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WILKINSON COUNTY, MISSISSIPPI

**Audited Financial Statements and Special Reports
For the Year Ended September 30, 2007**

WILKINSON COUNTY

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WILKINSON COUNTY

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WILKINSON COUNTY

FINANCIAL SECTION

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

December 22, 2008

Members of the Board of Supervisors
Wilkinson County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wilkinson County, Mississippi, as of and for the year ended September 30, 2007, which collectively comprise the county's financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Field Memorial Community Hospital and Wilkinson County Industrial Development Authority, component units, which represent 100 percent and 100 percent, respectively of the assets and revenues of the Field Memorial Community Hospital and the Wilkinson County Industrial Development Authority. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the aforementioned component units, is based on the reports of the other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. However, the financial statements of Field Memorial Community Hospital and Wilkinson County Industrial Development Authority, component units, audited by other auditors, were not audited in accordance with *Governmental Audit Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management did not provide adequate records documenting the fines receivable and the related allowance for uncollectibles amount of the Circuit Clerk. Due to the lack of records, we were unable to satisfy ourselves as to the fair presentation of fines receivable and the and the related allowance for uncollectibles amount, net reported on the Statement of Net Assets and in the General Fund at \$310,890, as of September 30, 2007. Also, because of the lack of records documenting the fines receivable and the related uncollectibles, we could not satisfy ourselves as to the fair presentation of the related transactions of the Governmental Activities and the General Fund.

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

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

In our opinion, except for the effects of the matters discussed in the third, fourth and fifth paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the aggregate remaining fund information of Wilkinson County, Mississippi, as of September 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

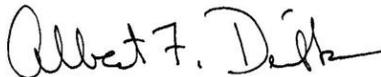
In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bridge Fund, the Road Fund, and the Solid Waste Fund of Wilkinson County, Mississippi, as of September 30, 2007, and the respective changes in financial 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 December 22, 2008, on our consideration of Wilkinson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Wilkinson County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is 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.

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd
McComb, MS

WILKINSON COUNTY

FINANCIAL STATEMENTS

WILKINSON COUNTY

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WILKINSON COUNTY
Statement of Net Assets
September 30, 2007

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Field Memorial Community Hospital	Wilkinson County Industrial Development Authority
ASSETS					
Cash	\$ 401,705	(42,147)	359,558	118,517	58,265
Investments	-	-	-	23,730	218,864
Accrued interest receivable	-	-	-	-	257,500
Property tax receivable	3,244,360	-	3,244,360	-	-
Accounts receivable (net of allowance for uncollectibles of \$269,536)	-	121,096	121,096	-	1,072,483
Patient accounts receivable (net of allowance for uncollectibles of \$1,738,500)	-	-	-	2,214,488	-
Fines receivable (Net of allowance for uncollectibles of \$845,998)	310,890	-	310,890	-	-
Lease receivable	-	-	-	-	17,739,423
Loans receivable	410,000	-	410,000	-	-
Intergovernmental receivables	45,686	-	45,686	-	-
Other receivables	50,261	-	50,261	1,965,000	-
Internal balances	50,518	(50,518)	-	-	-
Supplies	-	-	-	279,509	-
Prepaid expenses and other	-	-	-	147,763	-
Restricted cash	-	-	-	1,924,887	-
Capital assets, net	13,156,763	117,511	13,274,274	2,650,891	-
Total Assets	17,670,183	145,942	17,816,125	9,324,785	19,346,535
LIABILITIES					
Claims payable	123,959	8,306	132,265	619,529	1,086,121
Claims and judgements payable	49,404	-	49,404	-	-
Accrued expenses	-	-	-	721,802	-
Intergovernmental payables	309,335	-	309,335	-	-
Accrued interest payable	4,697	-	4,697	-	244,748
Certificates of participation	-	-	-	-	17,725,000
Deferred revenue	3,244,360	35,390	3,279,750	-	-
Other accrued liabilities	235,874	-	235,874	-	-
Long-term liabilities					
Due within one year:					
Capital debt	306,876	54,791	361,667	-	-
Non-capital debt	98,463	124	98,587	49,813	-
Due beyond one year:					
Capital debt	333,297	28,238	361,535	-	-
Non-capital debt	52,741	4,016	56,757	-	-
Total Liabilities	4,759,006	130,865	4,889,871	1,391,144	19,055,869
NET ASSETS					
Invested in capital assets, net of related debt	12,516,590	34,482	12,551,072	2,601,078	-
Restricted:					
Expendable:					
Debt service	466,525	-	466,525	-	-
Public safety	105,124	-	105,124	-	-
Public works	325,411	(19,405)	306,006	-	-
Conservation of natural resources	(49,145)	-	(49,145)	-	-
Economic development	(10,882)	-	(10,882)	-	-
Other purposes	(5,134)	-	(5,134)	25,855	-
Unrestricted	(437,312)	-	(437,312)	5,306,708	290,666
Total Net Assets	\$ 12,911,177	15,077	12,926,254	7,933,641	290,666

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

WILKINSON COUNTY

Statement of Activities

For the Year Ended September 30, 2007

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Field	Wilkinson
					Governmental Activities	Business-type Activities		Memorial Community Hospital	County Industrial Development Authority
Primary government:									
Governmental activities:									
General government	\$ 2,390,975	513,412	7,000	-	(1,870,563)		(1,870,563)		
Public safety	1,074,841	101,000	208,646	-	(765,195)		(765,195)		
Public works	1,472,034	-	723,643	7,450	(740,941)		(740,941)		
Health and welfare	183,508	-	35,518	-	(147,990)		(147,990)		
Culture and recreation	83,305	-	-	-	(83,305)		(83,305)		
Conservation of natural resources	75,898	200	-	7,000	(68,698)		(68,698)		
Economic development and assistance	117,346	-	-	-	(117,346)		(117,346)		
Interest on long-term debt	44,830	-	-	-	(44,830)		(44,830)		
Total Governmental Activities	<u>5,442,737</u>	<u>614,612</u>	<u>974,807</u>	<u>14,450</u>	<u>(3,838,868)</u>		<u>(3,838,868)</u>		
Business-type activities:									
Solid Waste Services	356,447	369,154	-	-	-	12,707	12,707		
Total Primary Government	<u>\$ 5,799,184</u>	<u>983,766</u>	<u>974,807</u>	<u>14,450</u>	<u>(3,838,868)</u>	<u>12,707</u>	<u>(3,826,161)</u>		
Component units:									
Field Memorial Community Hospital	14,192,394	15,157,264	-	-	-		964,870		
Solid Waste Services	13,461,591	12,279,830	-	-	-				(1,181,761)
Total Component Units	<u>\$ 19,260,775</u>	<u>13,263,596</u>	<u>974,807</u>	<u>14,450</u>	<u>(3,838,868)</u>		<u>964,870</u>		<u>(1,181,761)</u>
General revenues:									
Property taxes					\$ 3,354,778	-	3,354,778		
Road & bridge privilege taxes					103,217	-	103,217		
Grants and contributions not restricted to specific programs					479,146	-	479,146	33,340	
Unrestricted investment income					53,968	-	53,968	94,164	1,053,463
Miscellaneous					528,135	-	528,135		7,925
Total General Revenues and Transfers					<u>4,519,244</u>	<u>-</u>	<u>4,519,244</u>	<u>127,504</u>	<u>1,061,388</u>
Changes in Net Assets					680,376	12,707	693,083	1,092,374	(120,373)
Net Assets - Beginning					9,849,909	620	9,850,529	6,841,267	411,039
Prior period adjustment					2,380,892	1,750	2,382,642	-	-
Net Assets - Beginning, as restated					<u>12,230,801</u>	<u>2,370</u>	<u>12,233,171</u>	<u>6,841,267</u>	<u>411,039</u>
Net Assets - Ending					<u>\$ 12,911,177</u>	<u>15,077</u>	<u>12,926,254</u>	<u>7,933,641</u>	<u>290,666</u>

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

WILKINSON COUNTY
Balance Sheet - Governmental Funds
September 30, 2007

Exhibit 3

	Major Funds				
	General Fund	County-Wide Bridge Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 519,518	126,750	51,971	(330,100)	368,139
Property tax receivable	2,530,500	305,000	-	408,860	3,244,360
Fines receivable, net	310,890	-	-	-	310,890
Intergovernmental receivables	45,686	-	-	-	45,686
Due from other funds	31,015	5,337	8,871	9,417	54,640
Advances to other funds	2,125	173,965	195,953	827,607	1,199,650
Loans receivable, net	-	-	-	410,000	410,000
Other assets	50,261	-	-	-	50,261
Total Assets	<u>3,489,995</u>	<u>611,052</u>	<u>256,795</u>	<u>1,325,784</u>	<u>5,683,626</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	81,797	2,382	-	39,780	123,959
Intergovernmental payables	83,446	-	-	225,889	309,335
Due to other funds	26,494	-	-	-	26,494
Advances from other funds	1,249,837	110,649	-	269,170	1,629,656
Deferred revenue	2,841,390	305,000	-	408,860	3,555,250
Other accrued liabilities	2,070	-	-	-	2,070
Total Liabilities	<u>4,285,034</u>	<u>418,031</u>	<u>-</u>	<u>943,699</u>	<u>5,646,764</u>
Fund balances:					
Reserved for:					
Advances	-	173,965	195,795	532,495	902,255
Loans receivable	-	-	-	410,000	410,000
Unreserved:					
Undesignated, reported in:					
General funds	(795,039)	-	-	-	(795,039)
Special revenue funds	-	19,056	61,000	(584,753)	(504,697)
Debt service funds	-	-	-	24,343	24,343
Total Fund Balances	<u>(795,039)</u>	<u>193,021</u>	<u>256,795</u>	<u>382,085</u>	<u>36,862</u>
Total Liabilities and Fund Balances	<u>\$ 3,489,995</u>	<u>611,052</u>	<u>256,795</u>	<u>1,325,784</u>	<u>5,683,626</u>

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

WILKINSON COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2007

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 36,862
Amounts reported for net assets in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$11,584,080.	13,156,763
Fines receivable are not available to pay for current period expenditures and therefore are deferred in the general funds.	310,890
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(4,697)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(791,377)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Assets.	202,736
Total Net Assets	<u>\$ 12,911,177</u>

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

WILKINSON COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2007

Exhibit 4

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	County-Wide Bridge Fund	Highway Fund		
REVENUES					
Property taxes	\$ 2,604,218	320,279	8,871	421,410	3,354,778
Road and bridge privilege taxes	-	-	103,217	-	103,217
Licenses, commissions and other revenue	115,969	-	-	4,007	119,976
Fines and forfeitures	235,728	-	-	400	236,128
Intergovernmental revenues	542,462	53,209	486,597	386,134	1,468,402
Charges for services	4,975	-	-	89,256	94,231
Interest income	72,783	-	-	-	72,783
Miscellaneous revenues	41,104	-	-	37,588	78,692
Total Revenues	3,617,239	373,488	598,685	938,795	5,528,207
EXPENDITURES					
Current:					
General government	2,126,363	-	-	8,745	2,135,108
Public safety	839,697	-	-	168,590	1,008,287
Public works	-	313,376	-	1,331,824	1,645,200
Health and welfare	175,391	-	-	7,050	182,441
Culture and recreation	83,305	-	-	-	83,305
Conservation of natural resources	75,898	-	-	-	75,898
Economic development and assistance	110,346	-	-	7,000	117,346
Debt service:					
Principal	573,426	-	-	343,221	916,647
Interest	6,825	-	-	46,712	53,537
Total Expenditures	3,991,251	313,376	-	1,913,142	6,217,769
Excess of Revenues over (under) Expenditures	(374,012)	60,112	598,685	(974,347)	(689,562)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	2,149	7,347	-	21,066	30,562
Proceeds of loans	907,263	-	-	-	907,263
Insurance recoveries	6,900	-	-	25	6,925
Compensation for loss or damage to capital assets	-	-	-	-	-
Transfers in	-	-	-	750,000	750,000
Transfers out	(72,500)	-	(550,000)	(200,000)	(822,500)
Total Other Financing Sources and Uses	843,812	7,347	(550,000)	571,091	872,250
Net Changes in Fund Balances	469,800	67,459	48,685	(403,256)	182,688
Fund Balances - Beginning	(889,668)	125,562	208,110	785,341	229,345
Prior period adjustments	(375,171)	-	-	-	(375,171)
Fund balance - beginning of year, as restated	(1,264,839)	125,562	208,110	785,341	(145,826)
Fund Balances - Ending	\$ (795,039)	193,021	256,795	382,085	36,862

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

WILKINSON COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2007

	<u>Amounts</u>
Net Changes in Fund Balance - Governmental Funds	\$ 182,688
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 \$1,032,592 exceeded depreciation of \$615,178 in the current period.	417,414
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the loss of \$8,354 and the proceeds from the sale of \$37,487 in the current period.	(45,841)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	164,078
Accrued interest expense reported in the Statement of Net Assets does not require the use of current financial resources and is therefore not reported as expenditures in the governmental funds.	8,707
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances but the amount that debt proceeds of \$907,263, was exceeded by debt payments of \$916,647.	9,384
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 the following item:	
The amount of increase in compensated absences	(29,799)
An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	(26,255)
Change in Net Assets of Governmental Activities	<u>\$ 680,376</u>

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

WILKINSON COUNTYStatement of Net Assets - Proprietary Funds
September 30, 2007Exhibit 5

	Business-type Activities- Enterprise Fund	Governmental Activities Internal Service Fund
	Solid Waste Services Fund	
ASSETS		
Current assets:		
Cash	\$ (42,147)	33,565
Accounts receivable, net	121,096	
Total Current Assets	<u>78,949</u>	<u>33,565</u>
Noncurrent assets:		
Advances to other funds	3,038	218,574
Capital assets, net	117,511	
Total Noncurrent Assets	<u>120,549</u>	<u>218,574</u>
Total Assets	<u>199,498</u>	<u>252,139</u>
LIABILITIES		
Current liabilities:		
Claims payable	8,306	
Claims and judgements payable		49,404
Due to other funds	31,015	
Refundable deposits	35,390	
Capital related debt - current	54,791	
Non-capital debt - current	124	
Total Current Liabilities	<u>129,626</u>	<u>49,404</u>
Noncurrent liabilities:		
Advances from other funds	22,541	
Capital related debt - noncurrent	28,238	
Non-capital related debt - noncurrent	4,016	
Total Noncurrent Liabilities	<u>54,795</u>	<u>-</u>
Total Liabilities	<u>184,421</u>	<u>49,404</u>
NET ASSETS		
Invested in capital assets, net of related debt	34,482	-
Restricted for public works	(19,405)	-
Unrestricted		202,735
Total Net Assets	<u>\$ 15,077</u>	<u>202,735</u>

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

WILKINSON COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
For the Year Ended September 30, 2007

	Business-type Activities- Enterprise Fund	Governmental Activities
	Solid Waste Services Fund	Internal Service Fund
Operating Revenues		
Charges for services	\$ 369,154	
Intergovernmental revenues	-	
Miscellaneous revenues	-	1,062
Premiums		428,124
Total Operating Revenues	<u>369,154</u>	<u>429,186</u>
Operating Expenses		
Personal Services	167,528	
Contractual services	101,201	
Material and supplies	54,272	
Depreciation expense	28,922	
Claims payments		505,256
Insurance premiums		24,328
Total Operating Expenses	<u>351,923</u>	<u>529,584</u>
Operating Income (Loss)	<u>17,231</u>	<u>(100,398)</u>
Nonoperating Revenues (Expenses)		
Interest income		1,642
Operating transfers in		72,500
Interest expense	(4,524)	
Net Nonoperating Revenue (Expenses)	<u>(4,524)</u>	<u>74,142</u>
Changes in Net Assets	<u>12,707</u>	<u>(26,256)</u>
Net Assets - Beginning	620	4,378
Prior period adjustments	1,750	224,613
Net Assets - Beginning, as restated	<u>2,370</u>	<u>228,991</u>
Net Assets Ending	<u>\$ 15,077</u>	<u>202,735</u>

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

WILKINSON COUNTYExhibit 7Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2007

	Business-type Activities- Enterprise Fund	Governmental Activities
	Solid Waste Services Fund	Internal Service Fund
Cash Flows From Operating Activities		
Receipts from customers	\$ 311,670	
Receipts for premiums		428,124
Payments to suppliers	(157,495)	
Payments to employees	(167,528)	
Payments for claims		(520,380)
Payments for insurance premiums		(24,328)
Net Cash Provided (Used) by Operating Activities	<u>(13,353)</u>	<u>(116,584)</u>
Cash Flows From Noncapital Financing Activities:		
Cash received from other funds:		
Operating transfers in		72,500
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>72,500</u>
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(52,620)	
Interest expense	(4,524)	
Refunds		1,062
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(57,144)</u>	<u>1,062</u>
Cash Flows From Investing Activities		
Interest on investments		1,642
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>1,642</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(70,497)	(41,380)
Cash and Cash Equivalents at Beginning of Year, as previously reported	27,030	8,507
Prior period adjustments to cash	1,320	66,438
Cash and Cash Equivalents at Beginning of Year, as restated	<u>28,350</u>	<u>74,945</u>
Cash and Cash Equivalents at End of Year	<u>\$ (42,147)</u>	<u>33,565</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 17,231	(100,398)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	28,922	
Provision for uncollectible accounts	24,318	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	(36,806)	
Increase (decrease) in claims payable	(1,423)	(16,186)
Increase (decrease) in compensated absences payables	(599)	
Increase (decrease) in refundable deposits	(44,996)	
Total Adjustments	<u>(30,584)</u>	<u>(16,186)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (13,353)</u>	<u>(116,584)</u>

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

WILKINSON COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2007

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 174,947
Other receivables	24,939
Due from other funds	2,870
Advances to other funds	255,997
Total Assets	<u><u>458,753</u></u>
LIABILITIES	
Advances from other funds	25,062
Intergovernmental payables	433,691
Total Liabilities	<u><u>\$ 458,753</u></u>

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

WILKINSON COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2007

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Units

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

- Field Memorial Community Hospital is a community hospital organized under Section 41-13-15, Miss. Code Ann. (1972). The hospital is a legally separate entity with broad corporate powers. The hospital's Board of Directors is composed of seven members, all appointed by the county Board of Supervisors. Under Section 41-13-15, the county owns the hospital's real property. The county is also responsible for issuing all hospital debt. The hospital is a component unit of the county because the county board of supervisors is financially accountable for the hospital.
- Wilkinson County Industrial Development Authority is a legally separate entity organized under Section 19-5-99, Miss. Code Ann. (1972). The Wilkinson County Industrial Development Authority was created to promote industrial development in Wilkinson County by whatever means necessary, including, but not limited to the development of an industrial park. The entity is governed by a five member board of directors, all appointed by the county Board of Supervisors. The county funds the entity's operations.

C. Basis of Presentation.

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

WILKINSON COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2007

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 government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

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

WILKINSON COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2007

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.

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

The county reports the following major Proprietary Funds:

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

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.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

WILKINSON COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2007

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. However, the county did not invest in any governmental securities during the fiscal year.

G. Receivables.

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

H. 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. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. However, the capital assets amount reported on the accompanying Statement of Net Assets is not fairly presented because the county did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets' costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. Current year general infrastructure assets

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

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

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 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 and in the Proprietary Fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund-Statement of Net Assets.

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, constructions or improvements of those assets.

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

WILKINSON COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2007

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.

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

L. Property Tax Revenues.

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

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

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

M. Intergovernmental Revenues in Governmental Funds.

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

N. Compensated Absences.

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

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

(2) Changes in Accounting Standards.

For the fiscal year ended September 30, 2007, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. GASB Statement No. 42 requires governments to report the effects of capital asset impairment in their financial statements when impairment occurs. The provisions of this new statement have been incorporated into the financial statements and accompanying notes.

(3) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 Statement of Activities Explanation	Amount
Governmental Activities	
An adjustment to correct an error in recording a prior year revenue or expenditure	\$ (375,171)
An adjustment to correct an error in recording a prior year liability in the internal service fund	224,613
An adjustment to correct an error in recording a fixed asset	2,465,860
An adjustment to correct an error in recording a prior year claim payable.	65,590
Total	\$ 2,380,892

Business-type Activities	
An adjustment to correct an error in recording a prior year revenue or expenditure	1,750
Total	\$ 1,750

Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Explanation	Amount
An adjustment to correct an error in recording a prior year revenue or expenditure	\$ (375,171)
Total	\$ (375,171)

Exhibit 6 Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds Explanation	Amount
Business Type Activities - Solid Waste Service Fund	
An adjustment to correct an error in recording a prior year revenue or expenditure	\$ 1,750
Total	\$ 1,750

Governmental Activities - Internal Service Fund	
An adjustment to correct an error in recording a prior year liability in the internal service fund	\$ 224,613
Total	\$ 224,613

Exhibit 7 Statement of Cash Flows - Proprietary Funds Explanation	Amount
Business Type Activities - Solid Waste Service Fund	
An adjustment to correct an error in recording and reconciling cash	\$ 1,320
Total	\$ 1,320

Governmental Activities - Internal Service Fund	
An adjustment to correct an error in recording and reconciling cash	\$ 66,438
Total	\$ 66,438

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

(4) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2007, was \$534,505, and the bank balance was \$689,920. 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.

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2007:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General fund	Solid Waste	\$ 31,015
Bridges Fund	General fund	5,337
Road Fund	General fund	8,871
Other governmental funds	General fund	9,417
Agency funds	General fund	2,869
Total		\$ 57,509

The Solid Waste Services Fund payable is the indirect administrative costs incurred during the year. All other amounts represent the tax revenue collected but not settled until October, 2007. All interfund balances are expected to be repaid within one year from the date of the financial statements.

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Agency fund	\$ 2,125
Non-major special revenue fund	Bridges fund	4,500
Bridges fund	General fund	111,885
Other governmental funds	General fund	291,204
Non-major debt service funds	General fund	332,219
Non-major debt service funds	Bridges fund	80,643
Non-major debt service funds	Other special revenue funds	151,185
Agency funds	General fund	401,822
Agency funds	Other special revenue funds	57,127
Agency funds	Agency fund	22,937
Enterprise fund	General fund	3,038
Internal service fund	Enterprise fund	22,541
Internal service fund	Other governmental funds	60,858
Internal service fund	Bridges fund	25,506
Internal service fund	General fund	109,669
Total		<u>\$ 1,677,259</u>

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

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Internal service fund	General fund	\$ 72,500
Other Governmental Funds	Road Fund	550,000
Other Governmental Fund	Other Governmental Fund	200,000
Total		<u>\$ 822,500</u>

The purpose of the interfund transfers was to transfer revenues from county-wide road and highways funds to individual district road funds and from the General Fund to the Health Internal Service Fund to use for health premiums.

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2007, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tag Credit	\$ 45,686
Total	<u>\$ 45,686</u>

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2007:

Governmental activities:

	Balance Oct 1, 2006	Additions	Deletions	Completed Construction	Adjustments*	Balance Sept 30, 2007
<u>Non-depreciable capital assets:</u>						
Land	\$ 131,435					131,435
Construction in progress	1,068,195	701,328		(1,401,084)		368,439
Total non-depreciable capital assets	<u>1,199,630</u>	<u>701,328</u>	<u>-</u>	<u>(1,401,084)</u>	<u>-</u>	<u>499,874</u>
<u>Depreciable capital assets:</u>						
Infrastructure	17,051,608			1,401,084	(15,486)	18,437,206
Buildings	2,676,541				1	2,676,542
Improvements other than buildings	64,591					64,591
Mobile equipment	2,904,084	76,725	(344,737)		(437,765)	2,198,307
Furniture and equipment	165,867	16,827	(24,714)		41,425	199,405
Leased property under capital leases	532,881	237,712			(105,675)	664,918
Total depreciable capital assets	<u>23,395,572</u>	<u>331,264</u>	<u>(369,451)</u>	<u>1,401,084</u>	<u>(517,500)</u>	<u>24,240,969</u>
<u>Less accumulated depreciation for:</u>						
Infrastructure	(10,230,798)	(400,210)			2,914,803	(7,716,205)
Buildings	(1,870,678)	(7,957)				(1,878,635)
Improvements other than buildings	(7,752)	(2,584)				(10,336)
Mobile equipment	(1,888,775)	(108,632)	310,263		46,166	(1,640,978)
Furniture and equipment	(122,985)	(22,882)	13,347		(27,249)	(159,769)
Leased property under capital leases	(154,884)	(72,913)			49,640	(178,157)
Total accumulated depreciation	<u>(14,275,872)</u>	<u>(615,178)</u>	<u>323,610</u>	<u>-</u>	<u>2,983,360</u>	<u>(11,584,080)</u>
Total depreciable capital assets, net	<u>9,119,700</u>	<u>(283,914)</u>	<u>(45,841)</u>	<u>1,401,084</u>	<u>2,465,860</u>	<u>12,656,889</u>
Governmental activities capital assets, net	<u>\$ 10,319,330</u>	<u>417,414</u>	<u>(45,841)</u>	<u>-</u>	<u>2,465,860</u>	<u>13,156,763</u>

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

Business-type activities:

	Balance Oct 1, 2006	Additions	Deletions	Adjustments*	Balance Sept 30, 2007
<u>Depreciable capital assets:</u>					
Mobile equipment	\$ 142,498	-	-	-	142,498
Leased property under capital leases	160,673	-	-	500	161,173
Total depreciable capital assets	303,171	-	-	500	303,671
<u>Less accumulated depreciation for:</u>					
Mobile equipment	(128,247)	-	-	-	(128,247)
Leased property under capital leases	(28,921)	(28,922)	-	(70)	(57,913)
Total accumulated depreciation	(157,168)	(28,922)	-	(70)	(186,160)
Enterprise activities capital assets, net	\$ 146,003	(28,922)	-	430	117,511

*Adjustments were made for the following:

- (a) Capital asset entered into general fixed asset system incorrectly
- (b) prior year depreciation corrected
- (c) transferred paid out lease purchase mobile equipment to mobile category,
- (d) removed assets disposed or junked in prior years, and
- (e) added additional cost to business-type assets, which increased depreciation.

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 19,395
Public safety	66,554
Public works	528,162
Health and welfare	1,067
Total governmental activities depreciation expense	\$ 615,178
<u>Business-type Activities:</u>	
Solid Waste	\$ 28,922

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

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

COMPONENT UNIT – FIELD MEMORIAL COMMUNITY HOSPITAL:

	Beginning Balance	Additions	Adjustments/ Disposal	Ending Balance
<u>Non-depreciable capital assets:</u>				
Land	\$ 41,500			41,500
Additions in progress	-	108,121	-	108,121
Total non-depreciable assets	<u>41,500</u>	<u>108,121</u>	<u>-</u>	<u>149,621</u>
<u>Depreciable capital assets:</u>				
Land improvements	100,295	-	(881)	99,414
Buildings & leasehold improvements	4,012,145	43,000	(26,426)	4,028,719
Equipment	6,469,292	252,488	(2,368,840)	4,352,940
Total depreciable capital assets	<u>10,581,732</u>	<u>295,488</u>	<u>(2,396,147)</u>	<u>8,481,073</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	(85,362)	(2,704)	881	(87,185)
Buildings & leasehold improvements	(2,654,246)	(124,561)	26,426	(2,752,381)
Equipment	(5,236,599)	(289,681)	2,386,043	(3,140,237)
Total accumulated depreciation	<u>(7,976,207)</u>	<u>(416,946)</u>	<u>2,413,350</u>	<u>(5,979,803)</u>
Governmental activities capital assets, net	<u>\$ 2,647,025</u>	<u>(13,337)</u>	<u>17,203</u>	<u>2,650,891</u>

COMPONENT UNIT - WILKINSON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Note – this component unit had no capital assets reported as of the end of its financial year – October 31, 2007.

(8) Loans Receivable

Loans receivable at September 30, 2007, consist of the following:

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

(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 \$750,000 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, 2006, to January 1, 2007. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

The county is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in October 2003 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the county established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss.

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

The county has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. This coverage was purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$20,000, and the aggregate policy covers all submitted claims in excess of \$55,000. The reinsurance coverage limit is \$1,000,000. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2006 and 2007:

	2006	2007
Unpaid claims, beginning of year	\$ 152,006	65,590
Adjustments*	37,463	-
Plus incurred claims (including IBNR's)	357,108	489,069
Less claims payments	(480,987)	(505,255)
Unpaid claims, end of year	\$ 65,590	49,404

(10) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2007:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile Equipment	\$ 664,918
Less: Accumulated depreciation	(178,157)
Leased property under capital leases	\$ 486,761
<u>Classes of Property</u>	<u>Business-type Activities</u>
Mobile Equipment	\$ 161,173
Less: Accumulated depreciation	(57,913)
Leased property under capital leases	\$ 103,260

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

Governmental activities repayment schedule by Year Ended September 30	Principal	Interest
2008	\$ 186,894	11,202
2009	121,356	5,874
2010	65,425	2,473
2011	21,483	286
Total	<u>\$ 395,158</u>	<u>19,835</u>

Business-type activities repayment schedule by Year Ended September 30	Principal	Interest
2008	\$ 54,791	2,353
2009	28,238	334
Total	<u>\$ 83,029</u>	<u>2,687</u>

(11) Short-term debt

The following is a summary of short-term debt activity for the year ended September 30, 2007:

	Balance Oct. 1, 2006	Additions	Reductions	Balance Sept. 30, 2007
Tax anticipation	\$ -	475,000	394,356	80,644
Loan for purchase of ROW	20,230		20,230	-
Loan for road improvement	79,509		63,321	16,188
Liability insurance note	-	194,551	194,551	-
Total	<u>\$ 99,739</u>	<u>669,551</u>	<u>672,458</u>	<u>96,832</u>

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

(12) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds			
Field Memorial Community Hospital	\$ 160,000	7.00%	06/01/11
Industrial Development	85,000	6.3-6.8%	08/01/08
Total General Obligation Bonds	<u>\$ 245,000</u>		
B. Capital Leases:			
District 2 wheel loader	\$ 9,008	3.19%	01/25/08
District 2 motor grader	104,371	4.42%	11/25/10
District 3 motor grader	84,016	3.92%	11/04/07
District 3 wheel loader	65,110	3.15%	12/08/08
District 3 2007 Intl Dump Truck	48,129	4.37%	02/25/11
District 4 2006 Ford F250 pickup	11,877	4.15%	03/25/10
District 4 dump truck	12,710	3.99%	09/25/08
District 4 2008 Intl dump truck	48,503	4.37%	06/10/11
District 5 2006 Ford F350 pickup	11,434	4.15%	11/25/09
Total Governmental activities Capital Leases	<u>\$ 395,158</u>		
Business-type activities			
Solid Waste garbage trucks (2)	\$ 48,771	4.05%	03/25/09
Solid Waste Pac-Mac base units (2)	34,258	4.05%	03/25/09
Total Business-type activities Capital Leases	<u>\$ 83,029</u>		

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 120,000	16,980
2009	40,000	8,750
2010	40,000	5,950
2011	45,000	3,150
Total	<u>\$ 245,000</u>	<u>34,830</u>

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

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, 2007, the amount of outstanding debt was equal to .32% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2007:

	Balance Oct. 1, 2006	Additions	Reductions	Balance Sept. 30, 2007	Amount Due Within One Year
Governmental Activities:					
Compensated absences	\$ 24,573	29,799		54,372	1,631
Claims and judgments	65,590	489,069	(505,255)	49,404	49,404
General obligation bonds	360,000		(115,000)	245,000	120,000
Capital leases	286,650	237,712	(129,189)	395,173	186,876
Total	\$ 736,813	756,580	(749,444)	743,949	357,911
Business-type Activities					
Capital leases	\$ 135,649		(52,620)	83,029	54,791
Compensated absences	4,739		(599)	4,140	124
Total	\$ 140,388	-	(53,219)	87,169	54,915

WILKINSON COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2007

(13) Deficit Fund Balances of Individual Funds

The following individual funds reported deficits in fund balances at September 30, 2007:

Fund	Deficit Amount
General Funds	\$ (886,319)
Special Revenue Funds:	
Triad Fund	(50)
Fire Grant Fund	(8,094)
Homeland Security Fund	(36,830)
Tire Waste Disposal	(47,282)
Law Library Fund	(5,134)
Courthouse Restoration Fund	(49,145)
Industrial Development Fund	(10,882)
District 1 Road	(142,515)
District 2 Road	(228,113)
District 3 Road	(8,329)
District 4 Road	(161,319)
District 5 Road	(60,412)
Reappraisal Fund	(33,000)

(14) Contingencies.

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

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

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Wilkinson, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Wilkinson County Board of Supervisors appoints four of the 40 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$50,203 for support of the district in fiscal year 2007.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Wilkinson, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Wilkinson County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$16,875 for its support in fiscal year 2007.

WILKINSON COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2007

Southwest Mississippi Community College operates in a district composed of the Counties of Wilkinson, Pike, Walthall and Wilkinson. The Wilkinson County Board of Supervisors appoints two of the 14 members of the college board of trustees. The county appropriated \$163,015 for the operation and maintenance of the college in fiscal year 2007.

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

(16) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 11.30% 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, 2007, 2006 and 2005 were \$221,553, \$196,351, and \$171,902, respectively, equal to the required contributions for each year.

WILKINSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WILKINSON COUNTY

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WILKINSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,480,200	2,602,092	2,602,092	-
Licenses, commissions and other revenue	76,900	99,251	115,943	16,692
Fines and forfeitures	81,000	203,947	203,947	-
Intergovernmental revenues	643,000	542,462	542,462	-
Charges for services	13,000	4,975	4,975	-
Interest income	25,000	52,085	75,542	23,457
Miscellaneous revenues	44,900	61,562	41,105	(20,457)
Total Revenues	<u>3,364,000</u>	<u>3,566,374</u>	<u>3,586,066</u>	<u>19,692</u>
EXPENDITURES				
Current:				
General government	1,871,605	1,837,665	1,837,061	604
Public safety	840,397	846,776	846,541	235
Health and welfare	160,375	175,900	175,900	-
Culture and recreation	122,000	83,704	83,704	-
Conservation of natural resources	70,550	75,548	75,548	-
Economic development and assistance	88,230	110,617	110,617	-
Debt service:				
Principal	394,645	404,329	397,504	6,825
Interest	-	-	6,825	(6,825)
Total Expenditures	<u>3,547,802</u>	<u>3,534,539</u>	<u>3,533,700</u>	<u>839</u>
Excess of Revenues over (under) Expenditures	<u>(183,802)</u>	<u>31,835</u>	<u>52,366</u>	<u>20,531</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	11,000	9,049	6,900	(2,149)
Total Other Financing Sources and Uses	<u>11,000</u>	<u>9,049</u>	<u>6,900</u>	<u>(2,149)</u>
Net Change in Fund Balance	<u>(172,802)</u>	<u>40,884</u>	<u>59,266</u>	<u>18,382</u>
October 1, 2006	<u>100,000</u>	<u>430,508</u>	<u>(938,216)</u>	<u>(1,368,724)</u>
September 30, 2007	<u>\$ (72,802)</u>	<u>471,392</u>	<u>(878,950)</u>	<u>(1,350,342)</u>

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

WILKINSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Bridge Fund
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 300,000	319,992	319,992	-
Intergovernmental revenues	75,000	53,209	53,209	-
Total Revenues	<u>375,000</u>	<u>373,201</u>	<u>373,201</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	345,000	314,245	314,245	-
Total Expenditures	<u>345,000</u>	<u>314,245</u>	<u>314,245</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>30,000</u>	<u>58,956</u>	<u>58,956</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	7,347	7,347	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,347</u>	<u>7,347</u>	<u>-</u>
Net Change in Fund Balance	30,000	66,303	66,303	-
October 1, 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2007	<u>\$ 30,000</u>	<u>66,303</u>	<u>66,303</u>	<u>-</u>

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

WILKINSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road Fund
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Road and bridge privilege taxes	\$ 100,000	112,045	112,045	-
Intergovernmental revenues	450,000	486,597	486,597	-
Total Revenues	<u>550,000</u>	<u>598,642</u>	<u>598,642</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>550,000</u>	<u>598,642</u>	<u>598,642</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(550,000)	(550,000)	(550,000)	-
Total Other Financing Sources (Uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
Net Change in Fund Balance	-	48,642	48,642	-
October 1, 2006	<u>208,110</u>	<u>208,110</u>	<u>208,110</u>	<u>-</u>
September 30, 2007	<u>\$ 208,110</u>	<u>256,752</u>	<u>256,752</u>	<u>-</u>

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

WILKINSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2007

Notes to the Required Supplementary Information

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type		
	General Fund	Bridge Fund	Road Fund
Budget (Cash Basis)	\$ 56,266	66,303	48,642
Increase(Decrease)			
Net adjustments for revenue accruals	943,585	287	43
Net adjustments for expenditure accruals	(530,051)	869	0
GAAP Basis	\$ 469,800	67,459	48,685

WILKINSON COUNTY

SPECIAL REPORTS

WILKINSON COUNTY

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

December 22, 2008

Members of the Board of Supervisors
Wilkinson County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Wilkinson County, Mississippi, as of and for the year ended September 30, 2007, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 22, 2008. The auditor's report is qualified on the General Fund, the Governmental Activities, and the Health Insurance Internal Service Fund because the county did not provide adequate records documenting fines receivable and the related allowance for uncollectible amounts of the Circuit Clerk, did not report certain general infrastructure assets and related depreciation in the governmental activities and did not record all revenues and expenditures in the health insurance internal service fund as required by accounting principles generally accepted in the United States of America. 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 Wilkinson County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 07-1, 07-2, 07-3, 07-4, 07-5, 07-6, 07-7, and 07-8 to be material weaknesses.

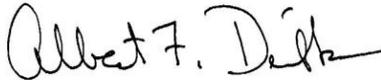
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilkinson County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted matters that we reported to the management of Wilkinson County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 22, 2008, included within this document.

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

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

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd
McComb, MS

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

December 22, 2008

Members of the Board of Supervisors
Wilkinson County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Wilkinson County, Mississippi, as of and for the year ended September 30, 2007. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

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

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

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

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

1. Finding – Inventory Control Clerk:

- A. As reported in prior years' audit reports and per Section 31-7-107 of the Miss. Code Ann. (1972), the county's computer data base of asset inventory did not include acquisition date or acquisition costs for many assets. These exceptions relate primarily to infrastructure.
- B. Per Section 31-7-107 of the Miss. Code Ann. (1972), the county's asset inventory clerk is to keep a record of additions to the fixed asset inventory. Radio equipment for \$8,388 and a 10 ton A/C for \$5,928 were not listed even though cited in prior year finding.
- C. The inventory control clerk did not file an annual report (in triplicate) with the board of supervisors and with the state of the general fixed assets, additions, deletions, and correct ending inventory values.

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

Recommendation:

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

Inventory Control Clerk's Response

An annual report of fixed assets was sent to the State. The inventory control clerk is the clerk to the Board of Supervisors and is the official secretary to the Board; therefore, records were filed with the Board of Supervisors. Costs prohibit the employment of services of the county engineer to provide historical costs of entire infrastructure, i. e., roads, bridges, etc.

2. Finding – Purchase Clerk

During our review of the board minutes, we noted that the board had declared an emergency on several occasions for the purpose of purchasing items needed rapidly. Items purchased under these emergency purchase declarations should have been processed by the purchase clerk to determine if they exceeded the quote or bid requirements and, if so, listed on the emergency purchase clerk schedule. We have noted that there have been no items listed on any of the purchase clerk schedules in the past years audited. Per discussion with the purchase clerk, items that would have been purchased under the emergency order were not processed through her office and therefore, she had no knowledge of them.

Recommendation

County personnel should be instructed that all purchases, whether meeting the criteria for items purchased from other than the low bidder, emergency purchases, or items secured from a sole source, must be processed by the purchase clerk and that the board order authorizing such a purchase that would be exempt from the purchase law must be kept on file.

Purchase Clerk Response

I could not process requisitions that I never received from the requesting department.

3. Finding – Purchase Clerk.

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

Recommendation

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

Purchase Clerk Response

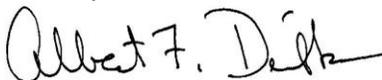
I have no knowledge of the budget to keep up with departments' balances.

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.

We did not audit the responses to the above findings, and accordingly, we express no opinion on them.

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

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd
McComb, MS

WILKINSON COUNTY

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2007

Schedule 1

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

WILKINSON COUNTY

Schedule 2

Schedule of Emergency Purchases
For the Year Ended September 30, 2007

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
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Our test results did not identify any emergency purchases.

WILKINSON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2007

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
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Our test results did not identify any sole source purchases.

WILKINSON COUNTY

LIMITED INTERNAL CONTROL AND COMPLIANCE REIEW
MANAGEMENT REPORT

WILKINSON COUNTY

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

December 22, 2008

Members of the Board of Supervisors: Wilkinson County, Mississippi

In planning and performing our audit of the financial statements of Wilkinson County, Mississippi for the year ended September 30, 2007, we considered Wilkinson County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Wilkinson County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 22, 2008, on the financial statements of Wilkinson County, Mississippi.

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

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

1. Finding – Board of Supervisors

Section 27-39-329(2)b, Miss. Code Ann. (1972), requires the Board of Supervisors to levy each year an ad valorem tax of one (1) mill to be used for any purpose allowed by law, but the avails of such levy shall not be expended until certification by the State Tax Commission. As reported in prior years' audit reports, the levy proceeds were expended prior to receipt of the State Tax Commission certification

Recommendation

The Board of Supervisors should comply with the certification requirements of this section before expenditures are made.

Board of Supervisors' Response

Paperwork was sent to the proper authorities with the State Tax Commission, however, advertisements of services dates were not coherent with State requirements, however, this work was done.

2. Finding—Board of Supervisors

In our test of travel vouchers paid by the county, we noted the following:

- a. As reported in the prior audit report and per the county's Personnel Policies and Procedures adopted April 18, 2005, "department heads will review and approve travel vouchers and forward all approved vouchers to the accounts payable department, where they will be processed for payment." None of the vouchers we examined in our tests of county travel were approved by a department head. We also noted one instance of the mileage claimed not being properly documented.
- b. The county reimbursed meals on a per diem basis, even though county policy specifically called for actual reimbursement. In addition, five instances were found where full per diem was paid on the day leaving and the day returning.
- c. As reported in the prior audit report, we noted problems with the travel vouchers in that:
 - (1) On November 15-16, 2006, 21 people were all paid for travel in a separate vehicle to the same seminar.
 - (2) On November 30-December 2, 2006, 10 people were all paid for travel in a separate vehicle to the same seminar.
 - (3) June 24-June 27, 2007, 21 people were all paid for travel in a separate vehicle to the same seminar.
 - (4) In addition, several of the people attending the seminars were married and had separate lodging paid by the county.
 - (5) All of the above were paid for travel expenses prior to making the trip, rather than being reimbursed after return from the trip—which would constitute an advance. The Board did not approve advances for this travel.

Recommendation

We recommend the following:

- a. The county's employees should forward all travel vouchers to the department head or supervising person over them for review and signature prior to payment. Mileage claimed should be documented as to point of departure and points of travel and return. Mileage amounts should be checked by department heads for reasonableness through mapping software or other means.
- b. The Board pass a policy to reimburse meals on a per diem basis, if that is their desire—or only allow reimbursement based on actual meal receipts attached to a travel voucher upon return from a trip. In addition, if per diem is approved, only partial per diem should be allowed on the day leaving and the day returning from a trip.
- c. Prudent use of the county's funds requires that people traveling to the same seminar be requested to travel together as much as possible. Prudent use of county funds would also require that only one lodging expense be allowed for married couples traveling to the same seminar.

Board of Supervisors' Response

- a. A typographical error in the county personnel policy exists at the time of your audit. No damage occurred.
- b. The Board of Supervisors approved a per diem policy for repayment of meals on December 22, 2008.

c. No response.

Auditor's Note: This matter is being referred to the Office of the State Auditor Special Investigative Division for further review.

3. Finding – Board of Supervisors

Section 24-4-105(1), Miss. Code Ann. (1972), states “No public servant shall use his official position to obtain pecuniary benefit for himself other than that compensation provided for by law, or to obtain pecuniary benefit for any relative or any business with which he is associated.:

During our review of the related parties, we noted that one of the supervisors voted to approve the contracting with his sister to design and maintain a web site for the county for the sum of \$9,567.27.

Recommendation

We recommend that the supervisors abstain from voting on any issue dealing with related parties as per Section 24-4-105(1), Miss. Code Ann. (1972).

Board of Supervisors' Response

This procedure will be followed in accordance with Section 24-4-105(1).

4. Finding – Board of Supervisors

On December 17, 2008, we noted in our examination of the work performed by the related party mentioned in Finding # 3 above, that the website was launched on April 30, 2007. Per review of the website, the last maintenance for the website was May 21, 2007. Some of the supervisors mentioned on the website were no longer in office. When we asked about the work that was paid for the county to maintain the website, we were told that there were problems with the software or server they used through a company in Jackson.

Recommendation:

We recommend that the county monitor work that is contracted and only pay for work that is performed.

Board of Supervisors' Response

This will be corrected.

5. Finding – Board of Supervisors

Per Section 25-41-7 of the Miss. Code Annotated (1972), an executive session of the board shall be limited to matters exempted from open meetings. The reason for holding such an executive session shall be stated in the open meeting and recorded in the minutes of the meeting. During our review of the minutes of the board of supervisors, we noted two instances where the board went into closed door executive session without stating a reason.

Recommendations

We recommend that the Board of Supervisors state in open meeting the reason for any closed meeting session and record it in the minutes of the board.

Board of Supervisors' Response

The Wilkinson County Board of Supervisors strictly adheres to Section 25-41-7. This, however, may not have been reflected in the board minutes.

6. Finding - Board of Supervisors

Per Section 19-3-7 of the Miss. Code Annotated (1972), members of the board of supervisors shall meet on the first Monday in January and shall organize by electing one of their number to be president, and one of their number to be vice president. During our review of the minutes of the January, 2007 meeting, there is no record of board officers being elected.

Recommendation

We recommend that the board comply with Section 19-3-7 of the Miss. Code Annotated (1972) and elect a president and a vice president on the first Monday in January.

Board of Supervisors' Response

This was done; however, the board minutes may not have reflected it.

7. Finding - Board of Supervisors

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

Recommendation

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

Board of Supervisors' Response

We will comply.

8. Finding – Board of Supervisors

As reported in the prior year's audit report, we noted in our test of payroll that Form 4B "Certification/Acknowledgment of Reemployment of Retiree" was not filed for retired persons who are rehired.

Recommendation

We recommend that the employees rehired after retirement complete and file with the Public Employee Retirement System (PERS) a Form 4B as soon as possible.

Board of Supervisors Response

This has been done.

9. Finding – Board of Supervisors

During our test of expenditures, we noted the following:

- a. Seventeen out of twenty invoices in one test were not cancelled or marked “Paid.”
- a. Three instances of bills not being timely paid per Section 31-7-307 of the Miss. Code Ann. (1972).
- b. Written quotes could not be found for one expenditure costing \$9,200.
- c. The invoice was missing and could not be found for an expenditure costing \$1,188.
- d. One expenditure was made before the purchase requisition or purchase order date.
- e. One instance of a purchase being expensed when it should have been capitalized.

Recommendation

We recommend the following:

- a. The accounts payable clerk should cancel or mark “Paid” on the original invoice of each bill processed for payment.
- b. All invoices are required to be paid within a 45 day period from the invoice date in order to prevent the county owing interest on the invoice and as per Section 31-7-307 of the Miss. Code Ann. (1972).
- c. The purchase law should be followed as to getting two or more written quotes on items purchased within the written quote amount limitation.
- d. Records of all bills paid should be stored in a safe, accessible manner.
- e. Purchase requisitions must be completed, approved by department heads and forwarded on for a purchase order prior to making a purchase. This will ensure that the county does not exceed the budget or the cash balances, which is against the law.
- f. Items of a capital nature should be coded as a capital asset rather than as an expenditure.

Board of Supervisor’s Response

We will comply.

10. Finding – Sheriff

As reported in the prior year’s audit report, in our tests of revenues, we noted that deposits were not being made daily. We also noted that although the daily meal log is given to the accounts payable department and is filed with the claim for payment, the meal log is not presented and filed with the board of supervisors. Per Section 19-25-74 of the Miss. Code Ann. (1972), the prisoner meal log shall be filed monthly with the board of supervisors and such log shall remain on file with the board. No claims for the cost or expenses of feeding prisoners shall be approved by the board of supervisors for any month unless and until such log for that month is filed.

Recommendation

As an internal control procedure, we recommend that the Sheriff make sure that all funds are deposited daily. We also recommend that the daily meal log of prisoner meals be filed not only with accounts payable for payment but with the Board of Supervisors for spreading in the minutes.

Sheriff’s Response

We will comply.

11. Finding-Election Commissioners

As reported in the prior year's audit report and per Section 23-15-153 of the Miss. Code Ann. (1972), the county's election commissioners shall be compensated for their duties for up to a maximum (according to the latest census) of 50 days for 1 election and an additional 10 days (after 6/29/06) for a special election. However, no special election was held in the year. They may also be compensated (after 6/29/06) for up to 12 training days. The following election commissioners exceeded the maximum allowed:

- a. Jerri Love, District Three Election Commissioner—14 days above maximum of 50 election days or \$1,176.
- b. Francis Felter, District Five Election Commissioner—7 days above maximum of 50 election days or \$588.
- c. Chantell McMorris, District One Election Commissioner—53 days above maximum of 50 election days or \$4,452.
- d. Laverne Poole—District Three Election Commissioner—17 days above maximum of 50 election days or \$1,428.

Recommendation:

We recommend that the election commissioners comply with Section 23-15-153 of the Miss. Code Ann. (1972), and only file for compensation for those duties performed within the maximum amount allowed.

Election Commissioners' Response

The election commissioners made no response to this finding.

12. Finding-Circuit Clerk Mon Cree Allen

Per Section 25-15-153(3) of the Miss. Code Ann. (1972), the Circuit Clerk is allowed the same election expenses as the election commissioners. However, in our test of election expenses, we noted that the Circuit Clerk is also allowed a maximum (according to the latest census) of 50 days for 1 election and an additional 10 days (after 6/29/06) for a special election. However, no special election was held in the 2007 year. Per our calculation of allowable election expenses, the clerk exceeded the maximum by 5 days or \$420.

Recommendation

We recommend that the Circuit Clerk comply with Section 23-15-153(3) of the Miss. Code Ann. (1972), and only file for compensation for those duties performed within the maximum amount allowed.

Circuit Clerk's Response

The Circuit Clerk who was in office at the time of this audit made no response to the finding.

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

Exception Issued On: Wevelyn James, Tax Assessor-Collector
Nature of Exception: See Finding #3 described in 2004 audit report.
Amount of Exception: \$13,080
Disposition of Exception: \$4,543.20 was repaid on June 17, 2008. The remainder is unpaid. This matter has been turned over to the Investigative Division of the Office of the State Auditor.

Exception Issued On: Mon Cree Allen, Circuit Clerk
Nature of Exception: See Finding #9 in the 2006 audit report. Also see Finding #12 above.
Amount of Exception: \$630 for the 2006 audit report. \$420 for the 2007 audit report.
Disposition of Exception: \$280 of the \$630 has been repaid, leaving \$350 owing on the 2006 audit. The \$420 from the finding above has not been repaid.

Exception Issued On: Jerri Love, District Three Election Commissioner
Nature of Exception: See Finding #8 described in the 2006 audit report and Finding #11 above.
Amount of Exception: \$2,100 for the 2006 audit and \$1,176 for the 2007 audit.
Disposition of Exception: \$100 was repaid on March 12, 2008 and an additional \$1,230 was repaid on April 23, 2008, leaving \$770 that has not been repaid on the 2006 audit and \$1,176 on the 2007 audit.

Exception Issued On: Francis Felter, District Five Election Commissioner
Nature of Exception: See Finding #8 in the 2006 audit report and Finding #11 above.
Amount of Exception: \$588 for the 2006 audit and \$588 for the 2007 audit.
Disposition of Exception: \$588 was repaid on March 12, 2008 for the 2006 audit. The \$588 for the 2007 audit remains unpaid.

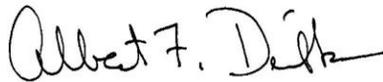
Exception Issued On: Chantell McMorris, District One Election Commissioner
Nature of Exception: See Finding #8 in the 2006 audit report and Finding #11 above.
Amount of Exception: \$2,002 for the 2006 audit and \$4,452 for the 2007 audit.
Disposition of Exception: \$500 was repaid March 14, 2008. \$250 was repaid March 28, 2008 and \$510 was repaid on May 16, 2008, leaving \$742 of the 2006 fees unpaid for the 2006 audit. The \$4,452 for the 2007 audit remains unpaid..

Exception Issued On: Laverne Poole—District Three Election Commissioner
Nature of Exception: See Finding #8 in the 2006 audit report and Finding #11 above.
Amount of Exception: \$2,660 for the 2006 audit and \$1,428 for the 2007 audit.
Disposition of Exception: \$500 was repaid on March 14, 2008 and \$1250 was repaid on May 16, 2008, leaving \$910 of the 2006 fees unpaid. The \$1,428 for the 2007 audit remains unpaid.

We did not audit the responses to the above findings, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and is not intended to be and should no be used by anyone other than this party. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Albert F. Dribben, CPA
Dribben & Associates, Ltd.
McComb, MS 39648

WILKINSON COUNTY

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WILKINSON COUNTY

SCHEDULE OF FINDINGS

WILKINSON COUNTY

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WILKINSON COUNTY

Schedule of Findings For the Year Ended September 30, 2007

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental Activities | Qualified |
| | Aggregate discretely presented component units | Unqualified |
| | General Fund | Qualified |
| | Bridges Fund | Unqualified |
| | Road Fund | Unqualified |
| | Solid Waste Fund | Unqualified |
| | Aggregate remaining fund information | Qualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

07-1 Finding-Board of Supervisors:

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

Recommendation:

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

Response:

The Board of Supervisors will comply.

07-2 Finding-Board of Supervisors:

Section 19-13-43, Miss. Code Ann. (1972), requires that, before a warrant is issued, there must be sufficient money available in the fund upon which it is drawn to pay the same and all prior unpaid checks drawn on that fund. As reported in the seven prior years' audit reports, warrants were written on county funds which did not have sufficient cash balances. The following funds had a deficit cash balance at September 30, 2007: Triad, Fire Grant Fund, Homeland Security, Tire Waste Disposal, Law Library, Courthouse Renovation Grant, Industrial Development, District One Road, District Two Road, District Four Road, Fruit of the Loom Bond, and Solid Waste.

WILKINSON COUNTY

Schedule of Findings For the Year Ended September 30, 2007

Recommendation:

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

Response:

The Board of Supervisors did not respond to this finding.

07-3 Finding – Chancery Clerk:

As reported in the prior years' audit reports, the land redemption bank account is not being reconciled in a timely manner. In our testing, we found that the last bank reconciliation occurred June 2007, therefore, outstanding checks could not be determined.

Recommendation:

The Chancery Clerk should ensure the land redemption account is reconciled on a monthly basis. All unsettled funds should be identified and properly settled to the correct parties. Any parties who received over-settlements should be notified and the over-settlements withheld from future settlements. Receipts and deposits should be deposited and reconciled daily. Additionally, the Chancery Clerk should maintain an accurate and up-to-date outstanding check listing.

Response:

Reconciliations of land redemption has been completed for the audit year and are presently being reconciled.

07-4 Finding – Chancery Clerk:

As reported in the prior year's audit report, during the review of the Chancery Clerk's office operations, we found that the fee income received could not be verified through revenue testing due to the fact that the Chancery Clerk's office did not identify monies received as to "cash," "check," or "money order." Monies are not deposited daily or identified on deposit slips as to receipt numbers. Also, receipts are not written on revenue received through the mail and some receipts are written in advance of receiving the money. Therefore, there is no way to provide audit assurance through testing of the amounts reported as revenue and the amount deposited.

Recommendation:

All revenues received in the Chancery Clerk's Office should be recorded in a receipt book, or accounting software and a receipt should be given to each person or agency presenting the money for services and at the time the monies are received. Daily deposits should always tie to the day's sum of receipts in the computerized cash receipts journal or manually in a receipt book.

WILKINSON COUNTY

Schedule of Findings For the Year Ended September 30, 2007

Response:

The Chancery Clerk receives funds from private sources, gives receipts of funds. Receipt books are available for public inspection as soon as instruments are filed, receipts are given. The Chancery Clerk respectfully asks the auditor when did you ask for receipts of cash, money orders or checks to verify income.

07-5 Finding – Inventory Control:

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

Recommendation:

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

Response:

As soon as predictable the Inventory Control Clerk enters purchases, identifying assets purchased and identifying asset numbers and enters into computer records.

07-6 Finding—Board of Supervisors:

As reported in prior years' audit reports, many transactions throughout the year were not posted to the County's general ledger, including virtually all health insurance claim checks, which totaled \$480,987 and insurance premiums paid of \$186,512. As a result of the health insurance claim checks not being posted to the county's general ledger or claims docket, there was no formal Board of Supervisors' approval for the issuance of the checks.

Recommendation:

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

Response:

We will comply.

WILKINSON COUNTY

Schedule of Findings For the Year Ended September 30, 2007

07-7 Finding – Justice Court

As reported in prior years' audit reports, the bank statements were not reconciled in the Justice Court Clerk's office. The distribution of cash at September 30 form was not prepared. Also during our testing, we noted the Justice Court Clerk's office does not accurately maintain subsidiary ledgers of a) individual accounts receivable accounts, b) the bond listing, and c) partial pay control account. We noted that there is not adequate segregation of duties: the justice court clerk receipts money, makes out deposits, and carries the deposits to the bank.

Recommendation:

The Justice Clerk's office should reconcile the bank account and trace the reconciled bank balance to the cash balance per the books. Additionally, the Justice Court Clerk's office should maintain current bookkeeping of accounts receivable balances, a current bond listing, and partial pay control accounts. The duties of receiving money, making out deposits and carrying deposits to the bank should be segregated.

Justice Court Clerk's Response:

We will comply.

07-8 Finding – Circuit Clerk Mon Cree Allen

Bank statements and reconciliations and the distribution of cash form requested from the Circuit Clerk were not provided for review.

Recommendation:

We recommend that the circuit clerk find the records requested for the audit and provide them for review.

Circuit Clerk's Response:

The Circuit Clerk in office at the time of this audit did not provide a response.