

AMITE COUNTY, MISSISSIPPI

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

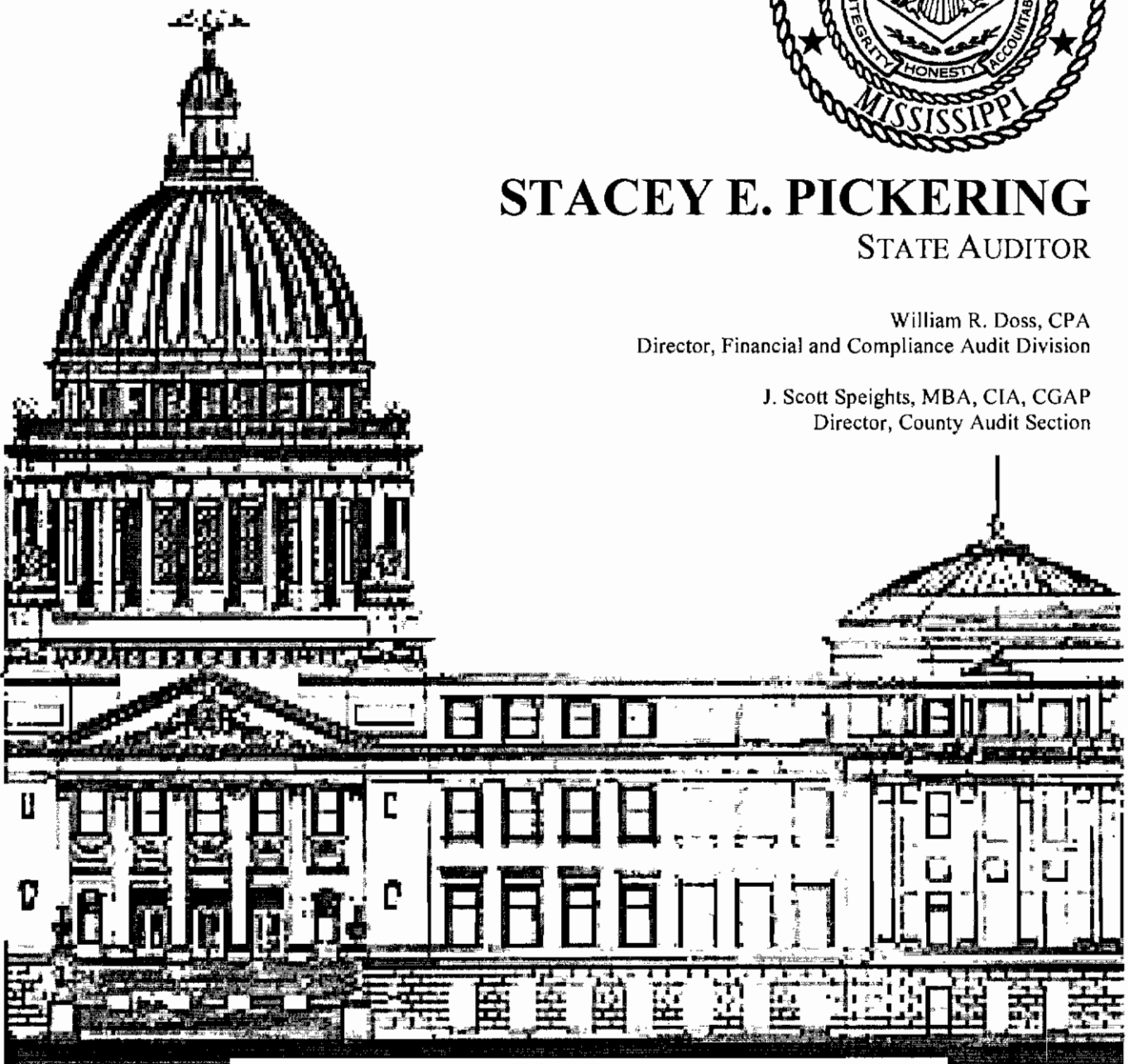


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

J. Scott Speights, MBA, CIA, CGAP
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us

*The Office of the State Auditor does not discriminate on the basis of
race, religion, national origin, sex, age or disability*

AMITE COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	5
Statement of Net Assets	7
Statement of Activities	8
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Assets - Proprietary Fund	13
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	14
Statement of Cash Flows - Proprietary Fund	15
Statement of Fiduciary Assets and Liabilities	16
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	33
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	35
Notes to the Required Supplementary Information	37
SUPPLEMENTAL INFORMATION	39
Schedule of Expenditures of Federal Awards	40
SPECIAL REPORTS	43
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	47
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))	49
Limited Internal Control and Compliance Review Management Report	55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	59

AMITE COUNTY

FINANCIAL SECTION

AMITE COUNTY

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Amite County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Amite County, Mississippi, as of and for the year ended September 30, 2007, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Amite County, Mississippi, as of September 30, 2007, 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 April 16, 2009, on our consideration of Amite 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.

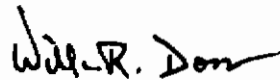
Amite County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

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

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



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

April 16, 2009

AMITE COUNTY

FINANCIAL STATEMENTS

AMITE COUNTY

(This page left blank intentionally)

AMITE COUNTY
Statement of Net Assets
September 30, 2007

Exhibit I

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,599,246	534,700	5,133,946
Property tax receivable	3,013,800		3,013,800
Accounts receivable (net of allowance for uncollectibles of \$179,086)		157,216	157,216
Fines receivable (net of allowance for uncollectibles of \$341,080)	97,596		97,596
Intergovernmental receivables	110,576		110,576
Other receivables	129		129
Internal balances	7,320	(7,320)	
Capital assets:			
Land	113,552	105,547	219,099
Other capital assets, net	3,713,028	409,011	4,122,039
Total Assets	11,655,247	1,199,154	12,854,401
LIABILITIES			
Claims payable	434,583	38,759	473,342
Intergovernmental payables	85,702		85,702
Accrued interest payable	1,658		1,658
Deferred revenue	3,013,800		3,013,800
Unearned revenue		59,211	59,211
Other payables	19,291		19,291
Long-term liabilities			
Due within one year:			
Capital debt	107,839		107,839
Non-capital debt	20,000		20,000
Due in more than one year:			
Capital debt	411,076		411,076
Non-capital debt	105,786	5,398	111,184
Total Liabilities	4,199,735	103,368	4,303,103
NET ASSETS			
Invested in capital assets, net of related debt	3,307,665	514,558	3,822,223
Restricted:			
Expendable:			
General government	193,383		193,383
Debt service	175,221		175,221
Public safety	691,392		691,392
Public works	1,059,194	581,228	1,640,422
Health and welfare	10,708		10,708
Unemployment compensation	72,049		72,049
Other purposes	18,624		18,624
Unrestricted	1,927,276		1,927,276
Total Net Assets	\$ 7,455,512	1,095,786	8,551,298

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

AMITE COUNTY
Statement of Activities
For the Year Ended September 30, 2007

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business-type Activities	Total
					Governmental Activities		
Primary government:							
Governmental activities:							
General government	\$ 1,805,655	254,021			(1,551,634)		(1,551,634)
Public safety	974,633	149,117	87,665	77,611	(660,240)		(660,240)
Public works	2,671,063		929,682	123,220	(1,618,161)		(1,618,161)
Health and welfare	239,250		137,056		(102,194)		(102,194)
Culture and recreation	82,604				(82,604)		(82,604)
Conservation of natural resources	61,410				(61,410)		(61,410)
Economic development and assistance	401,288			203,044	(198,244)		(198,244)
Interest on long-term debt	38,271				(38,271)		(38,271)
Total Governmental Activities	6,274,174	403,138	1,154,403	403,875	(4,312,758)	0	(4,312,758)
Business-type activities:							
Solid waste	685,286	656,871	23,808			(4,607)	(4,607)
Total Primary Government	\$ 6,959,460	1,060,009	1,178,211	403,875	(4,312,758)	(4,607)	(4,317,365)
General revenues:							
Property taxes					\$ 2,792,512		2,792,512
Road & bridge privilege taxes					190,408		190,408
Grants and contributions not restricted to specific programs					706,402		706,402
Unrestricted interest income					220,416	27,581	247,997
Miscellaneous					96,135	97,302	193,437
Transfers					5,000	(5,000)	
Total General Revenues					4,010,873	119,883	4,130,756
Changes in Net Assets					(301,885)	115,276	(186,609)
Net Assets - Beginning					7,737,220	1,034,265	8,771,485
Prior period adjustments					20,177	(53,755)	(33,578)
Net Assets - Beginning, as restated					7,757,397	980,510	8,737,907
Net Assets - Ending					\$ 7,455,512	1,095,786	8,551,298

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

AMITE COUNTY
Balance Sheet - Governmental Funds
September 30, 2007

Exhibit 3

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 2,206,900	2,392,346	4,599,246
Property tax receivable	1,930,000	1,083,800	3,013,800
Fines receivable (net of allowance for uncollectibles of \$341,080)	97,596		97,596
Intergovernmental receivables	82,975	27,601	110,576
Other receivables	129		129
Due from other funds	7,320	33,268	40,588
Advances to other funds		70,000	70,000
Total Assets	<u>\$ 4,324,920</u>	<u>3,607,015</u>	<u>7,931,935</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 203,597	230,986	434,583
Intergovernmental payables	77,725		77,725
Due to other funds	41,245		41,245
Advances from other funds		70,000	70,000
Deferred revenue	2,027,596	1,083,800	3,111,396
Other payables	19,291		19,291
Total Liabilities	<u>2,369,454</u>	<u>1,384,786</u>	<u>3,754,240</u>
Fund balances:			
Reserved for:			
Debt service		176,879	176,879
Advances		70,000	70,000
Unemployment compensation		72,049	72,049
Unreserved - undesignated, reported in:			
General Fund	1,955,466		1,955,466
Special Revenue Funds		1,903,301	1,903,301
Total Fund Balances	<u>1,955,466</u>	<u>2,222,229</u>	<u>4,177,695</u>
Total Liabilities and Fund Balances	<u>\$ 4,324,920</u>	<u>3,607,015</u>	<u>7,931,935</u>

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

AMITE COUNTY

Exhibit 3-1

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,177,695
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$5,716,697.	3,826,580
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	97,596
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(644,701)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,658)</u>
Total Net Assets - Governmental Activities	<u>\$ 7,455,512</u>

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

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

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 1,715,073	1,077,439	2,792,512
Road and bridge privilege taxes	100	190,308	190,408
Licenses, commissions and other revenue	101,216	4,858	106,074
Fines and forfeitures	182,026	20,105	202,131
Intergovernmental revenues	633,037	1,631,643	2,264,680
Charges for services	22,439	113,934	136,373
Interest income	83,737	136,679	220,416
Miscellaneous revenues	69,790	26,345	96,135
Total Revenues	<u>2,807,418</u>	<u>3,201,311</u>	<u>6,008,729</u>
EXPENDITURES			
Current:			
General government	1,637,035	92,601	1,729,636
Public safety	723,208	154,015	877,223
Public works		2,650,175	2,650,175
Health and welfare	110,179	129,071	239,250
Culture and recreation	82,604		82,604
Conservation of natural resources	60,670		60,670
Economic development and assistance	36,467	364,821	401,288
Debt service:			
Principal	58,584	197,173	255,757
Interest	21,507	15,106	36,613
Total Expenditures	<u>2,730,254</u>	<u>3,602,962</u>	<u>6,333,216</u>
Excess of Revenues over (under) Expenditures	<u>77,164</u>	<u>(401,651)</u>	<u>(324,487)</u>
OTHER FINANCING SOURCES (USES)			
Compensation for loss of capital assets	8,914		8,914
Transfers in		350,726	350,726
Transfers out	(164)	(345,562)	(345,726)
Total Other Financing Sources and Uses	<u>8,750</u>	<u>5,164</u>	<u>13,914</u>
Net Changes in Fund Balances	85,914	(396,487)	(310,573)
Fund Balances - Beginning	<u>1,869,552</u>	<u>2,618,716</u>	<u>4,488,268</u>
Fund Balances - Ending	<u>\$ 1,955,466</u>	<u>2,222,229</u>	<u>4,177,695</u>

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

AMITE COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (310,573)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$401,280 exceeded capital outlays of \$174,226 in the current period.	(227,054)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$470 and the proceeds from insurance of \$8,914 in the current period.	(9,384)
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.	(41,440)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the debt repayments.	255,757
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
Reduction in compensated absences	32,467
Increase in accrued interest payable	(1,658)
Change in Net Assets of Governmental Activities	<u>\$ (301,885)</u>

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

AMITE COUNTY
Statement of Net Assets - Proprietary Fund
September 30, 2007

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Services Fund</u>
ASSETS	
Current assets:	
Cash	\$ 534,700
Accounts receivable (net of allowance for uncollectibles of \$179,086)	<u>157,216</u>
Total Current Assets	<u>691,916</u>
Noncurrent assets:	
Capital assets:	
Land	105,547
Other capital assets, net	<u>409,011</u>
Total Noncurrent Assets	<u>514,558</u>
Total Assets	<u>1,206,474</u>
LIABILITIES	
Current liabilities:	
Claims payable	38,759
Due to other funds	7,320
Unearned revenue	<u>59,211</u>
Total Current Liabilities	<u>105,290</u>
Noncurrent liabilities:	
Non-capital debt:	
Compensated absences payable	<u>5,398</u>
Total Noncurrent Liabilities	<u>5,398</u>
NET ASSETS	
Invested in capital assets, net of related debt	514,558
Restricted for public works	<u>581,228</u>
Total Net Assets	<u>\$ 1,095,786</u>

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

AMITE COUNTY

Exhibit 6

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

For the Year Ended September 30, 2007

	Business-type Activities - Enterprise Fund Solid Waste Services Fund
Operating Revenues	
Charges for services	\$ 656,871
Miscellaneous	68,201
Total Operating Revenues	<u>725,072</u>
Operating Expenses	
Personal services	313,873
Contractual services	193,479
Materials and supplies	116,488
Depreciation expense	54,126
Indirect administrative cost	7,320
Total Operating Expenses	<u>685,286</u>
Operating Income (Loss)	<u>39,786</u>
Nonoperating Revenues (Expenses)	
Interest income	27,581
Operating grants	23,808
Gain (loss) on sale of capital assets	29,101
Net Nonoperating Revenue (Expenses)	<u>80,490</u>
Net Income (Loss) Before Capital Contributions and Transfers	120,276
Transfers out	<u>(5,000)</u>
Changes in Net Assets	<u>115,276</u>
Net Assets - Beginning	1,034,265
Prior period adjustment	<u>(53,755)</u>
Net Assets - Beginning, as restated	<u>980,510</u>
Net Assets - Ending	<u>\$ 1,095,786</u>

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

AMITE COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2007

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste Services Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 685,262
Payments to suppliers	(293,743)
Payments to employees	(316,932)
Payments to General Fund for indirect costs	(8,853)
Other operating cash receipts	67,967
Net Cash Provided (Used) by Operating Activities	133,701
Cash Flows From Noncapital Financing Activities	
Operating transfers out	(5,000)
Cash received from intergovernmental revenues	23,808
Net Cash Provided (Used) by Noncapital Financing Activities	18,808
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of capital assets	35,740
Acquisition and construction of capital assets	(185,295)
Net Cash Provided (Used) by Capital and Related Financing Activities	(149,555)
Cash Flows From Investing Activities	
Interest on deposits	27,581
Net Cash Provided (Used) by Investing Activities	27,581
Net Increase (Decrease) in Cash and Cash Equivalents	30,535
Cash and Cash Equivalents at Beginning of Year	504,165
Cash and Cash Equivalents at End of Year	\$ 534,700
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 39,786
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	54,126
Provision for uncollectible accounts	71,374
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(37,101)
Increase (decrease) in claims payable	16,224
Increase (decrease) in compensated absences liability	(3,059)
Increase (decrease) in unearned revenue	(6,116)
Increase (decrease) in interfund payables	(1,533)
Total Adjustments	93,915
Net Cash Provided (Used) by Operating Activities	\$ 133,701

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

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

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 42,660
Due from other funds	7,977
Total Assets	<u>\$ 50,637</u>
LIABILITIES	
Other liabilities	\$ 136
Intergovernmental payables	50,501
Total Liabilities	<u>\$ 50,637</u>

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

AMITE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Amite 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 Amite County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county. There are no outside organizations that should be included as component units of the county's reporting entity.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

AMITE COUNTY

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

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

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

The county reports the following major Governmental Fund:

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

The county reports the following major Proprietary Fund:

Solid Waste Services Fund - This fund is used to account for the county's activities of disposal of solid waste within the county.

AMITE COUNTY

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

AMITE COUNTY

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Amite County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

AMITE COUNTY

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

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:

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

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

I. Long-term Liabilities.

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

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

AMITE COUNTY

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

Fund Financial Statements:

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

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

K. Property Tax Revenues.

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

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

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

AMITE COUNTY

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

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
An adjustment to correct an error in the recording of prior year capital assets - Governmental Funds	\$ 20,177
An adjustment to correct an error in the recording of prior year capital assets - Business-type Fund	(53,755)
Total prior period adjustments	\$ <u>(33,578)</u>

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

<u>Explanation</u>	<u>Amount</u>
An adjustment to correct an error in the recording of prior year capital assets - Business-type Fund	\$ <u>(53,755)</u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2007, was \$5,176,606, and the bank balance was \$5,205,774. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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

AMITE COUNTY

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Services Fund	\$ 7,320
Agency Funds	General Fund	7,977
Other Governmental Funds	General Fund	33,268
Total		<u>\$ 48,565</u>

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

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	<u>\$ 70,000</u>

The amount payable represents a loan from District 1 Maintenance to District 5 Equipment Lease Purchase Fund to pay amount due on equipment.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 164
Other Governmental Funds	Solid Waste Services Fund	5,000
Other Governmental Funds	Other Governmental Funds	345,562
Total		<u>\$ 350,726</u>

The principal purpose of interfund transfers was to provide funds for road repair and support of the Central Repair Fund and to allow the Solid Waste Fund to purchase a truck. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

AMITE COUNTY

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

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 76,990
FEMA reimbursement	3,658
Emergency management performance grant	2,327
Reimbursement for state aid road construction	23,203
National forest distribution	<u>4,398</u>
Total Governmental Activities	<u>\$ 110,576</u>

(6) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2006	Additions	Deletions	Adjustments *	Balance Sept. 30, 2007
<u>Non-depreciable capital assets:</u>					
Land	\$ 113,552				113,552
Total non-depreciable capital assets	<u>113,552</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>113,552</u>
<u>Depreciable capital assets:</u>					
Infrastructure	898,505				898,505
Buildings	2,323,257				2,323,257
Mobile equipment	4,518,334	167,576	93,879	363,994	4,956,025
Furniture and equipment	418,604	6,650			425,254
Leased property under capital leases	1,041,245			(214,561)	826,684
Total depreciable capital assets	<u>9,199,945</u>	<u>174,226</u>	<u>93,879</u>	<u>149,433</u>	<u>9,429,725</u>

AMITE COUNTY

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

	Balance Oct. 1, 2006	Additions	Deletions	Adjustments *	Balance Sept. 30, 2007
<u>Less accumulated depreciation for:</u>					
Infrastructure	94,848	31,499			126,347
Buildings	1,107,357	36,841		5,411	1,149,609
Mobile equipment	3,588,613	264,902	84,495	181,784	3,950,804
Furniture and equipment	273,084	51,503			324,587
Leased property under capital leases	206,754	16,535		(57,939)	165,350
Total accumulated depreciation	<u>5,270,656</u>	<u>401,280</u>	<u>84,495</u>	<u>129,256</u>	<u>5,716,697</u>
 Total depreciable capital assets, net	 <u>3,929,289</u>	 <u>(227,054)</u>	 <u>9,384</u>	 <u>20,177</u>	 <u>3,713,028</u>
 Governmental activities capital assets, net	 <u>\$ 4,042,841</u>	 <u>(227,054)</u>	 <u>9,384</u>	 <u>20,177</u>	 <u>3,826,580</u>
 Business-type activities:					
	Balance Oct. 1, 2006	Additions	Deletions	Adjustments *	Balance Sept. 30, 2007
<u>Non-depreciable capital assets:</u>					
Land	\$ 105,547				105,547
Total non-depreciable capital assets	<u>105,547</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>105,547</u>
 <u>Depreciable capital assets:</u>					
Buildings	284,408				284,408
Mobile equipment	502,233	185,295	66,394	(44,395)	576,739
Furniture and equipment	118,194				118,194
Total depreciable capital assets	<u>904,835</u>	<u>185,295</u>	<u>66,394</u>	<u>(44,395)</u>	<u>979,341</u>
 <u>Less accumulated depreciation for:</u>					
Buildings	85,350	5,690			91,040
Mobile equipment	374,875	48,436	59,755	9,360	372,916
Furniture and equipment	106,374				106,374
Total accumulated depreciation	<u>566,599</u>	<u>54,126</u>	<u>59,755</u>	<u>9,360</u>	<u>570,330</u>
 Total depreciable capital assets, net	 <u>338,236</u>	 <u>131,169</u>	 <u>6,639</u>	 <u>(53,755)</u>	 <u>409,011</u>
 Business-type activities capital assets, net	 <u>\$ 443,783</u>	 <u>131,169</u>	 <u>6,639</u>	 <u>(53,755)</u>	 <u>514,558</u>

* Adjustments are to correct errors in the capital asset records. Adjustments were also made for the reclassification of a paid-off capital lease equipment to mobile equipment.

AMITE COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 81,076
Public safety	147,220
Public works	172,244
Conservation of natural resources	<u>740</u>
 Total governmental activities depreciation expense	 \$ <u><u>401,280</u></u>
Business-type Activities:	
Solid waste	\$ <u><u>54,126</u></u>

(7) 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, 2007, to January 1, 2008. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Buildings	\$ 826,684
Less: Accumulated depreciation	<u>165,350</u>
 Leased Property Under Capital Leases	 \$ <u><u>661,334</u></u>

AMITE COUNTY

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

The following is a schedule by years of the total payments due as of September 30, 2007:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2008	\$ 61,718	18,373
2009	65,020	15,071
2010	68,499	11,593
2011	72,164	7,928
2012	76,024	4,067
Total	<u>\$ 343,425</u>	<u>57,032</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2007, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Districts 1, 2 & 3 hospital bond	\$ <u>95,000</u>	6.90/7.00%	06/11
B. Capital Leases:			
Adult Detention Center	\$ <u>343,425</u>	5.35%	11/11
C. Other Loans:			
CAP Loan - fire trucks	\$ <u>175,490</u>	2.00%	08/12

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2008	\$ 20,000	6,630	46,121	5,308
2009	25,000	5,250	44,825	4,421
2010	25,000	3,500	45,730	3,517
2011	25,000	1,750	38,814	2,264
Total	<u>\$ 95,000</u>	<u>17,130</u>	<u>175,490</u>	<u>15,510</u>

AMITE COUNTY

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

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2007, the amount of outstanding debt was equal to 0.09% of the latest property assessments.

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

	Balance Oct. 1, 2006	Additions	Reductions	Adjustments	Balance Sept. 30, 2007	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 63,253		32,467		30,786	
General obligation bonds	115,000		20,000		95,000	20,000
Capital leases	533,981		190,556		343,425	61,718
Other loans	220,691		45,201		175,490	46,121
Total	<u>\$ 932,925</u>	<u>0</u>	<u>288,224</u>	<u>0</u>	<u>644,701</u>	<u>127,839</u>
Business-type Activities:						
Compensated absences	<u>\$ 8,457</u>	<u>0</u>	<u>3,059</u>	<u>0</u>	<u>5,398</u>	<u>0</u>

(10) Deficit Fund Balances of Individual Funds.

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

Fund	Deficit Amount
District 5 Equipment Lease Purchase Fund	\$ 63,248
Central Repair Fund	26,201

(11) 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.

AMITE COUNTY

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

(12) Joint Ventures.

The county participates in the following joint ventures:

Amite County is a participant with the Counties of Pike and Walthall in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by five board members. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the county's appropriation to the joint venture was \$82,604 in fiscal year 2007. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

Amite County is a participant with Pike County and the City of McComb in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Southwest Mississippi Regional Medical Center. The joint venture was created to provide medical services for the residents of the local area and is governed by a seven member board. Amite County appoints one board member, while Pike County and the City of McComb appoint two members individually and jointly they appoint two members. The hospital is basically self-supporting. However, the counties and the city have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Southwest Mississippi Regional Medical Center can be obtained from 215 Marion Avenue, McComb, MS 39648.

(13) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operated in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Amite 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 \$45,641 for support of the district in fiscal year 2007.

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 Amite County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$24,800 for its support in fiscal year 2007.

Southwest Mississippi Community College operates in a district composed of the Counties of Amite, Pike, Walthall, and Wilkinson. The Amite County Board of Supervisors appoints three of the 14 members of the college board of trustees. The county appropriated \$375,832 for the operation and maintenance of the college in fiscal year 2007.

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 county appropriated \$2,720 for its support in fiscal year 2007.

AMITE COUNTY

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

(14) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2007 was 11.85% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2007, 2006 and 2005 were \$188,165, \$174,686 and \$159,556, respectively, equal to the required contributions for each year.

(15) Subsequent Events.

Subsequent to September 30, 2007, the Amite County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
05/20/08	3.64%	\$ 56,434	Lease purchase	Ad valorem taxes
05/20/08	3.64%	56,434	Lease purchase	Ad valorem taxes

AMITE COUNTY

(This page left blank intentionally)

AMITE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

AMITE COUNTY

(This page left blank intentionally)

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,832,600	1,720,958	1,720,958	
Licenses, commissions and other revenue	69,600	102,391	102,391	
Fines and forfeitures	97,000	186,102	186,102	
Intergovernmental revenues	350,000	628,384	628,384	
Charges for services	15,000	22,439	22,439	
Interest income	35,000	131,369	131,369	
Miscellaneous revenues	19,400	55,170	55,170	
Total Revenues	<u>2,418,600</u>	<u>2,846,813</u>	<u>2,846,813</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	1,548,270	1,590,677	1,590,677	
Public safety	662,350	677,595	677,595	
Health and welfare	109,982	105,948	109,944	(3,996)
Education	82,304	82,604	82,604	
Conservation of natural resources	61,503	56,406	56,406	
Economic development and assistance	21,159	40,669	36,667	4,002
Debt service:	81,000	80,091	80,091	
Total Expenditures	<u>2,566,568</u>	<u>2,633,990</u>	<u>2,633,984</u>	<u>6</u>
Excess of Revenues over (under) Expenditures	<u>(147,968)</u>	<u>212,823</u>	<u>212,829</u>	<u>(6)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	32,965	32,965	
Transfers out	(100,000)			
Total Other Financing Sources and Uses	<u>0</u>	<u>32,965</u>	<u>32,965</u>	<u>0</u>
Net Change in Fund Balance	(147,968)	245,788	245,794	(6)
Fund Balances - Beginning		<u>1,850,178</u>	<u>1,850,178</u>	<u>0</u>
Fund Balances - Ending	<u>\$ (147,968)</u>	<u>2,095,966</u>	<u>2,095,972</u>	<u>(6)</u>

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

AMITE COUNTY

(This page left blank intentionally)

AMITE COUNTY

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

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:

		Governmental Fund Type
		General Fund
Budget (Cash Basis)	\$	245,794
Increase (Decrease)		
Net adjustments for revenue accruals		(51,155)
Net adjustments for expenditure accruals		(108,725)
GAAP Basis	\$	<u>85,914</u>

AMITE COUNTY

(This page left blank intentionally)

AMITE COUNTY

SUPPLEMENTAL INFORMATION

AMITE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
MAJOR FEDERAL AWARDS			
U.S. Department of Agriculture/ Passed-through the Mississippi State Treasurer's Office Schools and roads grants to states	10.665	N/A	\$ 421,162
U.S. Department of the Interior - Office of the Secretary Payments in lieu of taxes	15.226	N/A	7,158
U.S. Department of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	N/A	<u>11,440</u>
Total Expenditures of Major Federal Awards			<u>439,760</u>
OTHER FEDERAL AWARDS			
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grants/state's program and non-entitlement grants in Hawaii	14.228	1122-05-003-ED-01	<u>203,045</u>
U.S. Department of Health and Human Services - Administration for Children and Families/Passed-through the Mississippi Department of Human Services Social services block grant	93.667	077V471	<u>126,736</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Department of Public Safety Office of Homeland Security State domestic preparedness equipment support program	97.004	04HS003	28,238
State domestic preparedness equipment support program	97.004	04LE003	<u>14,936</u>
Subtotal			<u>43,174</u>
Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance (Presidentially declared disasters)	97.036	FEMA-1604-DR-MS	12,417
Emergency management performance grant	97.042	N/A	<u>9,074</u>
Subtotal			<u>21,491</u>

AMITE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2007

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Passed-through the Mississippi Department of Public Safety Office of Homeland Security			
Homeland security grant program	97.067	05HS003	26,468
Homeland security grant program	97.067	05LE003	7,969
Subtotal			<u>34,437</u>
 Total U.S. Department of Homeland Security			<u>99,102</u>
 Total Expenditures of Other Federal Awards			<u>428,883</u>
 Total Expenditures of Federal Awards			<u>\$ 868,643</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

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

AMITE COUNTY

(This page left blank intentionally)

AMITE COUNTY ,

SPECIAL REPORTS

AMITE COUNTY

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Amite County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Amite County, Mississippi, as of and for the year ended September 30, 2007, which collectively comprise the county's basic financial statements and have issued our report thereon dated April 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting identified as 07-1 that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 07-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above as 07-1 is a material weakness.

Compliance and Other Matters

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

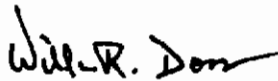
However, we also noted certain immaterial instances of noncompliance which we have reported to the management of Amite County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated April 16, 2009, included within this document.

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

This report is intended solely for the information and use of management 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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

April 16, 2009



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors
Amite County, Mississippi

Compliance

We have audited the compliance of Amite County, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. Amite 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 each of its major federal programs is the responsibility of Amite County, Mississippi's management. Our responsibility is to express an opinion on Amite 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 Amite 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 Amite County, Mississippi's compliance with those requirements.

In our opinion, Amite County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

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

A control deficiency in a county's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control.

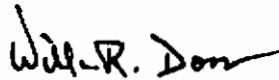
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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 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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

April 16, 2009



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Amite County, Mississippi

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

The Board of Supervisors of Amite County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Amite 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.

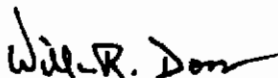
In our opinion, Amite County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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

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



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

April 16, 2009

AMITE COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2007

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
10/02/06	6000 Gal. - CRS2P	\$ 1.58/Gal.	Ergon	\$ 1.4/Gal.	Plant broke down
12/04/06	Pressure washer	4,395	Hilco, Inc.	4,200	Better warranty
12/04/06	Pressure washer	4,395	Hilco, Inc.	4,200	Better warranty
02/26/07	2007 truck	20,600	Smith Motor	19,415	Dealer domiciled in county.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/22/06	Two railroad flatcars	\$ 21,000	Smith Diversifies Sales, Inc.	Bridge out

AMITE COUNTY

Schedule 3

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

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

AMITE COUNTY

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Amite County, Mississippi

In planning and performing our audit of the financial statements of Amite County, Mississippi for the year ended September 30, 2007, we considered Amite 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 Amite 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 April 16, 2009, on the financial statements of Amite 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Chancery Clerk.

1. Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the clerk into the county's General Fund on or before April 15th for the preceding calendar year. The Chancery Clerk paid \$20,644 to the county on September 23, 2008, five months after the April 15th deadline. Also, expenses of \$1,679 for the 2007 calendar year were not properly documented and thus not allowed. Failure for the clerk to repay the disallowed expenses would result in the loss of public funds.

Recommendation

The Chancery Clerk should settle fees in excess of the salary limitation to the General Fund by April 15th and should settle \$1,679 which represents the disallowed expenses to the General Fund.

Chancery Clerk's Response

I will make the required settlements in a timely manner.

Auditor's Note

The Chancery Clerk repaid \$1,679 to the General Fund on February 18, 2009, as evidenced by receive warrant number 15979.

Inventory Control Clerk.

2. Finding

An effective system of internal control over inventory system includes maintenance of accurate records. The beginning amounts for capital assets and related accumulated depreciation did not agree to the prior year ending balances. The county purchased equipment in the prior year that was not added to the county's inventory records and depreciation for a building was not included on the county's depreciation records. Also, there were several pieces of equipment that had incorrect useful lives. As a result, an adjustment was necessary to correct these errors. Failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Inventory Control Clerk should implement procedures necessary to maintain accurate inventory records.

Inventory Control Clerk's Response

We will make the necessary changes to be in compliance.

Sheriff.

3. Finding

Section 19-25-74, Miss. Code Ann. (1972), requires the Sheriff to maintain a log, showing the name of each prisoner, the date and time of incarceration and release, to be posted daily, which shall record the number of meals served to prisoners at each mealtime, and the hours of the day served and shall make affidavit as to the correctness thereof and file the same monthly with the Board of Supervisors. During the course of the audit we found that the daily prisoner meal logs were not kept up to date and the county has approved and paid meal expenses without a current prisoner log filed by the Sheriff's Department. The Sheriff's Department was not properly maintaining a log of meals served to inmates. Failure to maintain a log of meals served to prisoners could result in overpayment for prisoner meals and a loss of public funds.

Recommendation

The Sheriff should make sure the meal logs are current and filed monthly with the Board of Supervisors.

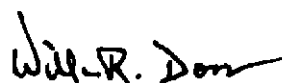
Sheriff's Response

This problem has been corrected. It was corrected shortly after the auditor brought it to our attention. Logs are now current and up to date.

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



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

April 16, 2009

AMITE COUNTY

(This page left blank intentionally)

AMITE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AMITE COUNTY

(This page left blank intentionally)

AMITE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2007

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit findings reported as required by Section ___.510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| a. | Schools and roads_grants to states, CFDA # 10.665 | |
| b. | Payments in lieu of taxes, CFDA # 15.226 | |
| 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 |

AMITE COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2007

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency - Material Weakness.

07 - 1. Finding

A critical aspect of effective financial management is the preparation of accurate financial statements. Management did not have personnel who possessed the necessary expertise to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked expertise to apply generally accepted accounting principles in preparing its financial statements, the auditor was relied upon to perform these tasks. Without adequate controls in place over the preparation of financial statements in accordance with the generally accepted accounting principles, the risk increases that inaccurate information may be reported.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure the financial statements are presented and disclosed in accordance with generally accepted accounting principles.

Board of Supervisors' Response

We will take this matter under advisement and then take the appropriate action.

Section 3: Federal Award Findings and Questioned Costs

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