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ADAMS COUNTY, MISSISSIPPI

Audited Financial Statements
and Special Reports
For the Year Ended September 30, 2012

Presented by:
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ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI

FINANCIAL SECTION

ADAMS COUNTY, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

September 16, 2013

Members of the Board of Supervisors
Adams County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Adams County, Mississippi, as of and for the year ended September 30, 2012, which collectively comprise the county's basic 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of Natchez-Adams County Port Commission, Natchez Regional Medical Center, and Adams County Airport Commission, component units. Those financial 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, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of component units Natchez-Adams County Port Commission, Natchez Regional Medical Center, and Adams County Airport Commission were audited by other auditors, and were conducted in accordance with *Government Auditing Standards*. 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Adams County, Mississippi, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2013, on our consideration of Adams County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Adams County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basis financial statements but is supplemental information required by 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adams County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adams County, Mississippi's basic financial statements. The accompanying Schedule of Surety Bonds for County Officials is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,



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

ADAMS COUNTY, MISSISSIPPI

FINANCIAL STATEMENTS

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI
Statement of Net Assets
September 30, 2012

Exhibit 1

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash	\$ 3,112,160	\$ 147,951
Cash held for Valley National Bank	-	104,489
Short-term investments	-	1,024,410
Investments-restricted	726,841	-
Current cash and investments held by Trustee for bond service	-	1,219,011
Property tax receivable	10,076,798	-
Accounts receivable, net	180,181	317,875
Fines receivable, net	629,309	-
Loan receivable, net	2,487,000	-
Patient accounts receivable, net	-	6,284,769
Grant receivable	-	108,545
Estimated receivables, third-party payors	-	267,016
Intergovernmental receivables	517,073	-
Other receivables	10,013	-
Deferred charges, bond issuance costs	125,405	-
Prepaid expenses	-	457,006
Inventories, net	-	748,756
Assets held by Trustee for bond service	-	306,002
Assets held by Trustee for construction	-	10,736
Capital assets:		
Land	7,267,778	1,120,842
Other capital assets, net	36,090,443	28,555,300
Other assets	-	1,123,181
Intangible assets, net	-	107,220
Total Assets	\$ 61,223,001	\$ 41,903,109
LIABILITIES		
Line of credit	-	1,881,467
Short-term debt	-	217,760
Book overdraft in bank account	-	513,449
Claims payable	764,715	4,743,828
Claims and judgements payable	28,943	-
Due to Valley National Bank	-	104,489
Intergovernmental payables	314,783	-
Accrued payroll and payroll taxes	-	330,058
Accrued employee benefits	-	1,233,206
Accrued expenses	-	581
Accrued interest payable	36,868	-
Deferred revenue	10,076,798	-
Other accrued liabilities	13,283	-
Other payables - amounts held in custody	106,816	-
Other current liabilities	-	1,424,586
Long-term liabilities:		
Due within one year:		
Capital related liabilities	995,323	1,125,977
Non-capital liabilities	299,278	12,446
Due in more than one year:		
Capital related liabilities	5,026,949	16,689,513
Non-capital liabilities	2,061,679	-
Total Liabilities	19,725,435	28,277,360
NET ASSETS		
Invested in capital assets, net of related debt	37,335,949	11,860,652
Restricted:		
Expendable:		
General government	251,539	-
Debt service	671,631	1,525,013
Public safety	722,182	-
Public works	3,780,839	-
Culture and recreation	151	-
Other purposes	29,044	-
Unrestricted	(1,293,769)	240,084
Total Net Assets	\$ 41,497,566	\$ 13,625,749

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

ADAMS COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2012

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 7,859,862	\$ 1,012,900	\$ 231,873	\$ -	\$ (6,615,089)	
Public safety	6,669,879	564,374	1,686,041	3,170	(4,416,294)	
Public works	3,100,757	726,849	733,090	2,493,203	852,385	
Health and welfare	344,145	1,153,952	176,459	-	986,266	
Culture and recreation	90,618	-	-	-	(90,618)	
Education	638,364	-	-	-	(638,364)	
Conservation of natural resources	274,362	-	-	-	(274,362)	
Economic development and assistance	252,865	-	679,785	-	426,920	
Interest on long-term debt	163,013	-	-	-	(163,013)	
Total Governmental Activities	<u>\$ 19,393,865</u>	<u>\$ 3,458,075</u>	<u>\$ 3,507,248</u>	<u>\$ 2,496,373</u>	<u>(9,932,169)</u>	
Component Units:						
Natchez-Adams County Port Commission	\$ 2,143,880	\$ 1,732,300	\$ -	\$ -		\$ (411,580)
Natchez Regional Medical Center	46,879,355	45,797,640	-	-		(1,081,715)
Adams County Airport Commission	1,307,998	756,771	-	-		(551,227)
Total Component Units	<u>\$ 50,331,233</u>	<u>\$ 48,286,711</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(2,044,522)</u>
General revenues:						
Property taxes					12,365,364	-
Road & bridge privilege taxes					644,509	-
Grants and contributions not restricted to specific programs					2,167,777	142,135
Unrestricted investment income					55,155	11,650
Miscellaneous					631,099	-
Transfers in					-	887,669
Total General Revenues and Transfers					<u>15,863,904</u>	<u>1,041,454</u>
Changes in Net Assets					<u>5,931,735</u>	<u>(1,003,068)</u>
Net Assets - Beginning, as originally reported					35,518,071	14,588,817
Prior period adjustment					47,760	40,000
Net Assets - Beginning, as restated					<u>35,565,831</u>	<u>14,628,817</u>
Net Assets - Ending					<u>\$ 41,497,566</u>	<u>\$ 13,625,749</u>

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

ADAMS COUNTY, MISSISSIPPI
 Balance Sheet – Governmental Funds
 September 30, 2012

Exhibit 3

	Major Funds				
	General Fund	Ports and Harbors Fund	County-Wide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 623,861	\$ 1,927	\$ 339,910	\$ 2,145,209	\$ 3,110,907
Investments-restricted	-	-	-	726,841	726,841
Property tax receivable	8,465,385	-	221,084	1,390,329	10,076,798
Accounts receivable (net of allowance for uncollectibles of \$1,897,268)	-	-	-	180,181	180,181
Fines receivable (net of allowance for uncollectibles of \$2,164,160)	629,309	-	-	-	629,309
Loans receivable (net of allowance for uncollectibles of \$175,048)	-	2,487,000	-	-	2,487,000
Intergovernmental receivables	182,997	-	120,858	213,218	517,073
Other receivables	10,013	-	-	-	10,013
Interfund receivables	137,769	150,165	31,310	85,830	405,074
Advances to other funds	28,735	-	-	12,990	41,725
Total Assets	\$ 10,078,069	\$ 2,639,092	\$ 713,162	\$ 4,754,598	\$ 18,184,921
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 236,606	\$ -	\$ 82,859	\$ 445,250	\$ 764,715
Other accrued liabilities	1,809	-	-	-	1,809
Amounts held in custody	106,373	-	-	-	106,373
Intergovernmental payables	313,017	-	-	1,766	314,783
Interfund payables	173,793	-	50,150	192,605	416,548
Advances from other funds	4,460	-	8,520	28,745	41,725
Other payables	443	-	-	-	443
Deferred revenue	9,094,694	-	221,084	1,570,510	10,886,288
Total Liabilities	9,931,195	-	362,613	2,238,876	12,532,684
Fund balances:					
Nonspendable:					
Loans receivable	-	2,487,000	-	-	2,487,000
Advances	-	-	-	12,990	12,990
Restricted:					
Unemployment	-	-	-	29,044	29,044
Public safety	-	-	-	268,844	268,844
Public works	-	-	350,549	760,906	1,111,455
Culture and recreation	-	-	-	151	151
Debt service	-	-	-	708,499	708,499
Assigned:					
General government	-	-	-	251,539	251,539
Public safety	-	-	-	448,868	448,868
Public works	-	152,092	-	21,772	173,864
Unassigned	146,874	-	-	13,109	159,983
Total Fund Balances	146,874	2,639,092	350,549	2,515,722	5,652,237
Total Liabilities and Fund Balances	\$ 10,078,069	\$ 2,639,092	\$ 713,162	\$ 4,754,598	\$ 18,184,921

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

ADAMS COUNTY, MISSISSIPPI
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
 September 30, 2012

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,652,237
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 \$60,476,361.	43,358,221
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	809,490
Bond Issuance Cost, net of amortization	125,405
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,383,229)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(36,868)
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.	(27,690)
Total Net Assets	\$ 41,497,566

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

ADAMS COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended September 30, 2012

	Major Funds				Total Governmental Funds
	General Fund	Ports and Harbors Fund	County-Wide Road Maintenance Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 10,231,804	\$ 841	\$ 158,774	\$ 1,973,944	\$ 12,365,363
Road and bridge privilege taxes	-	-	644,509	-	644,509
Licenses, commissions and other revenue	421,625	-	48,256	83,030	552,911
Fines and forfeitures	334,345	-	19,411	19,941	373,697
Intergovernmental revenues	2,055,797	-	3,380,899	2,675,594	8,112,290
Charges for services	71,750	-	-	1,192,566	1,264,316
Interest income	36,812	19	1,928	16,065	54,824
Miscellaneous revenues	255,455	-	39,124	35,418	329,997
Total Revenues	13,407,588	860	4,292,901	5,996,558	23,697,907
EXPENDITURES					
Current:					
General government	5,251,244	-	-	631,127	5,882,371
Public safety	5,016,570	-	-	1,600,125	6,616,695
Public works	-	-	4,164,869	2,789,342	6,954,211
Health and welfare	344,145	-	-	-	344,145
Culture and recreation	85,076	-	-	5,542	90,618
Education	402,856	-	235,508	-	638,364
Conservation of natural resources	274,362	-	-	-	274,362
Economic development and assistance	252,865	-	-	-	252,865
Capital projects	-	-	-	50,000	50,000
Debt service:					
Principal	4,388,982	-	129,515	751,344	5,269,841
Interest	419,459	-	7,797	35,585	462,841
Total Expenditures	16,435,559	-	4,537,689	5,863,065	26,836,313
Excess of Revenues over (under) Expenditures	(3,027,971)	860	(244,788)	133,493	(3,138,406)
OTHER FINANCING SOURCES (USES)					
Compensation for loss or damage to assets	5,441	-	-	-	5,441
Proceeds from issuance of debt	3,230,060	-	390,000	310,000	3,930,060
Proceeds from Capital Leases	401,762	-	130,630	-	532,392
Transfers in	880,468	-	-	648,144	1,528,612
Transfers out	(1,354,085)	-	-	(963,527)	(2,317,612)
Total Other Financing Sources and Uses	3,163,646	-	520,630	(5,383)	3,678,893
Net Changes in Fund Balances	135,675	860	275,842	128,110	540,487
Fund Balances - Beginning, as originally reported	11,199	2,588,232	74,707	2,389,852	5,063,990
Prior period adjustments	-	50,000	-	(2,240)	47,760
Fund Balances - Beginning, as restated	11,199	2,638,232	74,707	2,387,612	5,111,750
Fund Balances - Ending	\$ 146,874	\$ 2,639,092	\$ 350,549	\$ 2,515,722	\$ 5,652,237

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

ADAMS COUNTY, MISSISSIPPI

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, 2012

	<u>Amounts</u>
Changes in Fund Balance - Governmental Funds	\$ 540,487
mounts 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 assets \$5,053,990 exceeded depreciation \$1,208,044 in the current period.	3,845,946
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 gain of \$299,414 and the proceeds from the sale of \$11,163 in the current period.	288,251
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.	211,646
Solid waste 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.	(61,983)
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 \$3,263,805 was exceeded by debt payments of \$4,069,781.	805,976
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 decrease in compensated absences	(1,127)
The amount of decrease in accrued interest payable	62,061
Bond Issuance Cost Amortization	217,903
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.	22,575
Change in Net Assets of Governmental Activities	\$ 5,931,735

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

ADAMS COUNTY, MISSISSIPPI
Statement of Net Assets – Proprietary Funds
September 30, 2012

Exhibit 5

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
ASSETS	
Cash	<u>\$ 1,253</u>
Total Assets	<u><u>1,253</u></u>
LIABILITIES	
Claims and judgements payable	<u>\$ 28,943</u>
Total Liabilities	<u>28,943</u>
NET ASSETS	
Restricted for health insurance	<u>(27,690)</u>
Total Net Assets	<u><u>\$ (27,690)</u></u>

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

ADAMS COUNTY, MISSISSIPPI
 Statement of Revenues, Expenses Changes in Fund Net Assets – Proprietary Funds
 For the Year Ended September 30, 2012

Exhibit 6

	Governmental Activities
	Internal Service Fund(s)
Operating Revenues	
Premiums	\$ 1,153,952
Miscellaneous income	24,333
Total Operating Revenues	<u>1,178,285</u>
Operating Expenses	
Claims payments	1,933,669
Administrative	11,372
Total Operating Expenses	<u>1,945,041</u>
Operating Income (Loss)	<u>(766,756)</u>
Nonoperating Revenues (Expenses)	
Interest income	331
Net Nonoperating Revenue (Expenses)	<u>331</u>
Net Income (Loss) Before Transfers	<u>(766,425)</u>
Transfers in	<u>789,000</u>
Changes in Net Assets	22,575
Net Assets - Beginning	<u>(50,265)</u>
Net Assets - Ending	<u>\$ (27,690)</u>

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

ADAMS COUNTY, MISSISSIPPI
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2012

Exhibit 7

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	\$ 1,153,952
Miscellaneous revenue	24,333
Payments for claims	(1,924,729)
Payments to administrator for services	(11,372)
Net Cash Provided (Used) by Operating Activities	<u>(757,816)</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers in	789,000
Repayment of interfund liability	(43,000)
Net Cash Provided by Noncapital Financing Activities	<u>746,000</u>
Cash Flows From Investing Activities	
Interest and dividends on investments	331
Net Cash Provided (Used) by Investing Activities	<u>331</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,485)
Cash and Cash Equivalents at Beginning of Year	<u>12,738</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,253</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (766,756)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in claims and judgments liability	8,940
Total Adjustments	<u>8,940</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (757,816)</u>

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

ADAMS COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2012

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 763,084
Interfund receivables	93,474
Total Assets	<u>\$ 856,558</u>
LIABILITIES	
Amounts held in custody for others	\$ 751,191
Interfund payables	82,000
Intergovernmental payables	23,367
Total Liabilities	<u>\$ 856,558</u>

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

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

1. Summary of Significant Accounting Policies.

1. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosure

Blended Component Unit

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

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

Discretely Presented Component Units

The component units column in the financial statements includes 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.

- Natchez-Adams County Port Commission
- Natchez Regional Medical Center
- Adams County Airport Commission

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds 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 20, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2012

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. 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 non-operating.

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.

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

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPES

Internal Service Fund – 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 for employee medical benefits.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

FIDUCIARY FUND TYPES

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

E. Account Classifications.

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

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

G. Receivables.

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

H. Inter-fund Transactions and Balances.

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

1. Capital Assets.

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

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

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 and estimated useful lives:

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

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

J. Long-term Liabilities.

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

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

K. Equity Classifications.

Government-wide Financial Statements:

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

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

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

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned fund balance includes amounts that are constrained by the county's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the county's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the county's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2012

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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

M. Intergovernmental Revenues in Governmental Funds.

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

N. Compensated Absences.

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

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(2) Prior Period Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

Explanation	Amount
An adjustment to correct a loan payment from prior year in Ports and Harbors Fund	\$ 50,000
An adjustment to correct revenue accruals from previous years in Other Governmental Funds	(2,240)
Total	<u>\$ 47,760</u>

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

Explanation	Amount
An adjustment to correct a loan payment from prior year in Ports and Harbors Fund	\$ 50,000
An adjustment to correct revenue accruals from previous years in Other Governmental Funds	(2,240)
Total	<u>\$ 47,760</u>

(3) Deposits and Investments

The carrying amount of the county's total deposits with financial institutions at September 30, 2012, was \$3,875,244, and the bank balance was \$4,074,944. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

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

Investments balances at September 30, 2012, are as follows:

Investment Type	Maturities	Fair Value	Rating
Hancock Horizon Treasury Securities			
Money Market Mutual Fund		\$ 726,841	AAAm
		<u>\$ 726,841</u>	

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(3) Deposits and Investments. (Continued)

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

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

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

(4) Inter-fund Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2012:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 4,290
General Fund	Other governmental funds	133,479
Ports & Harbors Fund	General Fund	100,015
Ports & Harbors Fund	County-Wide Road Maintenance Fund	50,150
County-wide Road Maintenance Fund	General Fund	31,310
Other governmental funds	General Fund	26,704
Other governmental funds	Other governmental funds	59,126
Agency Fund	General Fund	11,474
Agency Fund	Agency Fund	82,000
Total		\$ 498,548

The receivables represent the tax revenue collected but not settled until October 2012. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 28,735
Other governmental funds	County-Wide Road Maintenance Fund	8,520
Other governmental funds	General Fund	4,460
Other governmental funds	Other governmental funds	10
		\$ 41,725

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

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

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

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 880,468
Other Governmental Fund	General fund	565,085
Other Governmental Fund	Other Governmental Funds	83,059
Internal service fund	General fund	789,000
	Total	<u>\$ 2,317,612</u>

The principal purpose of inter-fund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All inter-fund transfers were routine and consistent with the activities of the fund.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2012, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tag Credit	\$ 156,893
Highway Planning and Construction	120,858
Edward Byrne Memorial Formula Grant	26,105
Temporary Assistance to Needy Families	71,075
Freight Rail Service Projects Revolving Loan	50,000
Recovery Act-Edward Byrne Memorial Justice Assist Grt	45,150
Promoting Safe and Stable Families Grant	6,474
Hazard Mitigation Grant	40,518
Total	<u>\$ 517,073</u>

(6) Loans Receivable

Loans receivable balance at September 30, 2012, is as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Adams County Port Commission	Nov. 1997	5.20%	Nov. 2017	2,487,000
Munford Trust	Nov. 2003	0.00%	Dec. 2003	<u>175,048</u>
Total				2,662,048
Less: Allowance for doubtful accounts*				<u>(175,048)</u>
Total (Net of allowance for doubtful accounts)				<u>\$ 2,487,000</u>

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

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2012:

Governmental activities:

	Balance October 1, 2011	Additions	Deletions	Completed Construction	Adjustments*	Balance September 30, 2012
<u>Non-depreciable capital assets:</u>						
Land	\$ 3,424,776	\$ -	\$ -	\$ -	\$ 12,000 1	\$ 3,436,776
Construction in progress	1,849,012	4,065,878	-	-	(2,083,888) 1	3,831,002
Total non-depreciable capital assets	<u>5,273,788</u>	<u>4,065,878</u>	<u>-</u>	<u>-</u>	<u>(2,071,888)</u>	<u>7,267,778</u>
<u>Depreciable capital assets:</u>						
Infrastructure	74,123,130	-	-	-	2,100,334 1	76,223,464
Buildings	9,356,333	-	-	-	159,040 2	9,515,373
Improvements other than buildings	1,106,549	-	-	-	-	1,106,549
Mobile equipment	4,191,363	238,240	-	-	122 2	4,429,725
Furniture and equipment	2,157,965	29,872	(14,480)	-	-	2,173,357
Leased property under capital leases	2,607,061	532,392	(21,117)	-	-	3,118,336
Total depreciable capital assets	<u>93,542,401</u>	<u>800,504</u>	<u>(35,597)</u>	<u>-</u>	<u>2,259,496</u>	<u>96,566,804</u>
<u>Less accumulated depreciation for:</u>						
Infrastructure	(48,990,925)	(338,736)	-	-	246,128 2	(49,083,533)
Buildings	(4,176,179)	(158,853)	-	-	(127,232) 2	(4,462,264)
Improvements other than buildings	(287,715)	(22,131)	-	-	-	(309,846)
Mobile equipment	(3,273,212)	(289,654)	-	-	163,186 2	(3,399,680)
Furniture and equipment	(1,786,824)	(80,716)	13,031	-	17,332 2	(1,837,177)
Leased property under capital leases	(1,077,310)	(317,954)	11,403	-	-	(1,383,861)
Total accumulated depreciation	<u>(59,592,165)</u>	<u>(1,208,044)</u>	<u>24,434</u>	<u>-</u>	<u>299,414</u>	<u>(60,476,361)</u>
Total depreciable capital assets, net	<u>33,950,236</u>	<u>(407,540)</u>	<u>(11,163)</u>	<u>-</u>	<u>2,558,910</u>	<u>36,090,443</u>
Governmental activities capital assets, net	<u>\$ 39,224,024</u>	<u>\$ 3,658,338</u>	<u>\$ (11,163)</u>	<u>\$ -</u>	<u>\$ 487,022</u>	<u>\$ 43,358,221</u>

*Adjustments:

1. Adjustments were made to adjust balances to actual.
2. To adjust for assets and accumulated depreciation not included in previous year's ending balance..

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 183,923
Public safety	368,816
Public works	655,305
Total governmental activities depreciation expense	<u>\$ 1,208,044</u>

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2012

(7) Capital Assets. (Continued)

The following is a summary of the discretely presented component units' capital assets activity for the year ended September 30, 2012:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
<u>Non-depreciable capital assets:</u>				
Land	\$ 511,326	\$ -	\$ -	\$ 511,326
Construction in progress	68,546	1,439,236	(169,546)	1,338,236
Total non-depreciable capital assets	<u>579,872</u>	<u>1,439,236</u>	<u>(169,546)</u>	<u>1,849,562</u>
<u>Depreciable capital assets:</u>				
Land Improvements	1,473,283	-	-	1,473,283
Buildings	32,225,909	181,541	(55,768)	32,351,682
Bulk loading facility	4,098,442	-	-	4,098,442
Improvements other than buildings	11,264,551	116,550	-	11,381,101
Fixed equipment	4,625,161	41,039	-	4,666,200
Equipment	3,871,636	12,576	(63,737)	3,820,475
Furniture and equipment	29,535	-	-	29,535
Major moveable equipment	19,049,404	501,968	(273,313)	19,278,059
Vehicles	411,646	28,178	(12,617)	427,207
Other capital assets	2,843	-	-	2,843
Total depreciable capital assets	<u>77,052,410</u>	<u>881,852</u>	<u>(405,435)</u>	<u>77,528,827</u>
<u>Less accumulated depreciation for:</u>				
Land Improvements	(712,396)	(62,291)	-	(774,687)
Buildings	(18,262,007)	(828,757)	55,768	(19,034,996)
Bulk loading facility	(1,192,660)	(102,461)	-	(1,295,121)
Improvements other than buildings	(6,461,636)	(344,787)	-	(6,806,423)
Fixed equipment	(4,055,020)	(254,519)	-	(4,309,539)
Equipment	(1,310,478)	(224,594)	63,737	(1,471,335)
Furniture and equipment	(21,997)	(828)	-	(22,825)
Major moveable equipment	(15,127,193)	(856,949)	200,113	(15,784,029)
Vehicles	(196,732)	(16,071)	12,354	(200,449)
Other capital assets	(2,843)	-	-	(2,843)
Total depreciable capital assets	<u>(47,342,962)</u>	<u>(2,691,257)</u>	<u>331,972</u>	<u>(49,702,247)</u>
Total depreciable capital assets, net	<u>29,709,448</u>	<u>(1,809,405)</u>	<u>(73,463)</u>	<u>27,826,580</u>
Component units capital assets, net	<u>\$ 30,289,320</u>	<u>\$ (370,169)</u>	<u>\$ (243,009)</u>	<u>\$ 29,676,142</u>

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2012, to January 1, 2013. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The county is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in May, 1995, and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the county established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each participating public entity, including Adams County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The county has minimum uninsured risk retention for all participating entities, including Adams County, to the extent that actual claims submitted exceed the predetermined premium. The county has implemented the following plans to minimize this potential loss:

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2012, the amount of these liabilities was \$28,943. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year End
2009-2010	\$ 148,066	\$ 1,358,577	\$ 1,354,418	\$ 152,225
2010-2011	152,225	1,408,855	1,541,077	20,003
2011-2012	20,003	1,502,493	1,493,553	28,943

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2012:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Buildings	\$ 660,455
Mobile equipment	1,887,381
Other furniture and equipment	<u>570,500</u>
Total	3,118,336
Less: Accumulated depreciation	<u>(1,383,861)</u>
Leased property under capital leases	<u><u>\$ 1,734,475</u></u>

The following is a schedule by years of the total payments due as of September 30, 2012:

<u>Year Ended September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 273,617	\$ 18,345
2014	235,444	11,330
2015	143,550	5,380
2016	56,776	2,421
2017	<u>57,973</u>	<u>1,224</u>
Total	<u><u>\$ 767,360</u></u>	<u><u>\$ 38,700</u></u>

(10) Short-term Debt.

The following is a summary of short-term debt activity for the year ended September 30, 2012:

	Balance				Amount Due	
	<u>Oct. 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2012</u>	<u>Within One Year</u>
Governmental Activities:						
General obligation bonds	\$ -	\$ 1,200,060	\$ (1,200,060)	\$ -	\$ -	\$ -
Total	<u><u>\$ -</u></u>	<u><u>\$ 1,200,060</u></u>	<u><u>\$ (1,200,060)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

During the month of October, 2011, the county borrowed \$1,200,060 from Britton & Koontz with an interest rate of 1.82% and maturity date of March, 2012 in order to alleviate a temporary operating cash flow deficiency.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(11) Long-term Debt.

Debt outstanding as of September 30, 2012, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Refunding Bond 2012	\$ 2,030,000	2.90%	Aug 2019
	<u>\$ 2,030,000</u>		
B. Limited Obligation Bonds:			
Special Obligation Refunding Bond 2002	\$ 5,020,000	4.125%	July 2024
	<u>\$ 5,020,000</u>		
C. Capital Leases:			
Trucks for Districts	\$ 147,504	2.09%	Jun 2017
Sheriff's vehicles	254,258	2.04%	Mar 2015
Road equipment	130,630	2.09%	Sep 2017
Computer equipment	18,236	4.50%	Dec 2012
Road equipment	10,337	3.36%	Nov 2013
Console for juvenile center	26,054	3.36%	April 2014
Road equipment	44,044	3.36%	Nov 2013
Road equipment	75,012	3.36%	Aug 2014
Sheriff's vehicles	25,948	3.29%	Nov 2012
Computer equipment - Sheriff's Office	35,337	3.36%	Oct 2014
Total Capital Leases	<u>\$ 767,360</u>		
D. Other Loans:			
Market Street Building renovations	\$ 31,706	1.25%	Dec 2012
Series 2012 Note-Road Improvement	650,000	1.74%	Aug 2017
Freight Rail Service Projects Revolving Loan	50,000	0.00%	Unknown
	<u>\$ 731,706</u>		

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(11) Long-term Debt (Continued)

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

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 289,349	\$ 30,907
2014	269,777	50,479
2015	277,600	42,655
2016	285,651	34,605
2017	293,934	26,321
2018-2022	613,689	26,823
Total	<u>\$ 2,030,000</u>	<u>\$ 211,790</u>

<u>Year Ending September 30</u>	<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 565,000	\$ 251,000
2014	595,000	222,750
2015	620,000	193,000
2016	655,000	162,000
2017	695,000	129,250
2018-2022	1,585,000	240,000
2023-2027	305,000	23,000
Total	<u>\$ 5,020,000</u>	<u>\$ 1,221,000</u>

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 156,706	\$ 11,706
2014	127,000	9,135
2015	130,000	6,925
2016	133,000	4,663
2017	185,000	2,350
Total	<u>\$ 731,706</u>	<u>\$ 34,779</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2012, the amount of outstanding debt was equal to 2.95% of the latest property assessments.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(11) Long-term Debt (Continued)

Advance Refunding – On August 6, 2012, the County issued \$2,030,000 in general obligation refunding bonds with an average interest rate of 2.9% to advance refund \$1,947,044 of the following outstanding bond issues:

Years	Principal
2012	\$ 466,091
2013	479,608
2014	493,517
2015	507,828
Total	<u>\$ 1,947,044</u>

The net proceeds of \$35,431 were used primarily to pay underwriting fees and other issuance costs.

The County advance refunded the above bonds to reduce its total debt service payments over the next 4 years by just over \$1,100,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10,600.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2012:

	Balance Oct. 1, 2011	Additions	Reductions	Adjustments	Balance Sept. 30, 2012	Amount Due Within One Year
Governmental Activities:						
General obligation bonds	\$ 3,065,000	\$ 2,030,000	\$ (3,065,000)	\$ -	\$ 2,030,000	\$ 289,349
Limited obligation bonds	5,560,000	-	(540,000)	-	5,020,000	565,000
Capital leases	667,024	532,392	(433,469)	1,413	767,360	273,617
Other loans	63,018	700,000	(31,312)	-	731,706	156,706
Total	<u>9,355,042</u>	<u>3,262,392</u>	<u>(4,069,781)</u>	<u>1,413</u>	<u>8,549,066</u>	<u>1,284,672</u>
Less deferred amount on refunded bonds	<u>(304,868)</u>	<u>(211,790)</u>	<u>19,864</u>	<u>-</u>	<u>(496,794)</u>	<u>-</u>
Total	9,050,174	3,050,602	(4,049,917)	1,413	8,052,272	1,284,672
Compensated absences	<u>329,830</u>	<u>1,127</u>	<u>-</u>	<u>-</u>	<u>330,957</u>	<u>9,929</u>
Total	<u>\$ 9,380,004</u>	<u>\$ 3,051,729</u>	<u>\$ (4,049,917)</u>	<u>\$ 1,413</u>	<u>\$ 8,383,229</u>	<u>\$ 1,294,601</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which was generally the General Fund and the Bridge & Road Maintenance Fund.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2012:

<u>Fund</u>	<u>Deficit Amount</u>
Southwest MS AOP 2011-2012	\$ 3,666
Adolescent Offender 2010-2011	582
Families First 09-10	18,090
County Fire	106
Youth Court Support Fund	229
Juvenile Drug Court	4,632
Alternatives to Detention Grant	189
Self-Funded Health Insurance	27,690
	<u>\$ 55,184</u>

(13) Contingencies.

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

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

Hospital Revenue Bond Contingencies – The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Natchez Regional Medical Center. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital’s pledged revenues. However, the county remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the county are secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2012 is \$14,777,475.

Airport Revenue Note Contingencies – The County issues revenue notes to provide funds for constructing and improving capital facilities of the Adams County Airport. The revenue notes are reported as a liability of the airport because such debt is payable primarily from the airport’s operations. However, the county remains contingently liable for the retirement of these notes because its state sales tax allocation and homestead exemption reimbursement is secondarily pledged in case of default by the airport. The principal amount of airport revenue notes outstanding at September 30, 2012, is \$17,774.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Adams County Board of Supervisors appoints five of the 27 members of the college board of trustees. The county appropriated \$793,396 for maintenance and support of the college in fiscal year 2012.

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams County Board of Supervisors appoints four of the 40 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$51,207 for support of the district in fiscal year 2012.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams County Board of Supervisors appoints one of the ten members of the board of commissioners. The county contributes a small part of the entity's total revenues. The county appropriated \$77,143 for support of the district in fiscal year 2012.

Southwest Mississippi Development Corporation operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln Pike, Walthall and Wilkinson. The entity is governed by ten members appointed by each county's lead industrial foundation or Chamber of Commerce. If no industrial foundation or Chamber of Commerce is present, the member is appointed by the county's Board of Supervisors. The member counties provide only modest financial support for the entity. The county appropriated \$20,658 for support of the corporation in fiscal year 2012.

(15) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate increased two times for the year ended September 30, 2012, from October, 2011 thru December, 2011, the rate was 12%; from January, 2012, thru June, 2012, the rate was 12.93%; from July, 2012 thru September 30, 2012 the rate was 14.26% 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, 2012, 2011 and 2010 were \$820,623, \$744,511 and \$727,299, respectively, equal to the required contributions for each year.

ADAMS COUNTY, MISSISSIPPI

Notes to the Financial Statements
For the Year Ended September 30, 2012

(16) Subsequent Events.

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Adams County evaluated the activity of the County through September 16, 2013, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

On October 15, 2012, the board approved a loan from Mississippi Development Authority in an amount not to exceed \$3,000,000 for improvements to the Port for the KIOR project; adopted a resolution regarding the KIOR project to construct a levee at the Belwood property; and approved to issue taxable general obligation industrial development bonds for \$7,500,000 through the Mississippi Development Bank.

On December 3, 2012, the board accepted the \$522,673 bid of T. L. Wallace Construction of Columbia for the Belwood sewer relocation and approved the contract agreement with T. L. Wallace Construction.

On February 14, 2013, the board approved to proceed with the Elevance project to build a liquid loading dock, to make improvements to the port rail system and the port connection road. The project will be underwritten by grants and fees in lieu of tax arrangements. The State gave \$2,000,000 in grant money. The board accepted the \$513,634 bid of Joe McGee Construction Company for the Railroad Bridge Rehabilitation project. The board also authorized and executed an equipment lease-purchase agreement with Bancorp South Equipment Financing for \$1,085,082 at a rate of 1.78% for computer technology upgrades.

On May 13, 2013, the board approved to issue \$9,225,000 general obligation industrial development bonds for the purchase of the Rentech property.

On Jun 12, 2013, the board approved the issuance of \$3,500,000 bonds and to use the funds for the purchase of a warehouse located at the Port.

On July 1, 2013, the board executed a EWP project for \$711,575 to upgrade Cemetery Road, Churchill Road, and several other roads.

On July 8, 2013, the board accepted the \$177,630 bid of Puckett Industries with a five-year buy back option of \$112,000 to purchase a dozer for the road department and authorized Joe Murray to obtain financing.

On July 18, 2013, the board accepted the bid of Duncan Williams, Inc. for the sale of the \$9,225,000 Adams County, Mississippi taxable general obligation industrial development bond issue.

On August 5, 2013, the board accepted the bid of Bancorp South Equipment Financing for the financing of the dozer for the road department at the rate of 1.91%.

On August 19, 2013, the Board accepted a bid of \$712,193 from RJM McQueen Contracting for road improvements.

ADAMS COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTAL INFORMATION

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 10,287,492	\$ 10,148,732	\$ 10,148,732	\$ -
Licenses, commissions and other revenue	411,750	427,842	427,842	-
Fines and forfeitures	370,000	373,605	373,605	-
Intergovernmental revenues	2,527,548	2,171,311	2,171,311	-
Charges for services	100,000	182,618	71,751	(110,867)
Interest income	7,500	37,304	37,304	-
Miscellaneous revenues	77,000	182,468	293,335	110,867
Total Revenues	<u>13,781,290</u>	<u>13,523,880</u>	<u>13,523,880</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	5,284,060	5,194,138	5,188,663	(5,475)
Public safety	4,714,717	4,703,949	4,662,674	(41,275)
Health and welfare	336,764	344,409	344,409	-
Culture and recreation	82,550	86,309	86,309	-
Education	363,396	402,856	402,857	1
Conservation of natural resources	891,682	130,207	130,207	-
Economic development and assistance	248,115	250,365	250,365	-
Debt service:				
Principal	1,176,183	2,763,169	2,441,938	(321,231)
Interest	351,652	-	367,980	367,980
Total Expenditures	<u>13,449,119</u>	<u>13,875,402</u>	<u>13,875,402</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>332,171</u>	<u>(351,522)</u>	<u>(351,522)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss or damages to assets	20,000	-	5,441	5,441
Other financing sources	300,000	2,085,909	1,200,000	(885,909)
Transfers in	-	-	880,468	880,468
Transfers out	-	(1,627,563)	(1,627,563)	-
Total Other Financing Sources and Uses	<u>320,000</u>	<u>458,346</u>	<u>458,346</u>	<u>-</u>
Net Change in Fund Balance	652,171	106,824	106,824	-
Fund Balances - Beginning	-	777,606	777,606	-
Fund Balances - Ending	<u>\$ 652,171</u>	<u>\$ 884,430</u>	<u>\$ 884,430</u>	<u>\$ -</u>

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

ADAMS COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 Ports and Harbors Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,000	\$ 1,899	\$ 1,899	\$ -
Interest income	-	19	19	-
Total Revenues	<u>1,000</u>	<u>1,918</u>	<u>1,918</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>1,000</u>	<u>1,918</u>	<u>1,918</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	-	-	-
Interfund transactions	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,000	1,918	1,918	-
Fund Balances - Beginning	-	50,158	50,158	-
Fund Balances - Ending	<u>\$ 1,000</u>	<u>\$ 52,076</u>	<u>\$ 52,076</u>	<u>\$ -</u>

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

ADAMS COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 County-Wide Road Maintenance Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 208,373	\$ 159,611	\$ 159,611	\$ -
Road and bridge privilege taxes	630,000	648,053	648,053	-
Fines and forfeitures	10,000	19,411	19,411	-
Intergovernmental revenues	858,000	3,320,997	3,320,997	-
Interest income	1,000	1,928	1,928	-
Miscellaneous revenues	-	26,424	26,424	-
Total Revenues	<u>1,707,373</u>	<u>4,176,424</u>	<u>4,176,424</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	1,290,622	4,046,155	4,046,155	-
Education	180,000	235,508	235,508	-
Debt Service:				
Principal	137,313	137,312	129,516	(7,796)
Interest	-	-	7,796	7,796
Total Expenditures	<u>1,607,935</u>	<u>4,418,975</u>	<u>4,418,975</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>99,438</u>	<u>(242,551)</u>	<u>(242,551)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	390,000	390,000	-
Total Other Financing Sources and Uses	<u>-</u>	<u>390,000</u>	<u>390,000</u>	<u>-</u>
Net Change in Fund Balance	99,438	147,449	147,449	-
Fund Balances - Beginning	<u>-</u>	<u>89,874</u>	<u>89,874</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 99,438</u>	<u>\$ 237,323</u>	<u>\$ 237,323</u>	<u>\$ -</u>

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

ADAMS COUNTY, MISSISSIPPI

Notes to the Required Supplemental Information
For the Year Ended September 30, 2012

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	Ports and Harbors Fund	County-Wide Road Maintenance Fund
Budget (Cash Basis)	\$ 106,824	\$ 1,918	\$ 147,449
Increase(Decrease)			
Net adjustments for revenue accruals	2,315,531	(1,058)	247,107
Net adjustments for expenditure accruals	(2,286,680)	-	(118,714)
GAAP Basis	<u>\$ 135,675</u>	<u>\$ 860</u>	<u>\$ 275,842</u>

ADAMS COUNTY, MISSISSIPPI

SUPPLEMENTAL INFORMATION

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U. S. Department of Agriculture			
Passed-thru Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665		198,889
Total U. S. Department of Agriculture			<u>198,889</u>
U. S. Department of Justice			
Passed-thru Mississippi Department of Public Safety			
Recovery Act-Edward Byrne Justice Assistance Grant Program	16.803	* 2009-SB-B9-3170	6,263
Recovery Act-Edward Byrne Justice Assistance Grant Program	16.803	* 09YA4302	137,273
Recovery Act-Edward Byrne Justice Assistance Grant Program	16.803	* 09ZD5061	70,845
Edward Byrne Justice Assistance Grant Program	16.738	* 09NM1012	79,456
Edward Byrne Justice Assistance Grant Program	16.738	* 10NM1011	6,400
Total U. S. Department of Justice			<u>300,237</u>
U. S. Department of Transportation-Federal Highway Administration			
Passed-thru Mississippi Department of Transportation			
Highway Planning and Construction	20.205	* EFLH 0001 22 B	36,861
Highway Planning and Construction	20.205	* BR NBIS 076 B, BRIS 01 76	12,900
Highway Planning and Construction	20.205	* 104598	2,308,718
Total U. S. Department of Transportation-Federal Highway Administration			<u>2,358,479</u>
U. S. Department of Health and Human Services			
Passed-thru Mississippi Department of Human Services			
Temporary Assistance for Needy Families	93.558	111WL12A	142,044
Temporary Assistance for Needy Families	93.558	111WL13A	92,473
Temporary Assistance for Needy Families	93.558	111WL22A	33,500
Temporary Assistance for Needy Families	93.558	111WL23	20,416
Promoting Safe and Stable Families	93.558	313W 122	69,581
Promoting Safe and Stable Families	93.558	313W 121	34,626
Promoting Safe and Stable Families	93.558	671W 123	24,656
Total U. S. Department of Health and Human Services			<u>417,296</u>
U. S. Department of Homeland Security			
Passed-thru Mississippi Emergency Management Authority			
Hazard Mitigation Grant	97.039	FEMA 1604-0471	40,517
Total U. S. Department of Homeland Security			<u>40,517</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,315,418</u></u>

* Major Program

Note A - Significant Accounting Policies

Basis of Presentation

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

ADAMS COUNTY, MISSISSIPPI
Combining Statement of Net Assets – Component Units
September 30, 2012

	Natchez-Adams County Port Commission	Natchez Regional Medical Center	Adams County Airport Commission	Total Component Units
ASSETS				
Cash	\$ 36,725	\$ 20,980	\$ 90,246	\$ 147,951
Cash held for Valley National Bank	104,489	-	-	104,489
Short -term investments	-	1,024,410	-	1,024,410
Current cash and investments				
held by Trustee for bond service		1,219,011	-	1,219,011
Accounts receivable, net	281,178	-	36,697	317,875
Patient accounts receivable, net	-	6,284,769	-	6,284,769
Grant receivable	103,689	-	4,856	108,545
Estimated receivables, third-party payors	-	267,016	-	267,016
Prepaid expenses	27,562	426,852	2,592	457,006
Inventories	-	680,652	68,104	748,756
Assets held by Trustee for bond service	-	306,002	-	306,002
Assets held by Trustee for construction	-	10,736	-	10,736
Capital assets:				
Land	40,697	802,990	277,155	1,120,842
Other capital assets, net	6,508,737	16,677,676	5,368,887	28,555,300
Other assets	-	1,123,181	-	1,123,181
Intangible assets	-	-	161,643	161,643
Less accumulated amortization	-	-	(54,423)	(54,423)
Total Assets	<u>\$ 7,103,077</u>	<u>\$ 28,844,275</u>	<u>\$ 5,955,757</u>	<u>\$ 41,903,109</u>
LIABILITIES				
Line of credit	-	1,881,467	-	1,881,467
Short-term debt	-	217,760	-	217,760
Book overdraft in bank account	98,031	415,418	-	513,449
Claims payable	82,165	4,651,930	9,733	4,743,828
Due to Valley National Bank	104,489	-	-	104,489
Accrued payroll and payroll taxes	11,809	318,249	-	330,058
Accrued employee benefits	-	1,233,206	-	1,233,206
Accrued expenses	-	-	581	581
Other current liabilities	-	1,424,586	-	1,424,586
Long-term liabilities:				
Due within one year:				
Capital related liabilities	195,000	925,227	5,750	1,125,977
Non-capital liabilities	-	-	12,446	12,446
Due in more than one year:				
Capital related liabilities	2,292,000	14,385,489	12,024	16,689,513
Total Liabilities	<u>2,783,494</u>	<u>25,453,332</u>	<u>40,534</u>	<u>28,277,360</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,062,434	2,169,950	5,628,268	11,860,652
Restricted:				
Expendable:				
Debt service	-	1,525,013	-	1,525,013
Unrestricted	257,149	(304,020)	286,955	240,084
Total Net Assets	<u>\$ 4,319,583</u>	<u>\$ 3,390,943</u>	<u>\$ 5,915,223</u>	<u>\$ 13,625,749</u>

ADAMS COUNTY, MISSISSIPPI
Combining Statement of Revenues, Expenditures, and Changes
in Net Assets – Component Units
For the Year Ended September 30, 2012

	Natchez-Adams County Port Commission	Natchez Regional Medical Center	Adams County Airport Commission	Total Component Units
Operating Revenues				
Charges for services	\$ 1,732,138	\$ -	\$ 687,081	\$ 2,419,219
Patient service revenue, net of provision for bad debts of \$13,921,961	-	44,428,581	-	44,428,581
Refunds	162	-	-	162
Rents and commissions	-	-	69,659	69,659
Other operating revenue	-	1,369,059	31	1,369,090
Total Operating Revenues	1,732,300	45,797,640	756,771	48,286,711
Operating Expenses				
Salaries and wages	291,652	19,648,934	-	19,940,586
Payroll taxes and fringe benefits	158,368	-	-	158,368
Utilities	29,672	-	-	29,672
Repairs and maintenance	357,762	-	-	357,762
Other supplies and expenses	42,625	13,853,287	-	13,895,912
Insurance	64,518	-	-	64,518
Equipment rental	530,456	-	-	530,456
Depreciation	380,230	1,956,288	396,103	2,732,621
Administrative salaries	202,184	-	-	202,184
Professional fees	51,372	4,654,210	-	4,705,582
Telephone	7,657	-	-	7,657
Postage	624	-	-	624
Travel	2,453	-	-	2,453
Office supplies	6,171	-	-	6,171
Port promotion	1,101	-	-	1,101
Dues and subscriptions	2,057	-	-	2,057
Surety bonds	500	-	-	500
Miscellaneous expenses	8,572	-	-	8,572
Workmen's compensation insurance	5,906	-	-	5,906
Employee benefits	-	5,871,906	-	5,871,906
Personal services	-	-	211,251	211,251
Cost of sales	-	-	510,387	510,387
Administrative and general	-	-	121,795	121,795
Operation and maintenance of terminal and field area	-	-	67,761	67,761
Total Operating Expenses	2,143,880	45,984,625	1,307,297	49,435,802
Operating Income (Loss)	(411,580)	(186,985)	(550,526)	(1,149,091)
Nonoperating Revenues (Expenses)				
Interest income	1,797	9,800	53	11,650
Interest expense	-	(840,472)	(701)	(841,173)
Loss on disposal of equipment	-	(54,258)	-	(54,258)
Contributions from Adams County	-	-	183,980	183,980
Net Nonoperating Revenue (Expenses)	1,797	(884,930)	183,332	(699,801)
Net Income (Loss) Before Contributions and Transfers	(409,783)	(1,071,915)	(367,194)	(1,848,892)
Capital Contributions:				
Other governments	703,689	-	-	703,689
Federal grants	-	-	110,819	110,819
State grants	-	-	3,140	3,140
Donated assets	-	-	28,176	28,176
	703,689	-	142,135	845,824
Changes in Net Assets	293,906	(1,071,915)	(225,059)	(1,003,068)
Net Assets - Beginning of Year as Reported	3,985,677	4,462,858	6,140,282	14,588,817
Prior Period Adjustment	40,000	-	-	40,000
Net Assets, Beginning of Year as Restated	4,025,677	4,462,858	6,140,282	14,628,817
Net Assets - Ending	\$ 4,319,583	\$ 3,390,943	\$ 5,915,223	\$ 13,625,749

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI

OTHER INFORMATION

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2012

Name	Position	Company	Bond
Mike Lazarus	Board of Supervisors	Brierfield	\$ 100,000
David Carter	Board of Supervisors	Brierfield	100,000
Angela Hutchins	Board of Supervisors	Brierfield	100,000
Darryl V. Grennell	Board of Supervisors	Brierfield	100,000
Calvin Butler	Board of Supervisors	Brierfield	100,000
Joe Murray	County Administrator	Brierfield	100,000
Thomas O'Beirne	Chancery Clerk	Brierfield	100,000
Francis Bell	Purchase Clerk	Western Surety	75,000
Judy Strickland	Receiving Clerk	FCCI Insurance Co.	75,000
Patsy Bryant	Assistant Receiving Clerk	Western Surety	50,000
David Carter	Assistant Receiving Clerk	Western Surety	50,000
William Neely	Asst Receiving Clerk	RLI Surety	50,000
Robbie Dollar	Road Manager	Western Surety	50,000
Ray Brown	Constable	Brierfield	50,000
Randall Freeman, Sr.	Constable	Brierfield	50,000
Eddie Walker	Circuit Clerk	Brierfield	100,000
Charles R Mayfield, Jr	Sheriff	Brierfield	100,000
Melinda Stanley	Administrative Asst. Metro Narcotics	RLI Surety	50,000
Patricia Lozon	Administrative Asst. Metro Narcotics	C N A Surety	50,000
Charles Vess	Justice Court Judge	Brierfield	50,000
Patricia Dunmore	Justice Court Judge	Brierfield	50,000
Audrey Bailey	Justice Court Clerk	Western Surety	50,000
Samone Fleming	Justice Court Deputy Clerk	Western Surety	50,000
Nichelle Payne	Justice Court Deputy Clerk	Old Republic Surety	50,000
Verna Johnson	Justice Court Deputy Clerk	Western Surety	50,000
Peter Burns	Tax Collector	Brierfield	100,000
Reynolds Adkins	Tax Assessor	Brierfield	50,000

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI

SPECIAL REPORTS

ADAMS COUNTY, MISSISSIPPI

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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

September 16, 2013

Members of the Board of Supervisors
Adams County, Mississippi

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Adams County, Mississippi, as of and for the year ended September 30, 2012, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 16, 2013. We did not audit the financial statements of Natchez-Adams County Port Commission, Natchez Regional Medical Center, and Adams County Airport Commission, component units. Those financial 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, are based on the reports of the other auditors. 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2012-01 and 2012-02 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2012-01, 2012-02 and 2012-03 to be significant deficiencies.

Compliance and Other Matters

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

We also noted certain immaterial instances of noncompliance which we have reported to the management of Adams County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated September 16, 2013, included within this document.

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

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

Sincerely,



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

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

September 16, 2013

Members of the Board of Supervisors
Adams County, Mississippi

Compliance

We have audited the compliance of Adams County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended September 30, 2012. Adams County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws regulations, contracts and grants applicable to its major federal program is the responsibility of Adams County, Mississippi's management. Our responsibility is to express an opinion on Adams County, Mississippi's compliance based on our audit.

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

In our opinion, Adams County, Mississippi, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012.

Internal Control Over Compliance

The management of Adams County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Adams County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "D. Scott Nieman", with a long horizontal flourish extending to the right.

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

**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))**

September 16, 2013

Members of the Board of Supervisors
Adams County, Mississippi

We have examined Adams County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2012. The Board of Supervisors of Adams County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Adams County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2012.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "D. Scott Nieman", with a long horizontal flourish extending to the right.

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

ADAMS COUNTY, MISSISSIPPI
 Schedule of Purchases Not Made From the Lowest Bidder
 For the Year Ended September 30, 2012

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Purchase from Other than Lowest Bidder</u>
1/24/2012	28 yards of Washed Gravel	\$ 700	St. Catherine Ready Mix Concrete Company	Purchases due to inclement weather.
2/14/2012	30 yards of Washed Gravel	750	St. Catherine Ready Mix Concrete Company	Purchases due to inclement weather.

ADAMS COUNTY, MISSISSIPPI
 Schedule of Emergency Purchases
 For the Year Ended September 30, 2012

Schedule 2

Date	Item Purchased	Amount Paid	Vendor	Reason for Emergency Purchase
1/24/2012	28 yards of Washed Gravel	\$ 700	St. Catherine Ready Mix Concrete Company	Purchases due to inclement weather.
2/14/2012	30 yards of Washed Gravel	750	St. Catherine Ready Mix Concrete Company	Purchases due to inclement weather.

ADAMS COUNTY, MISSISSIPPI
 Schedule of Purchases Made Noncompetitively From a Sole Source
 For the Year Ended September 30, 2012

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Purchase from Sole Source Providers</u>
2/7/2012	5-Taser Guns, #26024, Plates X26, Yellow/Black grip. 10-Taser Cartridges, 25' #44203, green, blast door, field, use. 5-Extended warranty/Taser Gun #26744, 4- year. Shipping/Handling	\$ 5,263	Barney's Police & Hunting Supply	For Youth Court personnel protection. This is the authorized sole source distributor for Taser International in Mississippi.
7/11/2012	Disquished Video Recorder Key Fob. Bluetooth DVR. Echo 6 Tactical Repeater. Tiny Tot 2 Transmitter. Alpha Mini DVR Kit. Extra Camera for ACT A1. All-In-One GPS Tracker w/DT-Z5 Tracker, 75- hour battery, and one-year of service. Undercover Antenna. Extra Low Light B&W Camera, w/IR Illuminator. 2-Snap-on Concealment, Black. 2-Snap-on Concealment, White. Shipping/Handling.	8,900	Advanced Covert Technology, Inc.	Advance Covert Technology, Inc. is the exclusive provider in marketing the All-In-One GPS Tracker and Extra Low Light B&W Camera with IR Illuminator in Mississippi.

ADAMS COUNTY, MISSISSIPPI

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

September 16, 2013

Members of the Board of Supervisors
Adams County, Mississippi

In planning and performing our audit of the financial statements of Adams County, Mississippi for the year ended September 30, 2012, we considered Adams County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Adams County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 16, 2013, on the financial statements of Adams County, Mississippi.

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

The results of our review procedures and compliance tests identified 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:

Circuit Clerk

All deposits should be made timely.

1. Finding

During our test of revenues, we examined the one month's of receipts and found that (3) daily deposits were not timely.

Recommendation

We recommend that the Circuit Clerk implement policies and procedures to ensure that deposits are made timely.

Circuit Clerk's Response

Controls and programs are being implemented along with new personnel that will help resolve the issue of timely deposits being made by my office.

Board of Supervisors

There is a lack of internal controls over bank reconciliations.

2. Finding

During our review of bank reconciliations, we found that county-wide the bank statements are incomplete. Differences have been left outstanding and have not been properly identified. The reconciliations have been reviewed and approved without any explanations of the differences.

Recommendation

We recommend that the county improve internal control over the bank reconciliation functions by ensuring that all reconciling items are properly identified each month and any necessary corrections are made. Reviewers should not sign or approve the reconciliation until properly completed.

Board of Supervisor's Response

The differences within the county-wide bank statements are currently being researched to determine the discrepancy in the balance. Once it has been resolved, more controls are going to be implemented to insure that this is not a continuing problem. A reconciliation will not be signed off on again without it being properly completed. There have been large changes currently being made within the bookkeeping department that will help move the department forward to being more efficient and that will allow more internal controls also. Adams County now is actively seeking outside resources that will aid in compiling the financials as well as to give aid in the resolution of instances that may cause the bank statements to become out of balance.

Adams County Board of Supervisors are constantly striving to improve the county's finances which we understand is dependent upon the controls and procedures implemented by our elected officials and then by the personnel that are hired and are entrusted to follow through with the directives. We also understand that the basis and foundation of all of this are the laws of the State of Mississippi which are our ultimate guidelines. These guidelines are kept in check by us and the audits that are performed directly by or by the direction of the Mississippi Office of State Auditor. With this being said, the findings listed in this audit are readily accepted and welcomed. Upon correction of these instances, it will aid us in developing a stronger basis of operation which will ensure that we are better prepared to serve our residents and citizens of Adams County which we are ultimately elected to do.

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, the Board of Supervisors, others within the entity and is not intended to be and should not be used by anyone other than this party. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

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

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ADAMS COUNTY, MISSISSIPPI

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ADAMS COUNTY, MISSISSIPPI

Schedule of Findings and Questioned costs
For the Year Ended September 30, 2012

Section 1 - Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental Activities	Unqualified
Aggregate discretely presented component units	Unqualified
General Fund	Unqualified
Ports and Harbors Fund	Unqualified
County-Wide Road Maintenance Fund	Unqualified
Aggregate remaining fund information	Unqualified

2. Internal Control Over Financing Reporting:

a. Material weakness identified?	Yes
b. Significant deficiency identified that is not considered to be material weakness?	Yes

3. Noncompliance material to the financial statements? No

Federal Awards:

4. Internal control over major programs:

a. Material weakness identified?	No
b. Significant deficiency identified that is not considered to be a material weakness?	None Reported

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

6. Any audit findings disclosed that are required to be reported in accordance with Section ____ .510(a) of OMB Circular A-133? No

7. Federal programs identified as major programs:

a. Recovery Act-Edward Byrne Justice Assistance Grant Program	CFDA# 16.803
b. Edward Byrne Justice Assistance Grant Program	CFDA# 16.738
c. Highway Planning and Construction	CFDA# 20.205

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

9. Auditee qualified as a low-risk auditee? No

10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? No

ADAMS COUNTY, MISSISSIPPI

Schedule of Findings and Questioned costs
For the Year Ended September 30, 2012

Section 2 - Financial Statement Findings

Significant Deficiencies Considered to be Material Weaknesses.

2012-01 Finding

Based on our existence test of fixed assets, we found the following:

- 1) One asset serial number did not match the fixed asset data base,
- 2) Two assets were not tagged,
- 3) Four assets had no serial number in the fixed asset data base,
- 4) One asset could not be located,
- 5) Two items found in the field were not in the fixed asset data base.

We also found that there were (14) mobile assets purchased under lease purchase agreements and infrastructure completed in prior periods that were not added to the fixed asset data base.

Recommendation

Per Section 31-7-107 of the Miss. Code Ann. (1972), the County should establish an enact procedures to properly record and properly tag all fixed assets. The Inventory Control Clerk is responsible for maintaining the fixed asset data base which includes physical tagging and recording of all fixed assets with required information about each asset.

Inventory Control Clerk's Response

Changes were made to personnel during FY2012 in Adams County, and due to these changes, deficiencies in the department had occurred. Within the last several months, the newly appointed clerk has worked diligently in correcting these problems that were not addressed in the previous fiscal year as well as developing strategies and controls to improve the department. The clerk will continue work to correct these problems and will resolve all of the noted findings.

2012-02 Finding

A critical aspect of effective financial management is the maintenance of accurate accounting records. Management does not have personnel that possess the necessary qualifications and training to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked the skills and training to apply generally accepted accounting principles in recording the entity's financial transactions and adequate controls in place over the recording and reporting of financial records, the risk increases that inaccurate information may be reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure the financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles. While it is the auditor's responsibility to perform the annual audit, management of Adams County is charged with the responsibility for preparing its financial statements in accordance with generally accepted accounting principles.

ADAMS COUNTY, MISSISSIPPI

Schedule of Findings and Questioned costs
For the Year Ended September 30, 2012

Section 2 - Financial Statement Findings (Continued)

Significant Deficiencies Considered to be Material Weaknesses.(Continued)

2012-02 Finding

Board of Supervisor's Response

This is being corrected by the Board of Supervisors and the Chancery Clerk as new duties and assignments are being issued to the financial department. If necessary, we will contract with a Certified Public Accountant to prepare the financial statements.

Significant Deficiency Not Considered to be a Material Weakness

2012-03 Finding

During our review of the election commissioners' compensation, we discovered that social security and medicare taxes are being withheld from the commissioners' pay check and matched by the county. Per the Attorney General opinion, 1984 WL 247290 (Miss. A.G.), issued on April 9, 1984, concerning election commissioners' per diem pay, the opinion states that "Modification number 353 to the Mississippi State Social Security Agreement entered into by the aforementioned parties on October 14, 1963, specifically excluded from coverage by said agreement services performed by members of boards and commissions of the State and all political subdivisions who are compensated on a per diem basis. Therefore, we know of no authority for a county to either withhold or match any social security tax payments by election commissioners."

Recommendation

We recommend that the county be reimbursed for all matching social security and medicare that was made to the Social Security Administration for election commissioner per diem and that the County discontinues withholding and matching social security and medicare for election commissioner per diem. These unauthorized expenditures are consider illegal payments and could result in legal repercussions.

Board of Supervisors' Response

Adams County within the last year was audited by the IRS. In accordance with the IRS regulations, they are elected officials and being such, they are considered employees by the IRS. Therefore, the withholding of federal and state taxes on these earnings by these elected officials is required. I respectfully acknowledge the opinion that was given but under the circumstances, I believe that our current practice of the withholding on these employees is correct and therefore, do not agree with this particular finding.

Section 3 – Federal Awards Findings and Questioned Costs

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