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WAYNE COUNTY, MISSISSIPPI

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

WAYNE COUNTY

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WAYNE COUNTY

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FINANCIAL SECTION

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

Members of the Board of Supervisors
Wayne County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne County, Mississippi, as of and for the year ended September 30, 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 my 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 Wayne 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 and the aggregate remaining fund information of Wayne County, Mississippi, as of September 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2011, on our consideration of Wayne 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

The Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 Wayne County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Michael E. Britton

Manager
Britton CPA, PLLC
Waynesboro, Mississippi
October 4, 2011

WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL STATEMENTS

WAYNE COUNTY
Statement of Net Assets –
Exhibit 1
September 30, 2010

		Primary Government Governmental Activities
ASSETS		
Cash	\$	9,185,322
Property tax receivable		3,626,307
Fines receivable (net of allowance for uncollectibles of \$642,641)		474,758
Intergovernmental receivables		336,173
Other receivables		304
Capital assets:		
Land		1,359,208
Infrastructure		129,623,038
Buildings		9,399,581
Improvements other than buildings		554,391
Mobile equipment		5,971,355
Other furniture & equipment		996,309
Leased property under capital leases		2,997,886
Less: Accumulated depreciation		<u>(87,183,543)</u>
Total Assets		<u>77,341,089</u>
LIABILITIES		
Claims payable		346,640
Intergovernmental payables		324,373
Accrued interest payable		8,752
Deferred revenue		3,626,307
Other payables		141,640
Long-term liabilities		
Due within one year:		
Capital debt		1,007,596
Due in more than one year:		
Capital debt		2,643,210
Non-capital debt		<u>23,452</u>
Total Liabilities		<u>8,121,970</u>
NET ASSETS		
Invested in capital assets, net of related debt		60,067,419
Restricted:		
Expendable:		
General government		244,579
Debt service		48,681
Public safety		319,958
Public works		2,507,268
Culture and recreation		323,076
Economic development		28,786
Unrestricted		<u>5,679,352</u>
Total Net Assets	\$	<u><u>69,219,119</u></u>

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

WAYNE COUNTY
Statement of Activities –
Exhibit 2
For the Year Ended September 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 2,648,990	655,288	16,590		(1,977,112)
Public safety	3,131,884	428,524	111,569	403,461	(2,188,330)
Public works	5,585,866	4,000	628,854	270,692	(4,682,320)
Health and welfare	293,341		55,975		(237,366)
Education	303,736				(303,736)
Culture and recreation	17,592		5,092		(12,500)
Conservation of natural resources	82,475				(82,475)
Economic development and assistance	66,445		6,500		(59,945)
Interest on long-term debt	162,601				(162,601)
Total Governmental Activities	12,292,930	1,087,812	824,580	674,153	(9,706,385)
General revenues:					
Property taxes				\$ 4,672,878	
Road & bridge privilege taxes				264,202	
Grants and contributions not restricted to specific programs				3,375,540	
Unrestricted interest income				223,719	
Miscellaneous				616,284	
Total General Revenues				9,152,623	
Changes in Net Assets					(553,762)
Net Assets - Beginning					69,772,881
Net Assets - Ending					\$ 69,219,119

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

WAYNE COUNTY
Balance Sheet – Governmental Funds –
Exhibit 3
September 30, 2010

	<u>Major Fund</u>		Other		Total
	General		Governmental		Governmental
	Fund		Funds		Funds
ASSETS					
Cash	\$ 5,622,757		3,562,565		9,185,322
Property tax receivable	1,533,303		2,093,004		3,626,307
Fines receivable (net of allowance for uncollectibles of \$642,641)	474,758				474,758
Intergovernmental receivables	311,549		24,624		336,173
Other receivables	304				304
Due from other funds			138,627		138,627
Total Assets	<u>\$ 7,942,671</u>		<u>5,818,820</u>		<u>13,761,491</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 93,172		253,468		346,640
Intergovernmental payables	302,867				302,867
Due to other funds	160,133				160,133
Deferred revenue	2,008,061		2,093,004		4,101,065
Other payables	141,640				141,640
Total Liabilities	<u>2,705,873</u>		<u>2,346,472</u>		<u>5,052,345</u>
Fund balances:					
Reserved for:					
Debt service			48,681		48,681
Unreserved - undesignated, reported in:					
General Fund	5,236,798				5,236,798
Special Revenue Funds			3,423,667		3,423,667
Total Fund Balances	<u>5,236,798</u>		<u>3,472,348</u>		<u>8,709,146</u>
Total Liabilities and Fund Balances	<u>\$ 7,942,671</u>		<u>5,818,820</u>		<u>13,761,491</u>

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

WAYNE COUNTY

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

Exhibit 3.1

September 30, 2010

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,709,146
Amounts reported for governmental services in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$87,183,543.	63,718,225
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds: Fines receivables	474,758
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(3,674,258)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(8,752)</u>
Total Net Assets - Governmental Activities	<u>\$ 69,219,119</u>

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

WAYNE COUNTY
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds –
Exhibit 4
For the Year Ended September 30, 2010

	<u>Major Fund</u>	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 1,814,043	2,858,835	4,672,878
Road and bridge privilege taxes		264,202	264,202
Licenses, commissions and other revenue	195,102	28,945	224,047
Fines and forfeitures	417,886		417,886
Intergovernmental revenues	2,597,956	2,276,317	4,874,273
Charges for services	147,159	218,214	365,373
Interest income	143,554	80,165	223,719
Miscellaneous revenues	340,629	249,428	590,057
Total Revenues	<u>5,656,329</u>	<u>5,976,106</u>	<u>11,632,435</u>
EXPENDITURES			
Current:			
General government	2,362,394	291,842	2,654,236
Public safety	2,012,932	729,969	2,742,901
Public works		4,806,522	4,806,522
Health and welfare	293,341		293,341
Education	302,027	1,709	303,736
Culture and recreation	12,500	5,092	17,592
Conservation of natural resources	82,475		82,475
Economic development and assistance	34,032	16,694	50,726
Debt service:			
Principal		2,374,750	2,374,750
Interest		170,556	170,556
Total Expenditures	<u>5,099,701</u>	<u>8,397,134</u>	<u>13,496,835</u>
Excess of Revenues over (under) Expenditures	<u>556,628</u>	<u>(2,421,028)</u>	<u>(1,864,400)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		1,296,759	1,296,759
Proceeds from sale of capital assets	1,630	531,189	532,819
Lease principal payments		145,000	145,000
Transfers in		310,874	310,874
Transfers out	(300,000)	(10,874)	(310,874)
Total Other Financing Sources and Uses	<u>(298,370)</u>	<u>2,272,948</u>	<u>1,974,578</u>
Net Changes in Fund Balances	258,258	(148,080)	110,178
Fund Balances - Beginning	<u>4,978,540</u>	<u>3,620,428</u>	<u>8,598,968</u>
Fund Balances - Ending	<u>\$ 5,236,798</u>	<u>3,472,348</u>	<u>8,709,146</u>

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

WAYNE COUNTY

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

For the Year Ended September 30, 2010

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 110,178
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$5,505,667 exceeded capital outlays of \$4,324,471 in the current period.	(1,181,196)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$26,227 and the proceeds from the sale of \$532,819 in the current period.	(506,592)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	80,506
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount of debt repayment of \$2,374,750 exceeded debt proceeds of \$1,296,759.	1,077,991
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from change in fund balances by the principal collections on the capital leases.	(145,000)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following:	
Decrease in compensated absences	2,396
Decrease in accrued interest payable	7,955
	10,351
Change in Net Assets of Governmental Activities	\$ (553,762)

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

WAYNE COUNTY
Statement of Fiduciary Assets and Liabilities –
Exhibit 5
September 30, 2010

		Agency Funds
ASSETS		
Cash	\$	55,994
Due from other funds		21,506
Total Assets	\$	77,500
 LIABILITIES		
Amounts held in custody for others	\$	52,852
Intergovernmental payables		24,648
Total Liabilities	\$	77,500

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Wayne County Economic Development District
- Wayne General Hospital

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

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

C. Measurement Focus and Basis of Accounting.

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

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

The county reports the following major Governmental Fund:

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

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

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

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

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

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

I. Long-term Liabilities.

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

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

K. Property Tax Revenues.

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

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

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

(2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2010, was \$9,241,316, and the bank balance was \$9,372,618. 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.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

(3) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 138,627
Agency Funds	General Fund	<u>21,506</u>
Total		\$ <u><u>160,133</u></u>

The receivables represent the tax revenue collected but not settled until October, 2010. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 300,000
Other Governmental Funds	Other Governmental Funds	<u>10,874</u>
Total		\$ <u><u>310,874</u></u>

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

(4) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 87,600
Housing state prisoners	1,360
Housing city prisoners	6,820
MEMA funds	24,624
State Wireless Communication grant	198,188
City's matching of Communication grant	<u>17,581</u>
Total Governmental Activities	\$ <u><u>336,173</u></u>

(5) Capital Assets.

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

Governmental activities:

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

	Balance Oct. 1, 2009	Additions	Deletions	Adjustments	Balance Sept. 30, 2010
Non-depreciable capital assets:					
Land	\$ 1,359,208				1,359,208
Construction in progress					0
Total non-depreciable capital assets	<u>1,359,208</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,359,208</u>
Depreciable capital assets:					
Infrastructure	126,482,001	3,141,037			129,623,038
Buildings	9,754,615			(355,034)	9,399,581
Improvements other than buildings	554,391				554,391
Mobile equipment	5,717,410	322,202	427,285	359,028	5,971,355
Furniture and equipment	922,068	85,733	11,492		996,309
Leased property under capital leases	2,809,417	775,499	583,036	(3,994)	2,997,886
Total depreciable capital assets	<u>146,239,902</u>	<u>4,324,471</u>	<u>1,021,813</u>	<u>0</u>	<u>149,542,560</u>
Less accumulated depreciation for:					
Infrastructure	74,163,166	4,420,495			78,583,661
Buildings	2,968,648	149,522		(29,081)	3,089,089
Improvements other than buildings	155,229	22,176			177,405
Mobile equipment	3,420,625	520,192	347,471	73,872	3,667,218
Furniture and equipment	743,067	79,095	10,342	12,986	824,806
Leased property under capital leases	742,362	314,187	157,408	(57,777)	841,364
Total accumulated depreciation	<u>82,193,097</u>	<u>5,505,667</u>	<u>515,221</u>	<u>0</u>	<u>87,183,543</u>
Total depreciable capital assets, net	<u>64,046,805</u>	<u>(1,181,196)</u>	<u>506,592</u>	<u>0</u>	<u>62,359,017</u>
Governmental activities capital assets, net	<u>\$ 65,406,013</u>	<u>(1,181,196)</u>	<u>506,592</u>	<u>0</u>	<u>63,718,225</u>

* Adjustments are the reclassification of paid out capital leases from leased property under capital leases to mobile equipment and reclassifications between classifications.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 77,255
Public safety	443,583
Public works	4,969,110
Economic development and assistance	15,719
Total governmental activities depreciation expense	\$ 5,505,667

(6) Claims and Judgments.

Risk Financing.

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

(7) Capital Leases.

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 2,997,886
Less: Accumulated depreciation	841,364
Lease Property Under Capital Leases	\$ 2,156,522

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2011	\$ 527,092	55,067
2012	616,358	36,455
2013	441,407	17,171
2014	200,472	6,187
2015	123,915	1,323
Total	\$ 1,909,244	116,203

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

(8) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
General obligation jail bonds 98	1,200,000	6.00%	08/2013
Total General Obligation Bonds	<u>\$ 1,200,000</u>		
B. Capital Leases:			
District 2 - Mack GU713 tandem dump truck	\$ 75,776	3.24%	05/2012
District 2 - 2010 Mack dump truck	97,323	3.39%	11/2013
District 2 - 12 H Caterpillar grader	114,278	3.14%	01/2013
District 3 - 09 Int'l 430 DP	3,486	3.64%	03/2011
District 3 - Case wheel loader	44,214	3.79%	04/2013
District 3 - John Deere 6700	129,377	3.14%	01/2013
District 3 - (2) Mack tandem dump trucks	95,639	3.45%	06/2012
District 3 - Komatsu motor grader	112,878	3.45%	06/2012
District 4 - Case 865 motor grader	64,914	3.45%	11/2013
District 4 - Komatsu WB140-2N backhoe	25,147	3.45%	03/2011
District 4 - 2010 Mack truck	97,269	3.39%	10/2013
District 5 - 12H Caterpillar grader	176,289	3.25%	01/2015
District 5 - 2005 12H Caterpillar grader	78,939	3.26%	12/2013
District 5 - (2) 2005 Mack tandem dump trucks	95,639	3.45%	07/2013
Countywide - Asphalt distributor truck & chip spreader	66,778	2.97%	07/2011
Countywide - Caterpillar 950H loader	150,524	3.28%	01/2012
Sanitation - 09 Int'l garbage truck w/ rear loader	21,487	3.64%	07/2011
Sanitation - Travis Wave Trailer	36,469	3.34%	12/2012
Sanitation - Freightliner M2106	104,378	3.45%	09/2014
Voluntary Fire Dept - '07 & '06 Tanker Ford F750	160,151	3.44%	03/2014
Voluntary Fire Dept - Water Tanker Ford 750	110,856	3.39%	01/2013
Voluntary Fire Dept - (2) Water Tankers Ford 750	47,433	3.41%	06/2011
Total Capital Leases	<u>\$ 1,909,244</u>		
C. Other Loans:			
Fire trucks - CAP loan	<u>\$ 541,562</u>	2.00%	11/2015
Total Other Loans	<u>\$ 541,562</u>		

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 380,000	52,800	100,504	9,913
2012	400,000	36,080	102,533	7,885
2013	420,000	18,480	104,602	5,815
2014			106,714	3,704
2015			108,867	1,550
2016 - 2020			18,342	46
Total	\$ <u>1,200,000</u>	<u>107,360</u>	<u>541,562</u>	<u>28,913</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 less than one percent of the latest property assessments.

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

	<u>Balance</u>				<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Sept. 30, 2010</u>	<u>within one</u>
						<u>year</u>
Governmental Activities:						
Compensated absences	\$ 25,848		2,396		23,452	
General obligation bonds	1,710,000		510,000		1,200,000	380,000
Capital leases	2,318,736	1,296,759	1,706,251		1,909,244	527,092
Other loans	700,061		158,499		541,562	100,504
Total	\$ <u>4,754,645</u>	<u>1,296,759</u>	<u>2,377,146</u>	<u>0</u>	<u>3,674,258</u>	<u>1,007,596</u>

(9) Contingencies.

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

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

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.

(10) Joint Venture.

The county participates in the following joint venture:

Wayne County is a participant with the City of Waynesboro in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Waynesboro-Wayne County Library System. The Library was created to provide free public library service to citizens of the respective county and city. The Library is governed by a ten-member board, one from each county and city district. The county and city are obligated by contract to levy not more than a four mill and three mill tax, respectively, as provided by Section .9-3-5(3) and 39-3-7(1), Miss. Code Ann. (1972), respectively, for the ongoing financial support of the Library. By contractual agreement, the county's appropriation to the joint venture this year amounted to \$116,415. Complete financial statements for the Library can be obtained from the Waynesboro-Wayne County Library, Waynesboro, Mississippi.

Wayne County is a participant with Clarke County, Greene County, the City of Quitman, and the City of Waynesboro in a joint venture to operate the South Mississippi Narcotics Task Force organized under the Interlocal Cooperation Act of 1974, Section 17-13-1 through 17-13-11, Miss. Code Ann. (1972). The Task Force was created to provide a joint law enforcement effort between the participants. The Task Force is governed by a board, consisting of the sheriff/police chief from each participating entity. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$27,813. Complete financial statements for the Task Force can be obtained from the South Mississippi Narcotics Task Force, Waynesboro, Mississippi.

Wayne County is a participant with the City of Waynesboro in a joint venture created under the provisions of Sections 33-15-17, 21-21-3, and 17-13-7, Miss. Code Ann. (1972), to operate the Emergency Management District of Wayne County. The District was formed by an Interlocal Agreement. The council that governs the District is composed of five members, two of which are appointed by Wayne County. Expenses are shared by the two participants. The county expended \$146,160 during the fiscal year under this joint venture.

(11) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Wayne County Board of Supervisors appoints one of the 27 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$25,127 for support of the district in fiscal year 2010.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Wayne County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$47,500 for support of the entity in fiscal year 2010.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The college is governed by a 20 member board of trustees. Each county appoints two of the college's trustees, except Jones County, which appoints six. The county appropriated \$518,016 for maintenance and support of the college in fiscal year 2010.

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

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

Multi-County Community Service Agency is a human resources agency created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal laws. Its six members are as follows: Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne Counties. Each member appoints one of its 24 board members, except Lauderdale, which appoints three. The county appropriated \$15,000 for the agency's support in fiscal year 2010.

Railroad Authority of East Mississippi, a regional railroad authority, was created pursuant to the provisions of the Railroad Authorities Law, Section 19-29-1 et. Seq., Mississippi Code of 1972, as amended, by resolution of the Boards of Supervisors of Wayne County, George County, Clarke County, Greene County, and Lauderdale County, Mississippi adopted between August 17, 2009 and October 19, 2009. The Authority was created to restore rail service from Waynesboro, Mississippi south to Lucedale, Mississippi. The Board of Supervisors of each county joining the Authority appoints five (5) residents of the county as commissioners and, if practical, the governing authorities of any municipality in such county, through which such railroads run, shall appoint a commissioner of the Authority. The county appropriated \$76,417 for the authority's support in fiscal year 2010.

(12) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% from October 1, 2009 through June 30, 2010 and 9.00% from July 1, 2010 to September 30, 2010 of their covered salary, and the county is required to contribute at an actuarially determined rate. The employer rate for covered payroll from October 1, 2009 to September 30, 2010 was 12.00%. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2010, 2009 and 2008 were \$398,872, \$397,719 and \$360,702 respectively, equal to the required contributions for each year.

(13) Subsequent Events.

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Wayne County evaluated the activity of the County through October 4, 2011, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

Subsequent to September 30, 2010, Wayne County issued the following debt obligations:

<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/25/2011	3.35%	\$ 20,250	Capital lease	Ad valorem

WAYNE COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2010
(continued)

03/25/2011	3.35%	21,003	Capital lease	levy Ad valorem
04/25/2011	3.35%	7,738	Capital lease	levy Ad valorem
09/27/2011	2.78%	57,067	Capital lease	levy Ad valorem
09/27/2011	2.87%	58,111	Capital lease	levy Ad valorem

During the 2010 fiscal year, tax levy collections for the school district were short of budget requirements, so the County issued payment from the General Fund to the Wayne County School District in the amount of \$40,562.09.

Also, subsequent to September 30, 2010, during the 2011 fiscal year, tax levy collections for the school district were short of requirements, so the County once again had to issue payment from the General Fund to the Wayne County School District in the amount of \$336,503.46.

WAYNE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WAYNE 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	\$ 2,211,983	1,814,072	1,814,072	0
Licenses, commissions and other revenue	223,700	192,577	192,577	0
Fines and forfeitures	294,000	406,261	406,261	0
Intergovernmental revenues	1,782,400	2,139,934	2,139,934	0
Charges for services	126,000	157,381	157,381	0
Interest income	140,000	143,342	143,342	0
Miscellaneous revenues	245,148	325,855	325,855	0
Total Revenues	5,023,231	5,179,422	5,179,422	0
EXPENDITURES				
Current:				
General government	2,762,871	2,369,166	2,369,166	0
Public safety	1,674,462	2,010,823	2,010,823	0
Health and welfare	299,374	294,813	294,813	0
Culture and recreation	10,000	12,500	12,500	0
Education		40,562	40,562	0
Conservation of natural resources	89,489	82,093	82,093	0
Economic development and assistance	38,657	34,032	34,032	0
Total Expenditures	4,874,853	4,843,989	4,843,989	0
Excess of Revenues over (under) Expenditures	<u>148,378</u>	<u>335,433</u>	<u>335,433</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources				0
Other financing uses	(30,751)	(300,000)	(300,000)	0
Total Other Financing Sources and Uses	(30,751)	(300,000)	(300,000)	0
Net Change in Fund Balance	117,627	35,433	35,433	0
Fund Balances - Beginning	4,000,000	4,919,969	4,919,969	0
Fund Balances - Ending	<u>\$ 4,117,627</u>	<u>4,955,402</u>	<u>4,955,402</u>	<u>0</u>

WAYNE 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. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

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

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

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

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

		<u>Governmental Fund Type</u>
		<u>General</u>
		<u>Fund</u>
Budget (Cash Basis)	\$	35,433
Increase (Decrease)		
Net adjustments for revenue accruals		217,072
Net adjustments for expenditure accruals		5,753
GAAP Basis	\$	<u><u>258,258</u></u>

WAYNE COUNTY

SUPPLEMENTAL INFORMATION

WAYNE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture/Passed-through the Mississippi State Treasurer's Office School and roads-grants to states	10.665	N/A	\$ 560,849
US Dept of Commerce - National Telecommunications and Information Administration/Passed-through the Mississippi Dept of Public Safety - Office of Homeland Security Public safety interoperable communications grant program	11.555	07PS313	198,188
US Dept of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grants	14.228	1125-08-077-ED-01	6,500
US Dept of Transportation - Federal Highway Administration/ Passed- through the Mississippi Department of Transportation Highway planning and construction	20.205	N/A	35,057
US Dept of Transportation - Federal Highway Administration/ Passed- through the Mississippi Emergency Management Agency Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	LEPC	2,560
US Dept of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance	97.036	FEMA-1837-DR-MS	24,624
Hazard Mitigation Grant Program	97.039		3,702
Hazard Mitigation Grant Program	97.039	DR-1604-MS-0167	17,469
Hazard Mitigation Grant Program	97.039	DR-1604-MS-0298	<u>29,296</u>
Total Expenditures of Federal Awards			\$ <u><u>878,245</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Significant Accounting Policies

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

WAYNE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2010

Operating Expenditures, Cash Basis:

Salaries	\$ 274,744
Expendable Commodities:	
Gasoline and petroleum products	64,482
Repair parts	15,982
Hauling and landfill fees	99,591
Maintenance	6,870
Contractual services	11,239
Supplies	231
Equipment below capitalization threshold	1,828
Lease purchase - interest	2,899
Uniforms	185

Soild Waste Cash Basis Operating Expenditures	<u>478,051</u>
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Full Cost Expenses:

Indirect administration costs	2,768
Depreciation on equipment	121,161

Solid Waste Full Cost Operating Expenses	<u><u>\$ 601,980</u></u>
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WAYNE COUNTY

SPECIAL REPORTS



BRITTON CPA, PLLC

Certified Public Accountants

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

Members of the Board of Supervisors
Wayne County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the county's basic financial statements and have issued our report thereon dated October 4, 2011. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in the internal control 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as 10-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County, Mississippi's financial statements are free of material misstatement, 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*.

Wayne County Mississippi's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Wayne County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, 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.



Manager
Britton CPA, PLLC
Waynesboro, Mississippi
October 4, 2011



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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
Wayne County, Mississippi

Compliance

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

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

Internal Control Over Compliance

The management of Wayne County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wayne County, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine 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 a county's 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 consider 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.



Waynesboro, Mississippi
October 4, 2011



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

Members of the Board of Supervisors
Wayne County, Mississippi

We have examined Wayne County, Mississippi's (the County) compliance with 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) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13. Miss. Code Ann. (1972) during the year ended September 30, 2010. The Board of Supervisors of Wayne County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Wayne County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that the 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, Wayne County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2010.

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 examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

Michael E. Britton

Manager
Britton CPA, PLLC
Waynesboro, Mississippi
October 4, 2011

WAYNE COUNTY

Schedule of Purchases Not Made From the Lowest Bidder – Schedule 1

For the Year Ended September 30, 2010

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Accepting Other Than the Lowest Bid
11/03/09	Motor grader	\$ 185,375	Puckett Machinery	\$ 162,931	Best buyback plan/ lowest monthly notes for 60 months
01/04/10	Annual bid for sand and gravel	Various	W.C. Pitts Construction Co.	Various	Location closer - less fuel and wear on trucks

WAYNE COUNTY
Schedule of Emergency Purchases – Schedule 2
For the Year Ended September 30, 2010

There were no emergency purchases made.

WAYNE COUNTY

Schedule of Purchases Made Non-competitively From a Sole Source – Schedule 3
For the Year Ended September 30, 2010

There were no purchases made noncompetitively from a sole source.



LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Wayne County, Mississippi

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

In addition, for areas not considered material to Wayne County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 4, 2011, on the financial statements of Wayne County, Mississippi.

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

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

Michael E. Britton

Waynesboro, Mississippi
October 4, 2011

WAYNE COUNTY

Schedule of Findings And Questioned Costs

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 primary government financial statements:

Governmental Activities	Unqualified
Aggregate discretely presently component units	Adverse
General Fund	Unqualified
Aggregate remaining fund information	Unqualified

2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes

 - b. Significant deficiency(ies) identified that is not considered to be a material weakness? None reported

3. Noncompliance material to the financial statements? No

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No

 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

5. Type of auditor's report issued on compliance for major Federal programs: Unqualified

6. Any audit finding(s) reported as required by Section ____.510(a) of Circular A-133? No

7. Federal programs identified as major programs:
 - a. Schools & Roads – Grants to States, CFDA #10.665

8. The dollar threshold used to distinguish between type A and type B programs: \$300,000

Schedule of Findings And Questioned Costs

For the Year Ended September 30, 2010

(continued)

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

Section 2: Financial Statement Findings

Board of Supervisors

Significant Deficiency – Material Weakness

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 financial data for the county's legally separate component units.

Recommendation

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

Board of Supervisors' Response

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

Section 3: Federal Award Findings and Questioned Costs

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