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

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

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

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



Windham and Lacey, PLLC
July 18, 2011

ADAMS COUNTY
Schedule of Purchases Not Made From Lowest Bidder
For the Year Ended September 30, 2010

Schedule 1

The results of our tests did not disclose any purchases not made from other than the lowest bidder.

ADAMS COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2010

Schedule 2

<u>Date</u>	<u>Vendor</u>	<u>Amount</u>	<u>For</u>
07/11/2010	Premo Stallone	\$ 285	Plumbing. Inmates plugged toilets on a weekend.

ADAMS COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2010

Schedule 3

The results of our tests did not disclose any purchases made noncompetitively from a sole source.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Adams County, Mississippi

In planning and performing our audit of the financial statements of Adams County, Mississippi for the year ended September 30, 2010, we considered Adams County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Adams 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 July 18, 2011, on the financial statements of Adams County, Mississippi.

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

The results of our review procedures and compliance tests identified an area that is opportunity for strengthening internal controls and operating efficiency. Our finding and recommendation and your response are disclosed below:

Board of Supervisors.

Finding

Section 37-29-141, Miss. Code 1972 (Ann.), requires the Board of Supervisors to remit to the community colleges an amount at least equal to the amount remitted in the previous year. For the year ending September 30, 2010, the county failed to remit to the community college \$35,000 from the community college fund.

Recommendation

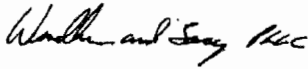
The Board of Supervisors should ensure the proper amount of funds are remitted to the community college.

Chancery Clerk's Response

We have remitted to Copiah Lincoln Community College the sum of \$35,000, on July 15, 2011, being check #05828.

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

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



Windham and Lacey, PLLC
July 18, 2011

ADAMS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ADAMS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unqualified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unqualified |
| | Countywide Road Fund | Unqualified |
| | Port and Harbor Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit finding disclosed that is required to be reported in accordance with Section __.510(a) of OMB Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | Community Development Block Grant, CFDA #14.228 | |
| | Promoting Safe and Stable Families, CDFA #93.558 | |
| | Temporary Assistance to Needy Families, CFDA #93.558 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

10-1 Finding

Generally accepted accounting principles require the financial data for the county's component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The financial statements do not include the data for the county's legally separate component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

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

Board of Supervisors' Response

The Board of Supervisors will take this matter under advisement and take the necessary steps to correct this situation. Each of the county's component units is audited on an annual basis by a CPA firm.

Inventory Control

Material Weakness

10-2 Finding

While the Inventory Control Clerk enters information relating to additions and deletions into the fixed asset data base, some assets were identified as not being picked up in the file that accumulated asset balances and depreciation expense for financial statement reporting purposes. The classes of assets affected were land, buildings and roads. These identified assets were several years old and adjustments had been made in previous years to account for these balances. Our tests disclosed that current year expenditures coded as capital outlay could be traced to the fixed asset file.

Recommendation

The Inventory Control Clerk should review these identified assets and determine why this information is not being picked up by the file that reports balances for financial statement purposes.

Inventory Control Clerk's Response

We will get with our computer programmers and have this corrected.

Justice Court Clerk.

Material Weakness

10-4. Finding

An effective system of internal control should include an adequate separation of duties. One person prepares all deposits, calculates monthly settlements, posts entries to the cash journal, reconciles the bank statements, writes the checks and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Justice Court Clerk should implement a system for review of the accounting records by another person. Procedures were implemented in September, 2010.

Justice Court Clerk's Response

The Justice Court Clerk's office will comply with this recommendation.

Section 3: Federal Award Findings and Questioned Costs

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

ADAMS COUNTY

PRIOR YEAR AUDIT FINDINGS

ADAMS COUNTY
Prior Year Findings
For the Year Ended September 30, 2009

09-4. Finding

Program: CFDA #93.558 - Temporary Assistance to Needy Families
United States Department of Health and Human Services/Passed-through the
Mississippi Department of Human Services

Compliance Requirement: Reporting

The county maintains its records on a cash basis. Reports to the funding agency are prepared on the same basis. Similar programs that overlap years are maintained within the same account coding structure. Because of this, expenditures from two programs would be included in the yearly total. During a monitoring visit in the fiscal year, it was determined that in order to maintain the program identity, each program should have its own fund number. The failure to maintain a separate fund for each program and for each program year could result in the improper reporting of programmatic expenditures. The results of our tests indicated the expenditures were accounted for in the proper program.

Questioned Costs

None

Recommendation

In order to maintain program accountability, the county should establish a separate fund for each program.

Corrective Action Plan

In May, 2010, the county established a separate fund for each program for each program year.

Follow-Up

It appeared the funds were established in accordance with the corrective action plan by transferring revenues and expenditures from one fund to the other.