



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

LAUDERDALE COUNTY, MISSISSIPPI

AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2008

CONTENTS

	Page
FINANCIAL AUDIT REPORT	
INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION	1&2
 FINANCIAL STATEMENTS	
Statement of Net Assets	3
Statement of Activities	4&5
Balance Sheet – Governmental Funds	6-8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9&10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Assets for Proprietary Fund Type – Ambulance Enterprise Fund	12
Statement of Revenues, Expenses and Changes in Fund Net Assets – For Proprietary Fund Type – Ambulance Enterprise Fund	13
Statement of Cash Flows – For Proprietary Fund Type – Ambulance Enterprise Fund	14&15
Statement of Fiduciary Assets and Liabilities	16
Notes to financial statements	17-42
 SUPPLEMENTAL INFORMATION	
 SCHEDULE 1 – BUDGETARY COMPARISON	
Budgetary Comparison Schedule for the General Fund	43
Budgetary Comparison Schedule for the Road Maintenance Fund	44
Notes to the required supplemental information	45&46
 SCHEDULE 2 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47&48
Note to the required supplemental information	48
 SCHEDULE 3 – RECONCILIATION OF OPERATING COST OF SOLD WASTE	49

SPECIAL REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	50&51
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	52-54
INDEPENDENT AUDITORS' REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES [REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972)]	55&56
SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER	57
SCHEDULE OF EMERGENCY PURCHASES	58
SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE	59
LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT	60&61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	62-64
CORRECTIVE ACTION PLAN	65&66
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	67

LAUDERDALE COUNTY, MISSISSIPPI

FINANCIAL AUDIT REPORT

For the Year Ended September 30, 2008



REA, SHAW, GIFFIN & STUART, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE
OF
CERTIFIED PUBLIC
ACCOUNTANTS

POST OFFICE BOX 2090
MERIDIAN, MS 39302
TELEPHONE 601-693-2841
FAX 601-693-2851

POST OFFICE BOX 562
WAYNESBORO, MS 39367
TELEPHONE 601-735-2317
FAX 601-735-0585

MEMBER
MISSISSIPPI SOCIETY
OF
CERTIFIED PUBLIC
ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON THE BASIC
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lauderdale County, Mississippi as of and for the year ended September 30, 2008, 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 also audited the financial statements of the Ambulance Enterprise Fund which represents 100% of the assets and revenues of the enterprise fund column. We did not audit the financial statements of the Meridian-Lauderdale County Public Library, component unit, which represent 85%, 85%, and 80% of the assets, net assets, and revenues of the governmental component units column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely 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 *Governmental 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 our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lauderdale County, Mississippi, as of September 30, 2008, and the respective changes in financial position

thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2009, on our consideration of Lauderdale County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Lauderdale County, Mississippi has not presented the 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 Lauderdale County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 12, 2009

LAUDERDALE COUNTY
FINANCIAL STATEMENTS

LAUDERDALE COUNTY

Exhibit 1

STATEMENT OF NET ASSETS
September 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Tourism	Public Library
ASSETS					
Cash	\$ 15,973,611	\$ 437,954	\$ 16,411,565	\$ 323,193	\$ 2,206,415
Property tax receivable	15,964,214	-	15,964,214	-	-
Accounts receivable, net	-	512,579	512,579	-	-
Fines receivable	487,708	-	487,708	-	-
Intergovernmental receivables	699,383	-	699,383	-	-
Other receivables	3,183	-	3,183	49,690	-
Inventories and Prepaid items	-	234,943	234,943	-	36,853
Capital assets, net	96,448,823	1,219,796	97,668,619	40,909	54,149
Total assets	<u>\$ 129,576,922</u>	<u>\$ 2,405,272</u>	<u>\$ 131,982,194</u>	<u>\$ 413,792</u>	<u>\$ 2,297,417</u>
LIABILITIES					
Claims payable	\$ 1,607,253	\$ -	\$ 1,607,253	\$ 10,513	\$ 3,520
Intergovernmental payables	1,183,269	-	1,183,269	-	-
Accrued interest payable	311,654	-	311,654	-	-
Unearned revenue	15,964,214	1,636	15,965,850	-	-
Other payables	-	55,746	55,746	13,581	3,318
Long-term liabilities					
Due within one year:					
Capital debt	3,550,568	-	3,550,568	-	-
Non-capital debt	1,444,665	-	1,444,665	-	-
Due in more than one year:					
Capital debt	23,096,570	-	23,096,570	-	-
Non-capital debt	24,797,038	42,665	24,839,703	-	-
Total Liabilities	<u>\$ 71,955,231</u>	<u>\$ 100,047</u>	<u>\$ 72,055,278</u>	<u>\$ 24,094</u>	<u>\$ 6,838</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 81,966,360	\$ 1,219,796	\$ 83,186,156	\$ 40,909	\$ 54,149
Restricted:					
General government	293,005	-	293,005	-	-
Debt service	268,756	-	268,756	-	-
Public safety	202,710	-	202,710	-	-
Culture and recreation	125,889	-	125,889	-	508,061
Economic development	-	-	-	-	-
Capital projects	419,709	-	419,709	-	-
Unrestricted (deficit)	(25,654,738)	1,085,429	(24,569,309)	348,789	1,728,369
Total Net Assets	<u>\$ 57,621,691</u>	<u>\$ 2,305,225</u>	<u>\$ 59,926,916</u>	<u>\$ 389,698</u>	<u>\$ 2,290,579</u>

The Notes to Financial Statements are an integral part of this statement.

Exhibit 2

LAUDERDALE COUNTY

STATEMENT OF ACTIVITIES
September 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Tourism	Public Library
Primary government:									
Governmental activities:									
General government	\$ 7,508,324	\$ 2,719,306	\$ 366,070	\$ -	\$ (4,422,948)	\$ -	\$ (4,422,948)	\$ -	\$ -
Public safety	10,595,768	1,994,577	758,215	-	(7,842,976)	-	(7,842,976)	-	-
Public works	9,763,317	700,275	697,009	2,180,880	(6,185,153)	-	(6,185,153)	-	-
Health and welfare	1,078,262	-	450,008	-	(628,254)	-	(628,254)	-	-
Culture and recreation	347,600	-	5,376	50,000	(292,224)	-	(292,224)	-	-
Education	-	-	-	-	-	-	-	-	-
Conser. of natural resources	113,349	-	-	-	(113,349)	-	(113,349)	-	-
Economic development	1,852,933	-	160,400	684,983	(1,007,550)	-	(1,007,550)	-	-
Interest & bond issuance costs	2,467,732	-	-	-	(2,467,732)	-	(2,467,732)	-	-
Total Governmental Activities	\$ 33,727,285	\$ 5,414,158	\$ 2,437,078	\$ 2,915,863	\$ (22,960,186)	\$ -	\$ (22,960,186)	\$ -	\$ -
Business-type activities:									
Metro Ambulance	\$ 4,989,235	\$ 4,777,629	\$ -	\$ -	\$ -	\$ (211,606)	\$ (211,606)	\$ -	\$ -
Total Business-type Activities	\$ 4,989,235	\$ 4,777,629	\$ -	\$ -	\$ -	\$ (211,606)	\$ (211,606)	\$ -	\$ -
Total Primary Government	\$ 38,716,520	\$ 10,191,787	\$ 2,437,078	\$ 2,915,863	\$ (22,960,186)	\$ (211,606)	\$ (23,171,792)	\$ -	\$ -
Component Units:									
Tourism	\$ 591,618	\$ -	\$ 576,077	\$ -	\$ -	\$ -	\$ -	\$ (15,541)	\$ -
Public Library	1,042,387	65,049	914,214	1,560	-	-	-	-	(61,564)
Total Component Units	\$ 1,634,005	\$ 65,049	\$ 1,490,291	\$ 1,560	\$ -	\$ -	\$ -	\$ (15,541)	\$ (61,564)

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 2

STATEMENT OF ACTIVITIES (continued)
September 30, 2008

Net (Expense) Revenue and Changes in Net Assets					
	Primary Government		Component Units		
	Governmental Activities	Business-type Activities	Total	Tourism	Public Library
General revenues:					
Property taxes	\$ 19,433,683	\$ -	\$ 19,433,683	\$ -	\$ -
Road & bridge privilege taxes	936,159	-	936,159	-	-
Grants and contributions not restricted to specific programs	1,705,346	77,706	1,783,052	-	209,954
Unrestricted gifts and donations	-	4,799	4,799	-	-
Unrestricted investment income	358,269	560	358,829	1,342	53,023
Miscellaneous	2,708,230	-	2,708,230	-	-
Gain (Loss) on sale of capital assets	26,325	(36,643)	(10,318)	-	-
Total General Revenues	\$ 25,168,012	\$ 46,422	\$ 25,214,434	\$ 1,342	\$ 262,977
Changes in Net Assets	\$ 2,207,826	\$ (165,184)	\$ 2,042,642	\$ (14,199)	\$ 201,413
Net Assets - Beginning	\$ 55,413,865	\$ 2,470,409	\$ 57,884,274	\$ 403,897	\$ 2,089,166
Net Assets - Ending	\$ 57,621,691	\$ 2,305,225	\$ 59,926,916	\$ 389,698	\$ 2,290,579

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 3

BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2008

	Major Funds			Total
	General Fund	Road Maintenance Fund	Other Governmental Funds	Governmental Funds
ASSETS				
Cash	\$ 2,638,815	\$ -	\$ 13,414,368	\$ 16,053,183
Property tax receivable	7,882,202	2,480,762	5,601,250	15,964,214
Fines receivable	487,708	-	-	487,708
Intergovernmental receivables	343,079	1,042	355,262	699,383
Other receivables	3,183	-	-	3,183
Due from other funds	-	111,934	126,042	237,976
Advances to other funds	250,000	-	-	250,000
Total Assets	\$ 11,604,987	\$ 2,593,738	\$ 19,496,922	\$ 33,695,647

LIABILITIES & FUND BALANCES

Liabilities:

Cash deficit	\$ -	\$ 79,572	\$ -	\$ 79,572
Claims payable	331,004	178,811	1,097,438	1,607,253
Intergovernmental payables	1,169,906	-	-	1,169,906
Due to other funds	251,339	-	-	251,339
Advances from other funds	-	-	250,000	250,000
Deferred revenue-fines	487,708	-	-	487,708
Unearned revenue	7,882,202	2,480,762	5,601,250	15,964,214
Total Liabilities	\$ 10,122,159	\$ 2,739,145	\$ 6,948,688	\$ 19,809,992

The Notes to Financial Statements are an integral part of this statement.

Exhibit 3

LAUDERDALE COUNTY

BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
September 30, 2008

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Maintenance Fund	Road Fund		
Fund balances:					
Reserved for:					
Debt service	\$ -	\$ -	\$ -	\$ 547,041	\$ 547,041
Advances	250,000	-	-	-	250,000
Unreserved, reported in:					
General fund	1,232,828	-	-	-	1,232,828
Special revenue funds	-	(145,407)	-	(583,189)	(728,596)
Capital project funds	-	-	-	12,584,382	12,584,382
Total Fund Balances	\$ 1,482,828	\$ (145,407)	\$ (145,407)	\$ 12,548,234	\$ 13,885,655

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY**Exhibit 3.1****BALANCE SHEET – GOVERNMENTAL FUNDS (Continued)**
September 30, 2008

Total Fund Balance - Governmental Funds			\$ 13,885,655
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 \$71,096,299.			
			96,448,823
Fines receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.			
			487,708
Long-term liabilities not due and payable in the current period and, are not reported in the funds:			
Long-term liabilities (Note 9)		\$ (52,888,841)	
Accrued interest on bonds		<u>(311,654)</u>	<u>(53,200,495)</u>
Total Net Assets - Governmental Activities			<u>\$ 57,621,691</u>

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

Exhibit 4

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

September 30, 2008

	Major Funds			Other	Total
	General	Maintenance	Road	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 9,582,299	\$ 2,931,548	\$ -	\$ 6,919,836	\$ 19,433,683
Road and bridge privilege taxes	-	936,159	-	-	936,159
Licenses, commissions and other revenue	668,878	492	-	38,210	707,580
Fines and forfeitures	1,629,041	184,775	-	-	1,813,816
Intergovernmental revenues	1,833,189	837,584	-	3,297,074	5,967,847
Charges for services	827,105	-	-	1,577,949	2,405,054
Interest income	128,710	1,190	-	228,369	358,269
Miscellaneous revenues	656,875	7,247	-	2,044,108	2,708,230
Total Revenues	\$ 15,326,097	\$ 4,898,995	\$ -	\$ 14,105,546	\$ 34,330,638
EXPENDITURES					
Current:					
General government	\$ 6,113,945	\$ -	\$ -	\$ 971,994	\$ 7,085,939
Public safety	7,748,957	-	-	2,302,307	10,051,264
Public works	-	5,486,751	-	4,853,868	10,340,619
Health and welfare	1,151,772	-	-	65,263	1,217,035
Culture and recreation	-	-	-	336,377	336,377
Education	-	-	-	-	-
Conservation of natural resources	111,735	-	-	-	111,735
Economic development and assistance	15,599	-	-	3,438,628	3,454,227
Debt service:					
Principal	343,137	1,264,941	-	3,788,339	5,396,417
Interest	134,224	87,549	-	2,056,169	2,277,942
Bond issue costs	-	-	-	126,705	126,705
Total Expenditures	\$ 15,619,369	\$ 6,839,241	\$ -	\$ 17,939,650	\$ 40,398,260
Excess of Revenues under Expenditures	\$ (293,272)	\$ (1,940,246)	\$ -	\$ (3,834,104)	\$ (6,067,622)

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY **Exhibit 4**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (continued)**
September 30, 2008

	Major Funds			Total
	General Fund	Road Maintenance Fund	Other Governmental Funds	Governmental Funds
OTHER FINANCING SOURCES (USES)				
Proceeds of other debt	\$ -	\$ -	\$ 9,300,000	\$ 9,300,000
Refunding bonds issued	-	-	-	-
Proceeds from sale of capital assets	5,000	741,973	14,850	761,823
Compensation for loss of capital assets	37,542	13,305	21,835	72,682
Transfers in	1,494,140	-	839,721	2,333,861
Transfers out	(991,526)	-	(1,342,335)	(2,333,861)
Payment to bond refunding escrow agent	-	-	-	-
Discount on bonds issued	-	-	-	-
Capital leases	84,109	967,500	-	1,051,609
Total Other Financing Sources and Uses	\$ 629,265	\$ 1,722,778	\$ 8,834,071	\$ 11,186,114
Net Changes in Fund Balances	\$ 335,993	\$ (217,468)	\$ 4,999,967	\$ 5,118,492
Fund Balances - Beginning	\$ 1,146,835	\$ 72,061	\$ 7,548,267	\$ 8,767,163
Fund Balances - Ending	\$ 1,482,828	\$ (145,407)	\$ 12,548,234	\$ 13,885,655

The Notes to Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2008

Net Changes in Fund Balances - Governmental Funds \$ 5,118,492

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$5,187,569 exceeded depreciation of \$2,565,201 in the current period. 2,622,368

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$26,325 and the proceeds from the sale of \$761,823 in the current period and compensation for the loss of capital assets of \$72,682. (808,180)

Fines 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. 124,032

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments \$5,396,417 was less than debt proceeds \$10,351,609. (4,955,192)

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:

Compensated absences	(36,939)	
Accrued interest on bonds	143,245	106,306

Change in net assets of governmental activities (Exhibit 2) \$ 2,207,826

The Notes to Financial Statements are an integral part of this statement.

STATEMENT OF NET ASSETS
FOR PROPRIETARY FUND TYPE – AMBULANCE ENTERPRISE FUND
September 30, 2008

ASSETS

Current assets	
Cash	\$ 437,954
Accounts receivable, net	512,579
Inventories	22,084
Prepaid expenses	<u>212,859</u>
Total current assets	<u>\$ 1,185,476</u>
Noncurrent assets	
Capital assets, net	<u>\$ 1,219,796</u>
Total noncurrent assets	<u>\$ 1,219,796</u>
Total assets	<u>\$ 2,405,272</u>

LIABILITIES

Current liabilities	
Deferred revenue	\$ 1,636
Other payables	55,746
Compensated absences	<u>42,665</u>
Total current liabilities	<u>\$ 100,047</u>
Total liabilities	<u>\$ 100,047</u>

NET ASSETS

Invested in capital assets	\$ 1,219,796
Unrestricted	<u>1,085,429</u>
Total net assets	<u>\$ 2,305,225</u>

The Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - FOR PROPRIETARY FUND TYPE -
AMBULANCE ENTERPRISE FUND**

For the Year Ended September 30, 2008

OPERATING REVENUES

Charges for sales and services	\$ 4,777,629
--------------------------------	--------------

Total operating revenues	\$ 4,777,629
---------------------------------	---------------------

OPERATING EXPENSES

Personal services	\$ 2,803,751
-------------------	--------------

Contractual services	387,454
----------------------	---------

Materials and supplies	152,614
------------------------	---------

Depreciation expense	302,564
----------------------	---------

Bad debt expense	1,098,355
------------------	-----------

Administrative	244,497
----------------	---------

Total operating expenses	\$ 4,989,235
---------------------------------	---------------------

Operating income	\$ (211,606)
-------------------------	---------------------

NONOPERATING REVENUES

County and local support	\$ 77,706
--------------------------	-----------

Loss on disposal of fixed assets	(36,643)
----------------------------------	----------

Interest income	560
-----------------	-----

Membership income	3,291
-------------------	-------

Other income	1,508
--------------	-------

Net nonoperating revenues	\$ 46,422
----------------------------------	------------------

Change in net assets	\$ (165,184)
-----------------------------	---------------------

Total net assets - beginning	2,470,409
-------------------------------------	------------------

Total net assets - ending	\$ 2,305,225
----------------------------------	---------------------

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY**Exhibit 7**

**STATEMENT OF CASH FLOWS -
FOR PROPRIETARY FUND TYPE - AMBULANCE ENTERPRISE FUND
For the Year Ended September 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,662,004
Cash payments to suppliers for goods and services	(1,108,879)
Cash payments to employees for services	<u>(2,410,687)</u>

Net cash provided by operating activities \$ 142,438

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants received	\$ 43,962
Cash received from property taxes	31,698
Other receipts	<u>6,845</u>

Net cash provided by noncapital financing activities \$ 82,505

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	\$ (668,946)
-------------------------------	--------------

Net cash used in capital and related financing activities \$ (668,946)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investment	\$ 560
------------------------	--------

Net cash provided by investing activities \$ 560

Net decrease in cash and cash equivalents \$ (443,443)

Cash and cash equivalents at beginning of year 881,397

Cash and cash equivalents at end of year \$ 437,954

The Notes to Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS – (continued)
FOR PROPRIETARY FUND TYPE - AMBULANCE ENTERPRISE FUND
For the Year Ended September 30, 2008

**RECONCILIATION OF OPERATING INCOME TO NET CASH
USED IN OPERATING ACTIVITIES**

Operating income	\$ (211,606)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 302,564
Loss on disposal of equipment	36,643
Change in assets and liabilities	
Increase in accounts receivables	(17,270)
Decrease in prepaid expenses	8,799
Increase in inventory	(1,288)
Decrease in claims payable	-
Increase in other accrued liabilities	16,775
Decrease in compensated absences	7,821
Total adjustments	<u>\$ 354,044</u>
Net cash provided by operating activities	<u><u>\$ 142,438</u></u>

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY**Exhibit 8****STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

September 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 195,666
Due from other funds	<u>13,363</u>
Total assets	<u>\$ 209,029</u>
 LIABILITIES	
Intergovernmental payables	<u>\$ 209,029</u>
Total liabilities	<u>\$ 209,029</u>

The Notes to Financial Statements are an integral part of this statement.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies

A. Financial Reporting Entity

Lauderdale 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 Lauderdale 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 Disclosures

Blended Components Units

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.

- Section 41-59-61 of the Mississippi Code of 1972 created The Lauderdale County Emergency Medical Service District (Metro Ambulance) which provides emergency medical and patient transporting service in the Lauderdale County area. The county Board of Supervisors serve as the board for Metro Ambulance. Metro ambulance is reported as an Enterprise fund in the counties financial statements.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

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.

- The Meridian-Lauderdale County Public Library was formed under Section 39-3-1, Miss. Code Ann. (1972), and is a legally separate entity. The library was originally organized by the City of Meridian. Effective October 1, 1994, the library became a county library rather than a municipal library. At that time the county Board of Supervisors began appointing board members as the city appointed members' terms expired. Complete financial statements for the Meridian-Lauderdale County Public Library can be obtained from 2517 7th Street, Meridian, MS 39301.
- The Lauderdale County Tourism Commission was authorized under House Bill 1751. The county appoints three of the seven board members. A majority of the Commission's funding is supplied by the county, and the Commission's budget must be approved by the county. Complete financial statements for the Lauderdale County Tourism Commission can be obtained from P.O. Box 5313, Meridian, MS 39302.

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

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

The Statement of Net Assets presents the financial condition of the government 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.

Fund Financial Statements

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

D. Measurement Focus and Basis of Accounting

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

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

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

The revenues and expenses of the Proprietary Fund are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connections 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 sixty 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.

Road Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

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

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

Fiduciary Fund Types

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

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.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

F. Deposits and Investments

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

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

G. Receivables

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

H. Interfund Transactions and Balances

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

I. Inventories and Prepaid Items

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

J. Restricted Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

K. 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 statement. 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.

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and proprietary fund. 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:

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

	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.

L. Long-term Liabilities

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

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

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

M. Equity Classifications

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

N. 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.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 1. Significant Accounting Policies (continued)

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.

O. 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 expenditures 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.

P. 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 the Proprietary Fund 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.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 2. Deposits

Primary Government

The carrying amount of the county's total deposits with financial institutions at September 30, 2008, was \$16,607,231, and the bank balance was \$16,686,643. 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.

Component Units – Governmental

The carrying amount of the Meridian-Lauderdale County Public Library's total deposits with financial institutions at September 30, 2008, was \$2,042,536. The carrying amount of the Lauderdale County Tourism Commission's total deposits with financial institutions at September 30, 2008, was \$322,964. The collateral for public entities' deposits in financial institutions is now 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, collateralization of the entity's funds is monitored 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.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 3. Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2008:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Major Funds		
County Road Maintenance	General Fund	\$ 111,934
Nonmajor Governmental Funds	General Fund	<u>126,042</u>
Due from other funds		<u>\$ 237,976</u>
Agency fund	General fund	<u>\$ 13,363</u>
Due to other funds		<u>\$ 251,339</u>

The amounts payable to the county road maintenance fund, the nonmajor governmental funds, and agency fund from the general fund represent distribution of tax collector funds, which are expected to be repaid within one year.

Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Major Fund		
General Fund	Nonmajor Governmental Funds	<u>\$ 250,000</u>
Total		<u>\$ 250,000</u>

The principal purpose of the advances is to provide funds for debt service or operating expenditures. All advances are expected to be repaid within one year from the date of the financial statements.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 3. Interfund Transactions and Balances (continued)

Transfers In/Out

<u>Transfer In</u>		<u>Transfer Out</u>	
Major Fund			
Nonmajor Governmental Funds	Major Governmental Funds	\$	59,735
General Fund	General Fund		494,140
General Fund	Nonmajor Governmental Funds		1,000,000
Nonmajor Governmental Funds	General Fund		497,386
Nonmajor Governmental Funds	Nonmajor Governmental Funds		282,600
Total			<u>\$ 2,333,861</u>

The principal purpose of interfund transfers was to provide funds for grant matches, to provide funds for capital outlay, and to transfer funds collected on special levy reappraisal and approved by the State Tax Commission.

Note 4. Intergovernmental Receivables

Intergovernmental receivables at September 30, 2008 consists of the following:

Governmental Activities

Motor Vehicle License Tax	\$	343,079
Other intergovernmental Receivables		<u>356,304</u>
Total Governmental Activities	\$	<u>699,383</u>

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2008

Note 5. Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2008:

Governmental Activities

	Balance Oct 1, 2007	Addition	Deletion	Adjustments	Balance Sept 30, 2008
<u>Non-depreciable capital assets:</u>					
Land	\$ 9,466,970	\$ 69,580	\$ (12,540)	\$ -	\$ 9,524,010
Construction in progress	8,349,135	3,799,246	-	(2,143,801)	10,004,580
Total non-depreciable capital assets	\$ 17,816,105	\$ 3,868,826	\$ (12,540)	\$ (2,143,801)	\$ 19,528,590
<u>Depreciable capital assets:</u>					
Infrastructure	\$ 93,529,500	\$ -	\$ -	\$ 2,143,801	\$ 95,673,301
Buildings	32,079,083	-	-	-	32,079,083
Improvements other than buildings	1,492,045	-	-	-	1,492,045
Mobile equipment	9,727,722	133,434	-	-	9,861,156
Furniture and equipment	2,400,586	133,700	(5,000)	-	2,529,286
Property under capital leases	6,202,962	1,051,609	(872,910)	-	6,381,661
Total depreciable capital assets	\$ 145,431,898	\$ 1,318,743	\$ (877,910)	\$ 2,143,801	\$ 148,016,532
<u>Less accumulated depreciation for:</u>					
Infrastructure	\$ 53,209,156	\$ 810,416	\$ -	\$ -	\$ 54,019,572
Buildings	4,395,004	379,727	-	-	4,774,731
Improvements other than buildings	547,181	49,602	-	-	596,783
Mobile equipment	7,454,630	464,298	-	-	7,918,928
Furniture and equipment	1,721,699	225,384	(2,700)	-	1,944,383
Property under capital leases	1,284,698	635,774	(78,570)	-	1,841,902
Total accumulated depreciation	\$ 68,612,368	\$ 2,565,201	\$ (81,270)	\$ -	\$ 71,096,299
Total depreciable capital assets, net	\$ 76,819,530	\$ (1,246,458)	\$ (796,640)	\$ 2,143,801	\$ 76,920,233
Governmental activities capital assets, net	\$ 94,635,635	\$ 2,622,368	\$ (809,180)	\$ -	\$ 96,448,823

*The adjustments are the reclassifications of completed construction in progress.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 5. Capital Assets (continued)

The adjustments are to remove items under threshold, to balance to county's schedule.

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 463,918
Public safety	668,471
Public works	1,401,849
Health and welfare	4,216
Culture and recreation	19,600
Conservation of natural resources	1,614
Economic development	5,533
Total governmental activities depreciation expense	<u>\$ 2,565,201</u>

Business-type Activities

	Balance Oct 1, 2007	Addition	Deletion	Adjustments	Balance Sept 30, 2008
<u>Depreciable capital assets:</u>					
Leasehold Improvements	\$ 195,109	\$ 74,028		\$ -	\$ 269,137
Mobile equipment	1,049,794	262,587	(294,307)	-	1,018,074
Furniture and equipment	801,396	307,295	(11,825)	-	1,096,866
Total depreciable capital assets	<u>\$ 2,046,299</u>	<u>\$ 643,910</u>	<u>\$ (306,132)</u>	<u>\$ -</u>	<u>\$ 2,384,077</u>
<u>Less accumulated depreciation for:</u>					
Leasehold Improvements	\$ 33,111	\$ 19,373	\$ -	\$ -	\$ 52,484
Mobile equipment	668,808	145,264	(253,062)	-	561,010
Furniture and equipment	416,999	137,927	(4,139)	-	550,787
Total accumulated depreciation	<u>\$ 1,118,918</u>	<u>\$ 302,564</u>	<u>\$ (257,201)</u>	<u>\$ -</u>	<u>\$ 1,164,281</u>
Total depreciable capital assets, net	<u>\$ 927,381</u>	<u>\$ 341,346</u>	<u>\$ (48,931)</u>	<u>\$ -</u>	<u>\$ 1,219,796</u>
Business-type activities capital assets, net	<u>\$ 927,381</u>	<u>\$ 341,346</u>	<u>\$ (48,931)</u>	<u>\$ -</u>	<u>\$ 1,219,796</u>

All depreciation expense was charged to Metro Ambulance.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 5. Capital Assets (continued)

Component units – governmental

The Meridian-Lauderdale County Public Library capital assets balances at September 30, 2008, are as follows:

Mobile equipment	\$ 16,506
Furniture and equipment	<u>311,205</u>
Total capital assets	\$ 327,711
Less accumulated depreciation	<u>(273,562)</u>
Capital assets, net	<u>\$ 54,149</u>

The library's financial statements do not disclose the changes in capital assets as required by the *Governmental Accounting and Financial Reporting Standards*.

The Lauderdale County Tourism Commission capital assets balance at September 30, 2008, is as follows:

Mobile equipment	\$ 56,127
Furniture and equipment	<u>33,723</u>
Total capital assets	\$ 89,850
Less accumulated depreciation	<u>(48,941)</u>
Capital assets, net	<u>\$ 40,909</u>

The Tourism's financial statements do not disclose the changes in capital assets as required by the *Governmental Accounting and Financial Reporting Standards*.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2008

Note 5. Capital Assets (continued)

As of September 30, 2008, the county had the following commitments with respect to unfinished capital projects:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
DECD-0038(30)B Lockhart Trailer Court Road	\$ 1,036	December 2009
LSBP-38(8) Rob Sims Road Bridge	6,727	October 2009
LSBP-38(12) Box Bridge-Russell Camp and E. Johnson Road	12,959	October 2009
SAP-38(10)S Reseal County Roads	100,408	February 2007
STP-0454(6)B Causeyville Hurricane Creek Road	3,977	September 2005
Loblolly	undetermined	undetermined

Note 6. Claims and Judgments

Risk Financing

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2008, to January 1, 2009. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 7. Operating Leases

As Lessor

The county receives income from property it leases under a noncancellable operating lease. Total income from this lease was \$385,534 for the year ended September 30, 2008. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2009	\$ 375,000
2010	375,000
2011	375,000
2012	375,000
2013	375,000
2014 - 2018	1,875,000
2019 - 2023	<u>1,250,000</u>
	<u>\$ 5,000,000</u>

Note 8. Capital Leases

As Lessee

The county leases the following capital assets acquired through capital leases as of September 30, 2008:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 6,196,733
Furniture and equipment	184,928
Less: Accumulated depreciation	<u>(1,841,902)</u>
Leased Property under Capital Leases	<u>\$ 4,539,759</u>

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2008

Note 8. Capital Leases (continued)

The following is a schedule by years of the total payments due as of September 30, 2008:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 833,459	\$ 112,486
2010	751,563	81,811
2011	705,703	52,883
2012	631,662	28,274
2013	208,214	7,922
Total	<u>\$ 3,130,601</u>	<u>\$ 283,376</u>

Note 9. Long-term Debt

Debt outstanding as of September 30, 2008, consists of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Refunding bonds - Series 1993 & 2003	\$ 1,135,000	1.2 - 3.0	12/09
Refunding bonds - Series 2003	1,950,000	4.375 - 6.25	3/12
Recreation construction - Series 1999	1,330,000	3.9 - 5.25	3/14
Refunding bonds - Series 1999	3,790,000	3.7 - 4.65	10/14
Road and bridge - Series 2000	2,195,000	5.3 - 7.0	6/15
Industrial park - Series 2000	2,585,000	6.5 - 9.25	10/15
Road and bridge - Series 2004	2,700,000	2.75 - 3.5	4/16
Industrial Development bonds - Series 2006	9,530,000	5.3 - 5.75	2/22
Industrial Development bonds - Series 2006	9,480,000	7.0 - 7.25	7/22
Road and bridge - Series 2008	9,300,000	3.1-4.0	4/23
Total General Obligation Bonds	<u>\$ 43,995,000</u>		

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 9. Long-term Debt (continued)

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Special Obligation Bonds:			
Special Obligation Bonds	\$ 3,175,000	3.0 - 4.0	7/19
Hurricane Katrina	<u>839,294</u>	4.25	11/22
	<u>\$ 4,014,294</u>		
C. Capital Leases:			
E911 equipment	\$ 3,945	0.00	4/09
John Deere excavator	6,483	3.01	1/09
2 motorgraders	24,141	3.01	1/09
5 tractors and 2 mowers	29,110	2.91	2/09
IBM 5 Series Model	33,056	3.29	2/10
Caterpillar motorgrader	65,334	3.5	6/10
John Deere excavator	66,498	4.06	3/11
Holland tractor	58,452	4.08	6/11
Caterpillar excavator	77,752	3.98	9/11
5 Fire Trucks	743,187	3.95	11/11
2 Cat Motorgraders	354,725	4.42	8/12
Equip for 5 Fire Trucks	58,660	4.08	2/10
7 F250 Trucks	96,160	4.21	6/12
2006 International Truck	61,061	4.23	5/12
24 Ballot Stations	61,102	4.28	5/12
2 Garbage Trucks	246,192	4.23	2/12
Lowboy Trail Boss 35 Ton	21,746	4.23	7/12
Alamo Boom Mower	71,388	4.35	9/12
9 Mack Dump Trucks	967,500	3.74	12/12
Computers and software	<u>84,109</u>	3.04	5/12
Total Capital Leases	<u>\$ 3,130,601</u>		
D. Other Loans:			
Mississippi Development Authority			
loan for drainage - south industrial park	\$ 555,831	3.0	4/16
Reappraisal	531,077	4.25	8/07
Reappraisal	<u>200,000</u>	4.07	6/12
Total Other Loans	<u>\$ 1,286,908</u>		

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 9. Long-term Debt (continued)

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

Year Ending September 30	Bonds	
	Principal	Interest
2009	\$ 3,875,000	\$ 2,217,895
2010	4,889,294	2,072,238
2011	3,650,000	1,868,437
2012	3,990,000	1,701,949
2013	3,605,000	1,528,788
2014 - 2018	12,820,000	5,427,106
2019 - 2023	10,385,000	2,866,307
2024 - 2028	4,795,000	506,060
Total	<u>\$ 48,009,294</u>	<u>\$ 18,188,780</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2009	\$ 286,774	\$ 46,529
2010	296,026	35,242
2011	305,789	23,382
2012	123,420	11,484
2013	75,653	7,216
2014 - 2018	199,246	7,819
Total	<u>\$ 1,286,908</u>	<u>\$ 131,672</u>

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 9. Long-term Debt (continued)

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 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, 2008, the amount of outstanding debt was equal to 10.2% of the latest property assessments.

Commitments

On August 5, 1996, the Lauderdale County Board of Supervisors entered into an agreement with the City of Meridian to provide annual payments of up to \$162,000 per year through December 1, 2007 for aid of the Bonita Lakes Mall construction project. The agreement specifies that the City of Meridian must meet certain conditions regarding the conducting of business and employment of personnel in order to receive the maximum payment per year. These amounts are paid annually from the revenues generated by tax increment financing.

On October 5, 1999, the Lauderdale County Board of Supervisors entered into an agreement with the City of Meridian relating to the financing for the construction of the Wal-Mart Super Center. The County's share of this obligation is \$770,000, which is equivalent to 35% of the total debt. Payments began October 1, 2002, with principal and interest amounting to \$89,250 and \$46,305, respectively for the year ended September 30, 2008. Payments are made from the revenues generated by tax increment financing.

On December 4, 2000, Lauderdale County entered into an agreement with the City of Meridian to service 35% (or \$385,000) of the total debt of the Lowe's construction project. This debt will be serviced by revenues generated by tax increment financing. Principal of \$35,000 and interest of \$22,522 was paid for the year ended September 30, 2008.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2008

Note 9. Long-term Debt (continued)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2008:

Governmental Activities:					Amount due within one year
	Balance Oct 1, 2007	Additions	Reductions	Balance Sept 30, 2008	
Compensated absences	\$ 425,099	\$ 36,939	\$ -	\$ 462,038	**
General obligation bonds	41,999,294	9,300,000	(3,290,000)	48,009,294	3,875,000
Limited obligation bonds	-	-	-	-	-
Capital leases	3,713,490	1,051,609	(1,634,498)	3,130,601	833,459
Other loans	1,758,818	-	(471,910)	1,286,908	286,774
Total	\$ 47,896,701	\$ 10,388,548	\$ (5,396,408)	\$ 52,888,841	\$ 4,995,233

Business-type Activities:					Amount due within one year
	Balance Oct 1, 2007	Additions	Reductions	Balance Sept 30, 2008	
Compensated absences	\$ 34,844	\$ 7,821	\$ -	\$ 42,665	**

** Due to immateriality, the current portion of Compensated absences has not been estimated.

Note 10. Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balances at September 30, 2008:

Special Revenue Funds	Deficit Amount
Triad Grant Senior Citizens	\$ 452
Cops in School	1,181
Alcohol/Drug Countermeasures	27,138
Homeland Security Grant	13,018
Homeland Security Grant 06	53,000
2007 Hurricane Relief	67,147
CDBG NEW Corp Call Center	82,803
LEMA HMEP/LEPC Grant 07	1,989
Garbage and solid waste	922,719
LEMA Wal-Mart Grant	50
County Unit Road Maintenance	79,972
County Bridge Fund	254,907

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 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. 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.

Note 12. Joint Venture

The county participates in the following joint venture:

Lauderdale County is a participant with the City of Meridian in a joint venture, authorized by Section 57-31-1, Miss. Code Ann. (1972), to operate the East Mississippi Business Development Corporation. The joint venture was created to encourage, foster and facilitate economic development in the county. The board is made up of citizens and corporate members, who are not appointed by the county or the city. The county's appropriation to the joint venture was \$282,600 in fiscal year 2008. Complete financial statements for the East Mississippi Business development Corporation can be obtained from P. O. Box 790, Meridian, MS 39302.

Note 13. Jointly Governed Organizations

The county participates in the following jointly governed organizations:

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Lauderdale County Board of Supervisors appoints two of the 26 members of the board. The county provided no financial support in fiscal year 2008.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2008

Note 13. Jointly Governed Organizations (continued)

East Central Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the 15 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$65,114 for support of the district in fiscal year 2008.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee and Oktibbeha. The Lauderdale County Board of Supervisors appoints two of the 12 members of the college board of trustees. The county appropriated \$203,273 for maintenance and support of the college in fiscal year 2008.

The Multi-County Community Service Agency operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The agency was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Lauderdale County Board of Supervisors appoints three of the 24 members of the board of directors. Most of the funding is derived from federal funds. The county appropriated \$90,000 for support of the agency in fiscal year 2008.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Lauderdale County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$152,283 for support of the commission in fiscal year 2008.

Mid-Mississippi Development District operates in a district composed of the Counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was created to encourage, foster and facilitate economic development in member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The county appropriated \$14,500 for the district's support in fiscal year 2008.

LAUDERDALE COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2008

Note 14. Defined Benefit Pension Plan

Plan Description

The county 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, 2008 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, 2008, 2007, and 2006 were \$1,303,925, \$1,255,299, and \$1,115,036, respectively, equal to the required contributions for each year.

SUPPLEMENTAL INFORMATION

LAUDERDALE COUNTY

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND For the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variances	
	Original	Final	Non-GAAP Budgetary Basis	Favorable (Unfavorable) Original to Final	Final to Actual
REVENUES					
Property taxes	\$ 9,935,860	\$ 9,566,223	\$ 9,566,223	\$ (369,637)	\$ -
Licenses, commissions and other revenue	541,976	602,122	602,122	60,146	-
Fines and forfeitures	1,023,983	1,641,499	1,641,499	617,516	-
Intergovernmental revenues	1,789,999	1,837,215	1,837,215	47,216	-
Charges for services	691,595	778,587	778,587	86,992	-
Interest income	257,530	130,567	130,567	(126,963)	-
Miscellaneous revenues	778,067	778,580	778,580	513	-
Total Revenues	\$ 15,019,010	\$ 15,334,793	\$ 15,334,793	\$ 315,783	\$ -
EXPENDITURES					
Current					
General government	\$ 6,279,331	\$ 6,158,189	\$ 6,158,197	\$ 121,142	\$ 8
Public safety	7,423,479	7,873,948	7,873,948	(450,469)	-
Health and welfare	1,030,884	1,147,069	1,147,069	(116,185)	-
Culture and recreation	-	-	-	-	-
Conservation of natural resources	132,025	112,231	112,231	19,794	-
Economic development and assistance	81,414	15,450	15,450	65,964	-
Debt service				-	
Principal	220,000	220,000	220,000	-	-
Interest	127,585	127,277	127,277	308	-
Total Expenditures	\$ 15,294,718	\$ 15,654,164	\$ 15,654,172	\$ (359,446)	\$ 8
Excess (Deficiency) of Revenues Over Expenditures	\$ (275,708)	\$ (319,371)	\$ (319,379)	\$ (43,663)	\$ 8
OTHER FINANCING SOURCES (USES)					
Proceeds from sales of capital assets	\$ 11,895	\$ 5,000	\$ 5,000	\$ (6,895)	\$ -
Compensation for loss of capital assets	7,291	37,541	37,541	30,250	-
Transfers in	1,568,396	1,511,732	1,511,732	(56,664)	-
Transfers out	(624,000)	(991,026)	(991,026)	(367,026)	-
Other Financing Sources (Uses)	\$ 963,582	\$ 563,247	\$ 563,247	\$ (400,335)	\$ -
Net Change in Fund Balances	\$ 687,874	\$ 243,876	\$ 243,868	\$ (443,998)	\$ 8
Fund Balance - Beginning	\$ 2,727,509	\$ 1,573,528	\$ 1,574,036	\$ -	\$ -
Fund Balance - Ending	\$ 3,415,383	\$ 1,817,404	\$ 1,817,904	\$ (443,998)	\$ 8

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

LAUDERDALE COUNTY

BUDGETARY COMPARISON SCHEDULE FOR THE ROAD MAINTENANCE FUND

For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Non-GAAP Budgetary Basis	Variances Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Property taxes	\$ 3,081,163	\$ 2,930,396	\$ 2,930,396	\$ (150,767)	\$ -
Licenses, commissions and other revenue	943,624	931,520	931,520	(12,104)	-
Fines and forfeitures	161,550	184,775	184,775	23,225	-
Intergovernmental revenues	828,505	836,542	836,542	8,037	-
Interest income	2,818	1,190	1,190	(1,628)	-
Miscellaneous revenues	3,800	8,314	8,314	4,514	-
Total Revenues	<u>\$ 5,021,460</u>	<u>\$ 4,892,737</u>	<u>\$ 4,892,737</u>	<u>\$ (128,723)</u>	<u>\$ -</u>
EXPENDITURES					
Current					
Public works	\$ 4,120,863	\$ 4,711,729	\$ 4,711,729	\$ (590,866)	\$ -
Debt service					
Principal	810,914	1,264,941	1,264,941	(454,027)	-
Interest	89,683	87,549	87,549	2,134	-
Total Expenditures	<u>\$ 5,021,460</u>	<u>\$ 6,064,219</u>	<u>\$ 6,064,219</u>	<u>\$ (1,042,759)</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (1,171,482)</u>	<u>\$ (1,171,482)</u>	<u>\$ (1,171,482)</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)					
Short-term debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sales of capital assets	-	741,974	741,974	741,974	-
Compensation for loss of capital assets	-	13,305	13,305	13,305	-
Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 755,279</u>	<u>\$ 755,279</u>	<u>\$ 755,279</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (416,203)</u>	<u>\$ (416,203)</u>	<u>\$ (416,203)</u>	<u>\$ -</u>
Fund Balance - Beginning	<u>\$ 122,635</u>	<u>\$ (38,563)</u>	<u>\$ (38,563)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Ending	<u>\$ 122,635</u>	<u>\$ (454,766)</u>	<u>\$ (454,766)</u>	<u>\$ (416,203)</u>	<u>\$ -</u>

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

LAUDERDALE COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2008

Note 1. 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 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, prepared 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.

Note 2. 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.

Note 3. 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 Notes to the Required Supplementary Information are an integral part of this statement.

Note 3. Budget/GAAP Reconciliation (continued)

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ 243,876	\$ (416,203)
Increase (Decrease)		
Net adjustments for revenue accruals	57,314	973,758
Net adjustments for expenditure accruals	<u>34,803</u>	<u>(775,023)</u>
GAAP Basis	<u>\$ 335,993</u>	<u>\$ (217,468)</u>

LAUDERDALE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2008

Federal Grantor / Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
CDBG - Tower Automotive	* 14.228	1123-06-038-ED-01	\$ 15,000
CDBG - Tower Automotive	* 14.228	R-103-038-01-KED	495,411
CDBG - First Time Homebuyers	14.228	1219-M07-SG-280-942	24,900
CDBG - N.E.W. Call Center	* 14.228	R-103-038-02-KED	174,572
CDBG - Human Service Complex	* 14.228	1124-07-038-PF-01	166,313
Total U.S. Department of Housing and Urban Development			<u>\$ 876,196</u>
U.S. Department of Justice - Office of Justice Programs			
Multijurisdictional Drug Task Force	16.579	05NM2223	\$ 129,568
Multijurisdictional Drug Task Force	16.579	2006-F1332-MS-DJ	15,900
2007 Hurricane Relief	16.738	2007-DJ-BX-0224	67,147
Total U.S. Department of Justice			<u>\$ 212,615</u>
U.S. Department of Transportation - Federal Highway Admin Passed through the Office of Highway Safety - State of MS			
Alcohol / Drug Countermeasures	20.601	08-TA-138-1	\$ 95,109
Hazardous Materials Emergency Preparedness	20.703	N/A	7,888
			<u>\$ 102,997</u>
U.S. Department of Homeland Security / Passed through the Mississippi Emergency Management Agency			
Flood Mitigation Assistance	97.029	N/A	\$ 179,564
Citizen Corp	97.053	05CC038	25,879
State Homeland Security Program	* 97.073	05HS038	88,173
State Homeland Security Program	* 97.073	S5HS038	65,000
State Homeland Security Program	* 97.073	ASHS038	13,459
Law Enforcement Terrorism Prevention Program	97.074	05LE038	52,330
Law Enforcement Terrorism Prevention Program	97.074	S5LE038	54,038
Law Enforcement Terrorism Prevention Program	97.074	06LE038	55,744
FEMA Hurricane Katrina	97.036	FEMA-1604-DR-MS	846
SCAAP Grant		N/A	2,810
Total U.S. Department of Homeland Security			<u>\$ 537,843</u>

LAUDERDALE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

For the Year Ended September 30, 2008

Federal Grantor / Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Federal Emergency Management Agency / Passed through the Mississippi Emergency Management Agency			
Mosquito Control Grant	97.029	N/A	\$ 57,764
Emergency Management Reimbursement	97.306	N/A	951
EDC Enhancement Grant	97.UN	N/A	<u>12,614</u>
Total Federal Emergency Management Agency			<u>\$ 71,329</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,800,980</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies

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

*Denotes major federal award program.

For the Year Ended September 30, 2008

Salaries	\$ 978,353
Expendable commodities	
Gasoline and petroleum products	228,227
Repair parts	83,507
Supplies	50,748
Contractual disposal services	666,257
Insurance on equipment	19,808

Indirect administrative costs	\$ 26,376
Depreciation on equipment	49,635
Interest	12,432

Solid Waste Full Cost Operating Expenses	\$ 2,115,343
--	--------------

LAUDERDALE COUNTY
SPECIAL REPORTS



REA, SHAW, GIFFIN & STUART, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE
OF
CERTIFIED PUBLIC
ACCOUNTANTS

POST OFFICE BOX 2090
MERIDIAN, MS 39302
TELEPHONE 601-693-2841
FAX 601-693-2851

POST OFFICE BOX 562
WAYNESBORO, MS 39367
TELEPHONE 601-735-2317
FAX 601-735-0585

MEMBER
MISSISSIPPI SOCIETY
OF
CERTIFIED PUBLIC
ACCOUNTANTS

**INDEPENDENT AUDITORS' 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**

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund and the aggregate remaining fund information of Lauderdale County, Mississippi as of and for the year ended September 30, 2008, which collectively comprise the county's basic financial statements and have issued our report thereon dated June 12, 2009. We also audited the financial statements of the Ambulance Enterprise Fund, which represent 100% of the assets and revenues of the enterprise fund column. We did not audit the financial statements of the Meridian-Lauderdale County Public Library, component unit, which represents 85% of the assets and 68% of the revenues of the governmental component units column. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the report 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

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs and Responses as 08-1 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 limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lauderdale County, Mississippi's financial statements are free of material misstatement, we and other auditors 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 and the reports of other auditors disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 08-2.

Lauderdale County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Responses. We did not audit Lauderdale 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.

Rea, Shaw, Giffin & Stuart
REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 12, 2009



REA, SHAW, GIFFIN & STUART, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE
OF
CERTIFIED PUBLIC
ACCOUNTANTS

POST OFFICE BOX 2090
MERIDIAN, MS 39302
TELEPHONE 601-693-2841
FAX 601-693-2851

POST OFFICE BOX 562
WAYNESBORO, MS 39367
TELEPHONE 601-735-2317
FAX 601-735-0585

MEMBER
MISSISSIPPI SOCIETY
OF
CERTIFIED PUBLIC
ACCOUNTANTS

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

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

Compliance

We have audited the compliance of Lauderdale 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, 2008. Lauderdale County, Mississippi's major federal programs are identified in the summary of auditors' 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 Lauderdale County, Mississippi's management. Our responsibility is to express an opinion on Lauderdale 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 Lauderdale 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 Lauderdale County, Mississippi's compliance with those requirements.

In our opinion, Lauderdale 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 08-3.

Internal Control Over Compliance

The management of Lauderdale 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 Lauderdale County, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but 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.

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 08-3 to be a significant deficiency.

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 county's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

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

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

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 12, 2009

REA, SHAW, GIFFIN & STUART, LLP



REA, SHAW, GIFFIN & STUART, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE
OF
CERTIFIED PUBLIC
ACCOUNTANTS

POST OFFICE BOX 2090
MERIDIAN, MS 39302
TELEPHONE 601-693-2841
FAX 601-693-2851

POST OFFICE BOX 562
WAYNESBORO, MS 39367
TELEPHONE 601-735-2317
FAX 601-735-0585

MEMBER
MISSISSIPPI SOCIETY
OF
CERTIFIED PUBLIC
ACCOUNTANTS

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

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

We have made a study and evaluation of the central purchasing system and inventory control system of Lauderdale County, Mississippi, as of and for the year ended September 30, 2008. 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 Lauderdale 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 Lauderdale 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, Lauderdale 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 Lauderdale 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.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi
June 12, 2009

SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER

For the Year Ended September 30, 2008

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

LAUDERDALE COUNTYSchedule 2**SCHEDULE OF EMERGENCY PURCHASES**

For the Year Ended September 30, 2008

The following purchases were emergency purchases.

<u>Description</u>	<u>Purchase Date</u>	<u>Cost</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
Repair of collapsed bridge on King Road	9/2/2008	\$ 23,942	Joe Magee	Immediate need

SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY FROM A SOLE SOURCE

For the Year Ended September 30, 2008

The following purchases were each made noncompetitively from a sole source.

<u>Description</u>	<u>Purchase Date</u>	<u>Cost</u>	<u>Vendor</u>
Tasers	11/6/2007	\$ 4,829	Taser International
Stenograph equipment	1/23/2008	\$ 8,610	Stenograph, LLC
Stenograph equipment	7/7/2008	\$ 20,125	Stenograph, LLC



REA, SHAW, GIFFIN & STUART, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE
OF
CERTIFIED PUBLIC
ACCOUNTANTS

POST OFFICE BOX 2090
MERIDIAN, MS 39302
TELEPHONE 601-693-2841
FAX 601-693-2851

POST OFFICE BOX 562
WAYNESBORO, MS 39367
TELEPHONE 601-735-2317
FAX 601-735-0585

MEMBER
MISSISSIPPI SOCIETY
OF
CERTIFIED PUBLIC
ACCOUNTANTS

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

TO THE MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

In planning and performing our audit of the financial statements of Lauderdale County, Mississippi for the year ended September 30, 2008, we considered Lauderdale 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 Lauderdale 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 June 12, 2009, on the financial statements of Lauderdale 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 finding and recommendation and your response are discussed below:

Board of Supervisors

1. Finding

The County is not compliant with Senate Bill 2857. The bill allows the Board of Supervisors to use county credit cards to pay expenses incurred for travel for official duties. Some of the supervisors are not furnishing receipts for these expenses.

Recommendation

Supervisors should provide proper documentation for the use of county credit cards.

Board of Supervisors Response

This matter will be discussed with the Supervisors who are not furnishing the receipts, so that we will be in compliance with Senate Bill 2857.

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.

Rea, Shaw, Giffin & Stuart

REA, SHAW, GIFFIN & STUART, LLP

**LAUDERDALE COUNTY
SCHEDULE OF FINDINGS**

LAUDERDALE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended September 30, 2008

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the general purpose financial statements: | |
| a. Governmental activities | Unqualified |
| b. Business-type activities | Unqualified |
| c. General Fund | Unqualified |
| d. Road Maintenance Fund | Unqualified |
| e. Aggregate remaining fund information | Unqualified |
| f. Aggregate discreetly presented component units | Unqualified |
| 2. Material noncompliance relating to the general purpose financial statements? | Yes |
| 3. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiencies identified that are not considered to material weaknesses? | No |

Federal Awards:

- | | |
|---|-------------|
| 4. Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 6. Any audit finding(s) reported as required by Section __.510(a) of Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. CDBG – Tower Automotive | 14.228 |
| b. State Homeland Security Program | 97.073 |

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs (continued) For the Year Ended September 30, 2008

SECTION I: SUMMARY OF AUDITORS' RESULTS (continued)

Federal Awards (continued):

- | | |
|---|-----------|
| 8. The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |
| 10. Prior fiscal audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

SECTION II: FINANCIAL STATEMENT FINDINGS

Board of Supervisors
Significant Deficiency – Material Weakness

08 – 1 Finding

A critical aspect of effective financial management is the preparation of accurate financial statements, including the Schedule of Expenditures of Federal Awards. Management did not have personnel that 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 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 that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

LAUDERDALE COUNTY

Schedule of Findings and Questioned Costs (continued) For the Year Ended September 30, 2008

SECTION II: FINANCIAL STATEMENT FINDINGS (continued)

Board of Supervisors/County Administrator.

08-2 Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. Warrants were issued on funds which did not have sufficient money to pay the warrants. At September 30, 2008, the following funds had negative cash balances: Triad Grant Senior Citizens (\$452), Cops in School (\$1,181), Alcohol/Drug Countermeasures (\$27,138), Homeland Security Grant (\$13,018), Homeland Security Grant 2006 (\$53,000), 2007 Hurricane Relief (\$67,147), CDBG NEW Corp Call Center (\$82,803), LEMA HMEP/LEPC Grant 07 (\$1,989), Garbage and Solid Waste (\$922,719), LEMA Wal-Mart Grant (\$50), County Unit Road Maintenance (\$79,972), and County Bridge Fund (\$254,907).

Recommendation

The County Administrator should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

SECTION III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

08-3 Finding

A physical inventory of equipment acquired under Federal awards is required to be taken every two years. Lauderdale County has not taken a physical inventory of equipment acquired under Federal awards in the past two years.

Recommendation

Adequate procedures should be established to ensure that a physical inventory of equipment acquired under Federal awards is conducted every two years.

LAUDERDALE COUNTY

Board of Supervisors

BOARD OF SUPERVISORS

HANK FLOREY, District 1
WAYMAN NEWELL, District 2
CRAIG HITT, District 3
JOE NORWOOD, District 4
RAY BOSWELL, District 5



410 CONSTITUTION AVENUE
MERIDIAN, MISSISSIPPI 39301
TELEPHONE (601) 482-9746
FAX (601) 482-9744
www.lauderdalecounty.org

CAROLYN MOONEY
Chancery Clerk

MIKE SUMRALL
County Administrator

NEAL CARSON, P.E.
County Engineer

JESSIE NEWELL
Director of Purchasing

J. RICHARD "RICK" BARRY
Board Attorney

CORRECTIVE ACTION PLAN

OFFICE OF THE STATE AUDITOR
P O BOX 956
JACKSON MS 39205

Gentlemen:

Lauderdale County respectfully submits the following corrective action plan for the year ended September 30, 2008.

The findings from the schedule of Findings and Questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I: Summary of Auditor's Results does not include findings and is not addressed.

SECTION II: FINANCIAL STATEMENT FINDINGS

- 08-1 Corrective Action Planned: Lauderdale County is in the process of establishing adequate controls in preparation of its financial statements, including the Schedule of Expenditures of Federal Awards.

Anticipated Completion Date: Ending of 2010 Fiscal Year.

Contact Person Responsible for Corrective Action: County Administrator, Lauderdale County, Mississippi.

- 08-2 Corrective Action Planned: Lauderdale County is in the process of adjusting the county's budget to ensure increased revenues and decreased expenditures to the point that an appropriate fund balance is maintained in all county funds. For all reimbursable funds an interfund loan will be made until such time the grant or reimbursable funds are received.

Anticipated Completion Date: Ending of 2010 Fiscal Year.

Contact Person Responsible for Corrective Action: County Administrator, Lauderdale County, Mississippi.

SECTION III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS


08-3 Corrective Action Planned: Lauderdale County is in the process of conducting complete yearly inventory of all county property. County staff will be trained to conduct such reviews and the yearly inventory counts will be made part of their mandatory duties.

Anticipated Completion Date: Ending of 2009 Fiscal Year.

Contact Person Responsible for Corrective Action: County Administrator, Lauderdale County, Mississippi.

Sincerely yours,

LAUDERDALE COUNTY, MISSISSIPPI


County Administrator

LAUDERDALE COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

LAUDERDALE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2008

Finding 07-1:

During the audit for the year ended September 30, 2007, it was noted that the County did not have personnel that 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 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 that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

Current status:

Lauderdale County is in the process of establishing adequate controls in the preparation of its financial statements and intends to comply with the auditor recommendation for fiscal year 2010.