

OFFICIAL STATEMENT

NEW ISSUE - BOOK ENTRY ONLY

NON-RATED

In the opinion of Special Counsel, the interest portion of the Base Rental payments to be made by the County under the Lease and received by the owners of the Certificates is excluded from gross income for federal income tax purposes under present federal income tax laws and is exempt from personal income taxes of the State of Mississippi under present state income tax laws. However, the interest portion of the Base Rental payments is included in the computation of certain federal taxes on corporations. See the section entitled "TAX MATTERS" herein.

\$7,740,000

**CERTIFICATES OF PARTICIPATION
(SIMPSON COUNTY, MISSISSIPPI LEASE PURCHASE PROJECT), SERIES 2010
EVIDENCING PROPORTIONATE INTERESTS IN A LEASE, INCLUDING
THE RIGHT TO RECEIVE BASE RENTAL PAYMENTS THEREUNDER, TO BE MADE BY
SIMPSON COUNTY, MISSISSIPPI**

Dated: Date of Delivery

Due: November 1, as shown on inside of front cover

The Certificates of Participation (Simpson County, Mississippi Lease Purchase Project), Series 2010 (the "Certificates") represent fractional and proportionate undivided interests in a Lease and Option to Purchase (the "Lease") including the right to receive Base Rental payments thereunder (as defined herein), to acquire, construct, finance and equip a County jail, sheriff department/justice court building and related facilities, including but not limited to a dormitory to house state prisoners under authority of Sections 31-8-1 et seq., Mississippi Code of 1972 (the "Act") with the proceeds of the sale of the Certificates and leased to Simpson County, Mississippi by the Central Mississippi Public Improvement Corporation, a non-profit corporation organized and existing under the laws of the State of Mississippi (the "Corporation"). Pursuant to an Assignment Agreement, the Corporation has irrevocably assigned certain of its rights under the Lease, including the right to receive Base Rental payments paid by the County, to the Trustee.

The Certificates are issuable only as fully registered certificates, without coupons. The Certificates will be available to purchasers in the principal denomination of \$5,000 each or any integral multiple thereof. The Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as securities depository for the Certificates. Purchasers of the Certificates will not receive physical delivery of the Certificates. The principal or redemption price of and interest on the Certificates are payable by wire transfer to DTC which, in turn, will remit such principal, redemption price or interest to DTC Participants for subsequent disbursements to the Beneficial Owners of the Certificates, as more fully discussed herein. See "THE CERTIFICATES - Book-Entry Only System" herein.

Interest is payable by BancorpSouth, Jackson, Mississippi, as Trustee, by check or draft mailed on the Interest Payment Date to the persons who were the registered Owners of the Certificates as of the Record Date for such payment. Interest is payable on May 1 and November 1 of each year (each an Interest Payment Date), commencing May 1, 2011. Principal of the Certificates is payable at maturity thereof or earlier redemption thereof at the corporate trust office of the Trustee in Jackson, Mississippi or at the office of any paying agent. The Certificates shall mature on November 1 of each year, commencing November 1, 2011, as set forth on the inside of the front cover hereof.

Certificates maturing on November 1, 2021 and thereafter, are subject to redemption prior to their stated dates of maturity, at par, plus accrued interest to the date of redemption, either in whole at any time on or after November 1, 2020, or in part, in inverse order of maturity and by lot within a maturity on November 1, 2020, or on any Interest Payment Date thereafter.

The Certificates are subject to mandatory redemption as described herein.

The obligation of the County to make Base Rental and Additional Rental payments under the Lease constitutes a binding obligation of the County in accordance with the terms of said Lease. Provided, however, so long as no default of any monetary obligation of the County has occurred, the County's obligation to pay any amounts due or perform any covenants requiring or resulting in the expenditure of money shall be contingent and expressly limited to the extent of any specific, annual appropriation made by the County to fund such Lease. Nothing contained in the Lease shall create any monetary obligation on the part of the County beyond such current and specific appropriation. The County's Board of Supervisors (the "Governing Body"), in its sole discretion, may make said payments with any lawfully available revenues. Except as stated in the Trust Agreement, nothing in the Lease creates a lien of any kind or character whatsoever upon any funds, income or revenue now existing or hereafter held, collected, received, anticipated by, or available to the Governing Body or prevents or restricts the Governing Body at any time from pledging, obligating or creating specific liens upon funds, income or revenues to or for the payment of any bonds, notes or certificates of the Governing Body or for any other purpose whatsoever. The County has not pledged or levied any form of taxation for the payment of Outstanding Certificates (see the section entitled "Reappraisal of Property and Limitation on Ad Valorem Levies" in APPENDIX A herein.)

The obligation of the County under the Lease is not a general obligation and does not constitute a pledge of the full faith and credit of the County, the State of Mississippi or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation.

The Certificates have been designated by the County as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(C) of the Internal Revenue Code of 1986, as amended.

CREWS & ASSOCIATES, INC.

The Certificates are offered when, as and if delivered to and received by the Corporation, subject to the approval of legality by Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Special Counsel. The Certificates, in book-entry form, will be available for delivery in Jackson, Mississippi on or about November 1, 2010.

The date of this Official Statement is September 28, 2010

MATURITY SCHEDULE
SERIAL CERTIFICATES OF PARTICIPATION

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YIELD</u>	<u>CUSIP</u>
2011	\$275,000	3.000%	1.700%	829036 AA0
2012	285,000	3.000	1.850	829036 AB8
2013	290,000	3.000	2.050	829036 AC6
2014	300,000	3.000	2.250	829036 AD4
2015	310,000	3.000	2.550	829036 AE2
2016	320,000	3.000	2.900	829036 AF9
2017	330,000	3.125	3.200	829036 AG7
2018	340,000	3.375	3.450	829036 AH5
2019	350,000	3.625	3.650	829036 AJ1
2020	365,000	3.750	3.850	829036 AK8
2021	375,000	4.000	4.000	829036 AL6
2022	390,000	4.000	4.100	829036 AM4
2023	410,000	4.125	4.200	829036 AN2
2024	425,000	4.125	4.250	829036 AP7
2025	440,000	4.250	4.350	829036 AQ5

TERM CERTIFICATE OF PARTICIPATION

\$2,535,000 @ 4.700% Term Certificate Due November 1, 2030 @ 4.70%, CUSIP 829036 AR3

No dealer, broker, salesman or other person has been authorized to make any representations with respect to the Certificates other than is contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Certificates in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information regarding DTC has been obtained from DTC, but is not guaranteed as to accuracy or completeness by the County. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with and as a part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information, estimates and expressions of opinion contained herein are subject to changes without notice, and while all information has been secured from sources which are believed to be reliable, all parties preparing and distributing the Official Statement make no guaranty or warranty relating thereto. All opinions, estimates or assumptions, whether or not expressly identified, are intended as such and not as representations of fact. Neither the delivery of this Official Statement shall, nor any sale made hereunder, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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SIMPSON COUNTY, MISSISSIPPI

BOARD OF SUPERVISORS
CURTIS SKIFFER
HARVEY BLAKENEY
WILLIAM "PETE" LOWERY
MICKEY BERRY
RANDY MOORE

TOMMY JOE HARVEY
CLERK, BOARD OF SUPERVISORS

DANNY WELCH, ESQUIRE
ATTORNEY FOR THE BOARD OF SUPERVISORS

GOVERNMENT CONSULTANTS, INC.
JACKSON, MISSISSIPPI
FINANCIAL ADVISORS

BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC
RIDGELAND, MISSISSIPPI
SPECIAL COUNSEL

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\$7,740,000
CERTIFICATES OF PARTICIPATION
(SIMPSON COUNTY, MISSISSIPPI LEASE PURCHASE PROJECT),
SERIES 2010
Evidencing Proportionate Interests in a Lease,
Including the Right to Receive
Base Rental Payments Thereunder, to be Made by
SIMPSON COUNTY, MISSISSIPPI

INTRODUCTION

The purpose of this Official Statement, which includes the attached APPENDICES, is to provide certain information concerning the sale and delivery of the Certificates of Participation (Simpson County, Mississippi Lease Purchase Project), Series 2010 (the "Certificates"), in the initial aggregate principal amount of \$7,740,000. The Certificates represent fractional and proportionate undivided interests in a Lease and Option to Purchase (the "Lease"), dated as of the date of delivery, by and between Simpson County, Mississippi (the "County"), and Central Mississippi Public Improvement Corporation, a Mississippi non-profit corporation (the "Corporation"), including the right to receive payments to be made by the County as Base Rental for the use and occupancy of facilities to be utilized as a County jail, sheriff department/justice court and related facilities, including but not limited to a dormitory to house State prisoners. The County is authorized to enter into said Lease and pay said Base Rental pursuant to the provisions of Sections 31-8-1 *et seq.*, Mississippi Code of 1972, as amended.

The meaning of capitalized terms used in this Official Statement is set forth under the caption "GLOSSARY" unless otherwise defined herein, or in the Trust Agreement.

Pursuant to a Ground Lease (the "Ground Lease"), dated as of the date of delivery, by and between the Corporation and the County, the County will lease to the Corporation a certain parcel of real property (the "Property") on which the acquisition, construction, financing and equipping of a County jail, sheriff department/justice court building and related facilities, including but not limited to a dormitory to house State prisoners ("Improvements") are to be constructed (the Improvements and the Property are referred to herein, collectively as the "Project") (see "THE PROJECT" herein), and, pursuant to the Lease. The Corporation will agree to cause the Improvements to be constructed on the Property and will agree that the costs or acquisition and construction of the Project will be paid from proceeds of the sale of the Certificates.

The Certificates are being issued pursuant to a Trust Agreement (the "Trust Agreement"), dated as of the date of delivery, by and between the County and BancorpSouth, Jackson, Mississippi, as Trustee (the "Trustee"). Under the terms of an Assignment Agreement, dated as of the date of delivery (the "Assignment Agreement"), the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, all of its right, title and interest in and to the Lease and the Ground Lease (excepting only the Corporation's obligation to cause the Project to be constructed and its rights to indemnification and payment or reimbursement of its costs and

expenses). Such assignment to the Trustee will include the Corporation's right to receive Base Rental payments and the right to enforce payment of Base Rental when due.

Under the Lease, the County is required to make Base Rental payments, each of which contains an interest component and a principal component which the Trustee will distribute to the Owners of the Certificates. In addition, the Lease requires the County to pay, as Additional Rental, any taxes, assessments and insurance premiums with respect to the Project and, to the extent not paid out of proceeds of the Certificates, the fees and expenses of the Trustee, the expenses of execution and delivery of the Certificates and any other fees, costs or expenses incurred by the Corporation in connection with the execution, performance and enforcement of the Lease, the Trust Agreement or any of the transactions contemplated thereby or related to the Project. To secure the performance of its obligation to pay Base Rental, the County shall deposit each Base Rental payment with the Trustee at least five days prior to the date on which the Base Rental is due, for application by the Trustee in accordance with the terms of the Trust Agreement. In the event any such date of deposit is not a Business Day, such deposit shall be made on the next preceding Business Day.

The obligation of the County to pay Base Rental shall commence on the Closing Date. Base Rental payments with respect to the Project shall be payable from any source lawfully available therefor.

The obligations of the County to make the Base Rental payments and to perform and observe the other agreements on its part contained in the Lease shall be absolute and unconditional, regardless of whether the Project shall have been entirely completed at the time the first payment becomes due hereunder and regardless of the continued existence of the Project in a physical condition satisfactory to the County.

Until the principal of and interest on the Certificates have been fully paid or all the County's obligations under the Lease are satisfied and defeased, the County (1) shall not diminish, suspend or discontinue any payments provided for in the Lease, (2) shall perform and observe all of its other agreements contained in the Lease, and (3) shall not terminate the Lease.

The County has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental payments and other payments due under the Lease for the Project in its annual budget, and to make the necessary annual appropriations for all such payments until all principal of and interest on the Certificates shall have been paid or all obligations of the County under the Trust Agreement satisfied and terminated.

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL AND ADDITIONAL RENTAL PAYMENTS UNDER THE LEASE CONSTITUTES A BINDING OBLIGATION OF THE COUNTY IN ACCORDANCE WITH THE TERMS OF SAID LEASE. PROVIDED, HOWEVER, SO LONG AS NO DEFAULT OF ANY MONETARY OBLIGATION OF THE COUNTY HAS OCCURRED, THE COUNTY'S OBLIGATION TO PAY ANY AMOUNTS DUE OR PERFORM ANY COVENANTS REQUIRING OR RESULTING IN THE EXPENDITURE OF MONEY SHALL BE CONTINGENT AND EXPRESSLY LIMITED TO THE EXTENT OF ANY SPECIFIC, ANNUAL APPROPRIATION MADE BY THE COUNTY TO FUND SUCH LEASE.

NOTHING CONTAINED IN THE LEASE SHALL CREATE ANY MONETARY OBLIGATION ON THE PART OF THE COUNTY BEYOND SUCH CURRENT AND SPECIFIC APPROPRIATION. THE COUNTY'S BOARD OF SUPERVISORS (THE "GOVERNING BODY"), IN ITS SOLE DISCRETION, MAY MAKE SAID PAYMENTS WITH ANY LAWFULLY AVAILABLE REVENUES. EXCEPT AS STATED IN THE TRUST AGREEMENT, NOTHING IN THE LEASE CREATES A LIEN OF ANY KIND OR CHARACTER WHATSOEVER UPON ANY FUNDS, INCOME OR REVENUE NOW EXISTING OR HEREAFTER HELD, COLLECTED, RECEIVED, ANTICIPATED BY, OR AVAILABLE TO THE GOVERNING BODY OR PREVENTS OR RESTRICTS THE GOVERNING BODY AT ANY TIME FROM PLEDGING, OBLIGATING OR CREATING SPECIFIC LIENS UPON FUNDS, INCOME OR REVENUES TO OR FOR THE PAYMENT OF ANY BONDS, NOTES OR CERTIFICATES OF THE GOVERNING BODY OR FOR ANY OTHER PURPOSE WHATSOEVER. THE COUNTY HAS NOT PLEDGED OR LEVIED ANY FORM OF TAXATION FOR THE PAYMENT OF OUTSTANDING CERTIFICATES (SEE THE SECTION ENTITLED "REAPPRAISAL OF PROPERTY AND LIMITATION ON AD VALOREM LEVIES" IN APPENDIX A HEREIN.)

THE OBLIGATION OF THE COUNTY UNDER THE LEASE IS NOT A GENERAL OBLIGATION AND DOES NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY, THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

For certain information with respect to the County, including financial information, See APPENDIX A - "SIMPSON COUNTY INFORMATION" and APPENDIX B - "FINANCIAL INFORMATION ON COUNTY."

The meaning of capitalized terms used in this Official Statement is set forth under the caption "GLOSSARY" unless otherwise defined herein, or in the Trust Agreement.

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ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds are estimated to be as follows:

SOURCES OF FUNDS:

Principal Amount of Certificates	\$7,740,000.00
County Contributions	376,373.75
Net Reoffering Premium	<u>10,626.25</u>
Total Sources	<u><u>\$8,127,000.00</u></u>

USES OF FUNDS:

Deposit to General Account of Construction And Acquisition Fund	\$7,740,000.00
Deposit to Costs of Issuance Account of Construction And Acquisition Fund	243,810.00
Underwriter's Discount	<u>143,190.00</u>
Total Uses of Funds	<u><u>\$8,127,000.00</u></u>

GLOSSARY

"Acquisition Costs" means, with respect to the Project and related facilities, the contract price paid or to be paid to or at the direction of the Contractor for the acquisition, construction, expansion, remodeling, enlarging, equipping, installation, delivery and financing of the Project and related facilities, in accordance with the General Construction Contract, and includes reimbursement to the County and Corporation for any payments made by the County and Corporation prior to or subsequent to the execution of the Lease pursuant to the declaration of official intent of the governing body of the County under Treasury Regulation 1.150-2. Acquisition Costs also include the cost of the site of the Project, the costs of site preparation necessary for the construction and installation of the Project and related facilities, costs and expenses incurred in connection with the execution and delivery of the Certificates, the Ground Lease, the Lease, the Assignment Agreement and the Trust Agreement, and any and all agreements, instruments, certificates or other documents issued in connection therewith, any premium with respect to insurance of the Certificates, as well as administrative, engineering, legal, financial and other costs incurred in connection with the acquisition, construction, expansion, remodeling, enlarging, equipping, installation, delivery and financing of the Project and related facilities. Acquisition Costs also include capitalized interest, if any, for a period of construction plus one (1) year, less any amounts on deposit in the Interest Account for capitalized interest.

"Additional Rental" means those amounts, other than Base Rental, to be paid by the County under the Lease, taxes, assessments and insurance premiums and, to the extent not paid out of proceeds of the sale of the Certificates, the fees and expenses of the Trustee and the expenses incurred by the Corporation in connection with the execution, performance or enforcement of the Lease or the Trust Agreement or any of the transactions contemplated thereby.

"Administrative Expense Fund" means the trust fund established pursuant to the Trust Agreement for the payment of expenses of the Corporation or the County incidental to the execution and delivery of the Certificates and other administrative charges of the Corporation or the County in order to comply with the terms of the Certificates or the Trust Agreement.

"Assignment Agreement" means that certain Assignment Agreement, dated as of the date of delivery, by and between the Corporation and the Trustee, pertaining to the assignment of all of the Corporation's right, title and interest (excluding the Corporation's obligation to cause the Project to be constructed and excluding the Corporation's right to indemnification and reimbursement for any costs or expenses) in and to the Lease and the Ground Lease to the Trustee for the benefit of the Owners of the Certificates.

"Base Rental" means those amounts set forth in the Lease and designated as Base Rental to be paid by the County for the use and occupancy of the Project, as such amounts may be adjusted from time to time in accordance with the terms of the Lease, but does not include Additional Rental. A table setting forth the Base Rental payments is included in **APPENDIX D** to this Official Statement.

"Base Rental Fund" means the trust fund established pursuant to the Trust Agreement, into which all Base Rental payments received by the Trustee shall be deposited.

"Business Day" means a day which is not a Saturday or Sunday, or a day on which the offices of the County are authorized or required by law to be closed, or a day on which banking institutions are authorized or required by law to be closed in the State of New York or the State of Mississippi for commercial banking purposes or a day on which the New York Stock Exchange is closed.

"Certificate Fund" means the trust fund established pursuant to the Trust Agreement for the payment or redemption of principal, interest and premium, if any, with respect to the Certificates.

"Certificate Obligation" means, as of any date of calculation, with respect to any Outstanding Certificate, the principal amount with respect thereto.

"Certificate Year" means the one-year (or shorter) period beginning on the day after the expiration of the preceding Certificate Year. The first Certificate Year shall begin on the date of delivery and ends on November 1, 2011.

"Certificates" means the \$7,740,000 Certificates of Participation (Simpson County, Mississippi Lease Purchase Project), Series 2010, dated the date of delivery, and offered by this Official Statement and representing proportionate interests in the Lease, including the right to receive Base Rental payments thereunder.

"Closing Date" means November 1, 2010, or such later date as may be set by the parties hereto.

"Code" means the Internal Revenue Code of 1986, as amended, and any Regulations promulgated thereunder and pursuant thereto.

"Construction Fund" or "Construction and Acquisition Fund" means the Construction and Acquisition Fund, a trust fund established under the Trust Agreement for the payment of costs of acquiring and constructing the Project and related facilities and costs of executing and delivering the Certificates.

"Contingency Account" means the Contingency Account established within the Certificate Fund established for the purpose of receiving any delinquent Base Rental payments, any proceeds of rental interruption insurance and any liquidated damages with respect to the Project.

"Corporation" means Central Mississippi Public Improvement Corporation, a Mississippi non-profit corporation.

"Costs of Issuance" means all of the costs of issuing the Certificates, including, but not limited to, all printing and document preparation expenses in connection with the Trust Agreement, the Ground Lease, the Lease, the Assignment Agreement, the Certificates and the Official Statement pertaining to the Certificates and any and all other agreements, instruments, certificates, or other documents issued in connection therewith; rating agency fees, CUSIP Service Bureau charges; market study fees; costs of financial guaranty or municipal bond insurance premium or surety bond premium, if any; underwriter fees; legal fees and expenses of counsel with respect to the financing of the Project; any computer and other expenses incurred in connection with the Certificates; the initial fees and expenses of the Trustee and any paying agent (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Certificates or the implementation of the financing for the Project.

"Costs of Issuance Account" means the account within the Construction and Acquisition Fund established for the payment of the Costs of Issuance with respect to the Certificates.

"County" means Simpson County, Mississippi.

"Fiscal Year" means the fiscal year of the County, which currently is the period from October 1 to and including the following September 30.

"General Account" means the account established under the Trust Agreement in the Construction and Acquisition Fund into which shall be deposited a portion of the proceeds of the sale of the Certificates.

"Governing Body" means the Board of Supervisors of the County.

"Ground Lease" means the Ground Lease, dated as of the date of delivery, by and between the County and the Corporation pursuant to which the County leases the Property to the Corporation for construction thereon of the Project.

"Improvements" means those certain improvements which are acquired, constructed, installed and delivered on the Property in accordance with the plans and specifications for the Project approved by the County.

"Interest Account" means the account established in the Certificate Fund under the Trust Agreement.

"Interest Payment Date" means May 1 and November 1 in each year, commencing May 1, 2011, until the maturity or earlier redemption date of the Certificates.

"Lease" means the Lease and Option to Purchase, dated as of the date of delivery, by and between the County as lessee and the Corporation as lessor pursuant to which the County leases the Property from the Corporation.

"Lease Year" means the period from the Closing Date through November 1, 2011, and thereafter each twelve month period from each November 2 to and including the following November 1 during the term of the Lease.

"Official Statement" means this Official Statement, including the appendices hereto.

"Option Price" means the total amount necessary to defease all Outstanding Certificates (as such term is defined in the Trust Agreement) pursuant to and in accordance with Section 10.01 of the Trust Agreement.

"Original Purchaser" means Crews & Associates, Inc., Little Rock, Arkansas.

"Outstanding" when used with respect to Certificates, means all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

(1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(2) Certificates for payment or repayment of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Trustee in accordance with the Trust Agreement (whether on or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of notice; and

(3) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

"Owner" means the registered owner, as indicated in the Certificate Register, of any Certificate.

"Paying Agent" shall mean any bank, trust company or other financial institution designated by the County for the payment of the principal of and interest on the Certificates and which shall initially be the same entity as the Trustee.

"Principal Account" means the Principal Account established within the Certificate Fund under the Trust Agreement.

"Project" means collectively, the Property including Improvements to be constructed on the Property including equipment to be acquired and installed on the Property with the proceeds of the Certificates.

"Property" means the real property which is leased by the County to the Corporation pursuant to the Ground Lease and on which the Improvements are to be located.

"Property Insurance" means the insurance required to be maintained by the County as described in the Lease.

"Qualified Investments" means and includes all securities, instruments and the like in which the County is authorized to invest its funds in accordance with applicable state law and the rules and regulations promulgated by the State Treasurer pursuant to Section 31-19-5, Mississippi Code of 1972, as amended.

"Rebate Fund" means a Trust Fund established pursuant to the Trust Agreement, into which monies will be deposited pursuant to Section 3.07 of the Trust Agreement.

"Record Date" means the fifteenth (15th) day of the month before an Interest Payment Date, whether or not a Business Day.

"Redemption Account" means the Redemption Account established within the Certificate Fund under the Trust Agreement.

"Rental Deposit Date" means the day which is five days prior to the date on which the next payment of Base Rental is scheduled to become payable.

"Special Counsel" means Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi.

"Total Maturity Amount" means, with respect to any Outstanding Certificate, the aggregate principal amount thereof.

"Trust Agreement" means the Trust Agreement dated as of the date of delivery, by and between the County and the Trustee providing for the execution and delivery of the Certificates and providing the terms of the Certificates.

"Trustee" means BancorpSouth, Jackson, Mississippi, acting as Trustee under the Trust Agreement, and any successor trustee thereunder.

"Underwriter" means the Original Purchaser.

THE PROJECT

The County will lease the Property to the Corporation, and the Corporation will agree to cause the Improvements to be constructed and installed thereon.

The Certificates will be issued to provide funds for acquisition, construction, financing and equipping a County jail, sheriff department/justice court building and related facilities, including but not limited to a dormitory to house State prisoners under authority of Sections 31-8-1 et seq., Mississippi Code of 1972 (the "Act") located in Simpson County, Mississippi. The existing jail and related facilities will be expanded by 23 feet 4 inches x 84 feet 4 inches approximating 1,974 square feet increasing the capacity of the County detention facility by 30 beds. The Project will contain (i) a dormitory and lock-down space and (ii) a guard station.

THE CERTIFICATES

General Provisions

The Certificates represent proportionate interests in the Lease, including the right to receive a proportionate share of Base Rental payments thereunder.

Details of Certificates. The Certificates will be issued in fully registered form in \$5,000 denominations or any integral multiple thereof. Interest with respect to the Certificates will be computed using a year of 360 days comprised of twelve 30-day months and is payable on May 1 and November 1 of each year, commencing May 1, 2011. The Certificates will mature on the dates and in the principal amounts, with interest computed at the rates, as set forth on the cover page of this Official Statement.

Principal of Certificates will be payable upon surrender thereof at maturity or the earlier redemption thereof at the corporate trust office of the Trustee in Jackson, Mississippi, or the office of any paying agent. Amounts designated as interest will be payable by check or draft, mailed on the Interest Payment Date to the persons who are the registered Owners as of the Record Date for such payment, as their names and addresses appear on the Certificate Register maintained by the Trustee.

Registration, Transfer and Exchange. The registration of any Certificate may be transferred upon the surrender of such Certificate to the Trustee and payment of such reasonable transfer fees as the Trustee may establish. Certificates may be exchanged at the corporate trust office of the Trustee for a new Certificate of like tenor and maturity in the same Total Maturity Amount and in authorized denominations. The Trustee may charge the Owner of a Certificate surrendered for exchange a reasonable sum for each new Certificate executed and delivered upon such exchange and the Trustee may require the payment by such Owner of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee is not required to register the transfer or exchange of any Certificate that has been called, or is subject to being called for redemption prior to maturity, during a period beginning at the opening of business 15 days before any selection of Certificates for such redemption through the close of business on the redemption date, except for the unredeemed portion of any Certificate to be redeemed in part only.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates. The Certificates will be initially issued as fully-registered certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other

name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for the Certificates in the aggregate principal amount of such issue and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for such Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the records of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts the Certificates are credited, which may or may not be the Beneficial Owners. The

Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices are to be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Corporation or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, Corporation, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation, or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificate is required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered holder of the Certificates as nominee of DTC, references herein to the Holders, holders, or registered owners of the Certificates mean Cede & Co. and not the Beneficial Owners of the Certificates.

THE CORPORATION, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE CERTIFICATES (I) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE CERTIFICATES; (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN CERTIFICATES; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE CERTIFICATES, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE CORPORATION, THE TRUSTEE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE CERTIFICATES; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (3) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR PREMIUM, IF ANY, ON THE CERTIFICATES; (4) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE TRUST AGREEMENT TO BE GIVEN TO CERTIFICATE HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE CERTIFICATES; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A CERTIFICATE HOLDER.

Redemption Prior to Maturity

Optional Redemption. Certificates maturing on November 1, 2021 and thereafter, are subject to redemption prior to their stated dates of maturity, at par, plus accrued interest to the

date of redemption, either in whole at any time on or after November 1, 2020, or in part, in inverse order of maturity and by lot within a maturity on November 1, 2020, or on any Interest Payment Date thereafter if the County exercises its prepayment rights under Section 15 of the Lease. See "SUMMARY OF FINANCING DOCUMENTS - The Lease - Option to Purchase" herein.

Redemption from Insurance Proceeds and Condemnation Awards. The Certificates are subject to mandatory redemption, in whole or in part, on any date, without premium at a price equal to the principal amount thereof plus accrued but unpaid interest from the following sources:

(a) proceeds of any Property Insurance, including the proceeds of any self-insurance fund, or the proceeds of any condemnation award, which have not been applied to repairing or replacing damaged, destroyed or taken property;

(b) proceeds of title insurance received as a result of a title defect in respect of the Project, if the County determines that such title defect has materially affected the Project; and

(c) proceeds of damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under the Lease after payment of overdue interest and principal with respect to the Certificates.

Redemption From Excess Construction Fund Moneys. The Certificates are subject to mandatory redemption, in whole or in part, on any date, without premium, at a redemption price equal to the principal amount thereof, plus accrued but unpaid interest, from moneys transferred to the Redemption Account within the Certificate Fund from the General Account of the Construction Fund after completion of the Project.

Mandatory Sinking Fund Redemption. The Certificate maturing November 1, 2030 is subject to mandatory sinking fund redemption in part, by lot, on November 1 in each of the years set forth below:

\$2,535,000
Term Certificate
Maturing November 1, 2030

<u>Year</u>	<u>Principal Amount</u>
2026	\$460,000
2027	485,000
2028	505,000
2029	530,000
2030*	555,000

*Final maturity.

The Trustee shall credit against the mandatory sinking fund requirement for the Certificate maturing November 1, 2030 as set forth above, any Certificates of such maturity

delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and cancelled by the Trustee and not therefore applied as a credit against any redemption obligation. Each Certificate of such maturity so delivered or cancelled shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on the applicable mandatory sinking fund redemption date, and any excess of such amount shall be credited to future redemption obligations, and the principal amount of the Certificates of such maturity to be redeemed by operation of the applicable mandatory sinking fund requirements shall be accordingly reduced; provided, however, the Trustee shall only credit such Certificates to the extent such are received on or before 45 days preceding the applicable mandatory redemption date as set forth above.

Selection and Partial Redemption of Certificates. If less than all of the Certificates of a particular maturity at the time Outstanding are to be called for redemption, the particular Certificates or portions thereof of such maturity to be redeemed shall be selected, except as otherwise provided in the Trust Agreement, by the Trustee in such manner of random selection as the Trustee, in its discretion, may determine. The Trustee shall call for redemption in accordance with the foregoing provisions as many Certificates or portions thereof as will, as nearly as practicable, exhaust the moneys available therefor. Particular Certificates or portions thereof shall be redeemed only in integral multiples of a principal amount of \$5,000.

In the case of Certificates of denominations greater than \$5,000, if less than all of such Certificates then Outstanding are to be called for redemption, then for all purposes in connection with redemption, each \$5,000 of principal amount shall be treated as though it was a separate Certificate of the denomination of \$5,000 bearing one of the numbers borne by such by registered Certificate. If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such fully registered Certificate is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner of such fully registered Certificate shall forthwith surrender such Certificate to the Trustee (a) for payment of the redemption price (including the redemption premium, if any, and interest to date fixed for redemption) of the \$5,000 unit or units of principal amount called for redemption, and (b) exchange for a new Certificate or Certificates of the aggregate principal amount of the unredeemed balance of the principal amount of such fully registered Certificate, which shall be issued to the Owner thereof without charge therefor. If the Owner of any such fully registered Certificate of a denomination greater than \$5,000 shall fail to present such Certificate to the Trustee for payment and exchange as aforesaid, such Certificate shall nevertheless become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Certificate represented by such \$5,000 unit or units of principal amount on and after the date fixed for redemption, provided that funds sufficient for the payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of said \$5,000 unit or units on the date fixed for redemption, and in such event, such Certificate shall not be entitled to the benefit or security of this Trust Agreement to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and applicable premium, if any) represented by such \$5,000 unit or units of principal amount, nor shall new Certificates be thereafter issued corresponding to said unit or units.

Notice. Notice of redemption identifying the numbers of Certificates or portions thereof to be redeemed shall be given to the Owners thereof by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption. From and after such redemption date, interest with respect to the Certificates to be redeemed will cease to accrue.

SOURCES OF PAYMENT

The Certificates represent proportionate interests in the Lease including, in particular, the right to receive a proportionate share of the Base Rental payments to be made by the County under the Lease. The Base Rental payments are to be paid from the general fund of the County or any other source of funds lawfully available therefor. In the Lease, the County covenants to take such action as may be necessary to include all Base Rental payments in its annual budget and to make the necessary annual appropriations for all such Base Rental payments.

County's Obligation for Payment

The obligation of the County to make Base Rental and Additional Rental payments under the Lease constitutes a binding obligation of the County in accordance with the terms of said Lease. Provided, however, so long as no default of any monetary obligation of the County has occurred, the County's obligation to pay any amounts due or perform any covenants requiring or resulting in the expenditure of money shall be contingent and expressly limited to the extent of any specific, annual appropriation made by the County to fund such Lease. Nothing contained in the Lease shall create any monetary obligation on the part of the County beyond such current and specific appropriation. The County's Board of Supervisors (the "Governing Body"), in its sole discretion, may make said payments with any lawfully available revenues. Except as stated in the Trust Agreement, nothing in the Lease creates a lien of any kind or character whatsoever upon any funds, income or revenue now existing or hereafter held, collected, received, anticipated by, or available to the Governing Body or prevents or restricts the Governing Body at any time from pledging, obligating or creating specific liens upon funds, income or revenues to or for the payment of any bonds, notes or certificates of the Governing Body or for any other purpose whatsoever. The County has not pledged or levied any form of taxation for the payment of Outstanding Certificates (see the section entitled "Reappraisal of Property and Limitation on Ad Valorem Levies" in APPENDIX A herein.)

The obligation of the County under the Lease is not a general obligation and does not constitute a pledge of the full faith and credit of the County, the State of Mississippi or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation.

No Right to Abatement Upon Damage, Destruction or Taking

The obligations of the County to make the payments required by the Lease thereof and to perform and observe the other agreements on its part contained in the Lease and Trust Agreement shall be absolute and unconditional, regardless of whether the Project shall have been entirely completed at the time the first payment becomes due hereunder and regardless of the continued existence of the Project in a physical condition satisfactory to the County. Until such time as the principal of and interest on the Certificates shall have been fully paid or all the

County's obligations under the Lease and the Trust Agreement satisfied and defeased, the County (1) shall not diminish, suspend or discontinue any payments provided for in the Lease, (2) shall perform and observe all of its other agreements contained in the Lease, and (3) shall not terminate the Lease for any cause.

Under the Lease (see the caption "SUMMARY OF FINANCING DOCUMENTS - Lease"), the County agrees to secure and maintain at all times a policy or policies of insurance against loss or damage to the Project known as "all risk." Such insurance shall be maintained at all times in an amount not less than the aggregate amount of Certificates Outstanding at such time. If the required insurance is not available from reputable insurers at a reasonable cost, the County shall be required to self-insure to the extent necessary to enable it to repair or replace the Project in accordance with the provisions of Section 4.2 of the Lease.

The Lease requires that the proceeds of the Property Insurance received in respect of destruction of or damage to the Project shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement, unless the County elects pursuant to the Trust Agreement to apply such proceeds to the replacement, repair or reconstruction of the Project. For a description of the County's options with respect to the repair or replacement of the Project and the use of Property Insurance proceeds, see "SUMMARY OF FINANCING DOCUMENTS - Trust Agreement - Property Insurance and Condemnation Proceeds" herein.

SUMMARY OF FINANCING DOCUMENTS

The following are summaries of certain provisions contained in the Ground Lease, the Lease, the Trust Agreement and the Assignment Agreement and are not to be considered full descriptions thereof.

Ground Lease

Under the Ground Lease, the County has leased, at the stated advance rental of \$1.00, the real property which will be the site of the Project. Such Property is leased to the corporation for a term expiring upon the earlier of (i) November 1, 2030 or (ii) the date of termination of the Lease or the purchase by the County of the Corporation's leasehold interest in the Project.

Lease

Rentals. Under the Lease, the County promises to make Base Rental payments for the use of the Project. Base Rental payments will be distributed by the Trustee to the Owners of the Certificates (See "CERTIFICATES - Book-Entry Only System" herein). In the Lease, the County also promises to pay Additional Rental. The Lease is a triple net lease, and the County is obligated accordingly to pay all utility charges, maintenance expenses and other costs associated with the operation and possession of the Project. Base Rental due May 1 in any year shall be for the period November 2 of the prior year through the first day of May of such year, and Base Rental due November 1 in any year shall be for the period May 1 of such year through the first day of November of such year. To secure the performance of its obligation to pay Base Rental, the County is required to deposit each Base Rental payment with the Trustee on or before the fifth day (5th) preceding the date on which the Base Rental payment is due, provided, however, that if such fifth (5th) day is not a Business Day, the County is required to deposit such Base

Rental payment with the Trustee on the first Business Day preceding the date the Base Rental payment would otherwise be due. However, the amount to be deposited as set forth under **APPENDIX D** hereto shall be reduced by any amounts already on deposit in the Base Rental Fund. The Corporation has, in the Assignment Agreement, assigned to the Trustee its rights to receive the Base Rental.

Term of Lease. The Lease Term begins on the Closing Date and ends November 1, 2030, or at such earlier time as the Certificates have been paid or provision for their payment has been made in accordance with the provisions of the Lease and the Trust Agreement.

Upon payment of all Base Rental and Additional Rental required by the Lease or upon the sale of the Project to the County or its assignee pursuant to the exercise of the option to purchase the Project described below, the Lease shall terminate and title to the Project, and any improvements thereon or additions thereto, shall be transferred directly to the County or, at the option of the County, to any assignee or nominee of the County in accordance with the provisions of the Lease.

Option to Purchase. The County is given the exclusive right and option which shall be irrevocable during the term of the Lease to purchase the Lessor's interest in the Project on any Business Day, upon payment of the option price, but only if the County is not in default under the Lease or the Trust Agreement. The option price is the total amount necessary to defease all Outstanding Certificates pursuant to and in accordance with the Trust Agreement.

Construction of Project. The Corporation shall agree to cause the Project and the related facilities to be constructed and installed and shall authorize the County to enter into and to provide for, or cause to be provided for, the complete construction and installation of the Project and the related facilities in accordance with the terms of the Lease, the plans, and the General Construction Contract, as hereinafter defined. Payment for the costs of constructing and installing the Project and the related facilities shall be made from the moneys deposited in the Construction and Acquisition Fund. The Corporation agrees that it will cause the construction, acquisition, delivery and installation of the Project and the related facilities to be diligently performed in accordance with the Lease and any applicable requirements of governmental authorities and law.

Covenant to Repair. During the term of the Lease, the County shall, at its own expense, maintain the Project, or cause the Project to be maintained, in good order, condition and repair and shall replace any portion of the Project which is destroyed; provided that the County shall not be required to repair or replace any such portion of the Project pursuant to the Lease if there shall be applied to the redemption of Certificates insurance proceeds or other lawfully available funds sufficient to redeem (i) all of the Certificates Outstanding or (ii) any portion thereof, and the rental payments allocable to the remaining portion of the Project equals the pro rata portion of Base Rental allocable to the Certificates Outstanding after such redemption.

Insurance. The County is required to secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, or, to the extent allowed below, through a program of self-insurance, all coverage on the Project described below.

Such insurance shall consist of:

(1) Property and casualty insurance for the Project in an amount (except as provided below) equal to the replacement cost of the Project. Such coverage must apply exclusively to the Project and must be available to repair/rebuild the Project under all circumstances after the occurrence of an insured peril. Full payment of insurance proceeds up to the required policy dollar limit in connection with damage to the Project shall, under no circumstances, be contingent on the degree of damage sustained at other facilities owned or leased by the County. The policy must explicitly waive any co-insurance penalty.

(2) To the extent sovereign immunity is waived, comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the Project, in an amount recommended from time to time by the County's risk management officer or an independent insurance consultant retained by the County for that purpose; provided, however, that the County's obligations under this clause (2) may be satisfied by self-insurance in an amount based on the recommendation of an independent insurance consultant retained by the County;

(3) From and after the substantial completion of the Project which shall be evidenced by a Certificate of Completion, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed in the Project in an amount not less than \$1,000,000.00 per accident;

(4) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of Mississippi; provided, however, that the County's obligations under this clause (4) may be satisfied by self-insurance; and

Title insurance in an amount equal to the par value of the Certificates and an opinion of counsel to the effect that the exceptions set forth in the policy do not materially impair the use of the Project and the Property for the purposes for which the same are, or may reasonably be expected to be, held. No self-insurance is permitted with respect to the above requirements for title insurance.

All policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Trustee. On or before November 2 of any Lease Year, the County shall deposit with the Trustee a certificate of a County Representative stating that the County is in compliance with the insurance requirements set forth in Section 4.4 of the Trust Agreement. All required insurance policies must be provided by a commercial insurer rated A by Best or in the two highest rating categories of S&P and Moody's. Insurance policies shall name the Trustee as additional insured.

Application of Property Insurance Proceeds. Proceeds of Property Insurance received in respect of destruction of or damage to the Project by fire or other casualty or event shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement. (See the caption "SUMMARY OF FINANCING DOCUMENTS - Trust Agreement - Property Insurance and Condemnation Proceeds.")

Eminent Domain. If the Project, or any portion thereof, shall be taken under the power of eminent domain, the Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and in the Lease the parties waive the benefit of any law to the contrary. Any award made in eminent domain proceedings for the taking shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement.

Default. Any of the following shall be defaults under the Lease: (i) the County shall fail to deposit with the Trustee any Base Rental on the day such deposit is required to be made, (ii) the County shall fail to pay any item of Additional Rental when the same shall become due and payable or (iii) the County shall breach any other terms, covenants or conditions contained in the Lease or in the Trust Agreement and shall fail to remedy any such breach with all reasonable dispatch within a period of 30 days after written notice thereof from the Corporation to the County; provided, however, that if the failure stated in the notice cannot be corrected within such period, then such period will be extended so long as corrective action is instituted by the County within such period and diligently pursued until the default is corrected, but only if such extension would not materially adversely affect the interest of the Owners of the Certificates.

Remedies. Upon the happening of an event of default, the Lessor may (i) terminate the Lease, (ii) with the consent of the County, which consent shall not be unreasonably withheld, keep the Lease in full force and effect and relet or sell the Project for the account of the County, and the County will remain liable for any cumulative net deficiency of rental payments under the Lease, (iii) terminate the Lease and relet the premises or sell the Project, (iv) enforce all of the rights and remedies under the Lease as they mature against the County, and (iv) exercise such other remedies as may be legally available.

Subleases. The County may sublease all or any portion of the Project or grant concessions to others for the use of all or part of the Project as may be necessary or convenient or assign its right to purchase the Project pursuant to the Lease, but the County will remain liable for all of its obligations under the Lease.

Amendments to Lease. Pursuant to the terms of the Trust Agreement and the Lease, the Lease may be amended in writing by agreement between the parties thereto, with the consent of the Trustee, but no such amendment shall become effective as to the Owners of Certificates then Outstanding unless and until approved in writing by the Owners of a majority in aggregate amount of Certificate Obligation then Outstanding. Notwithstanding the foregoing, the Lease and the rights and obligations provided thereby may also be modified or amended at any time with the consent of the Trustee but without the consent of any Owners of the Certificates, upon the written agreement of the County and the Corporation, but only (1) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in the Lease, (2) in regard to questions arising under the Lease which the County and the Corporation may deem necessary or desirable and not inconsistent with the Lease and which shall not adversely affect the interests of the Owners of the Certificates, or (3) for any other reason, provided such modification or amendment does not adversely affect the interests of the Owners of the Certificates or impose additional duties, responsibilities or liabilities upon the Trustee; provided that the County, the Corporation and the Trustee may rely in entering into any such amendment or modification thereof upon the opinion

of Independent Counsel stating that the requirements of this sentence have been met with respect to such amendment or modification.

Trust Agreement

Funds and Accounts. Under the Trust Agreement, the Trustee holds the Construction and Acquisition Fund, including the General Account and the Costs of Issuance Account therein, the Administrative Expense Fund, the Base Rental Fund, the Certificate Fund, including the Interest Account, the Principal Account, the Redemption Account and the Contingency Account therein, and the Rebate Fund. Amounts deposited in the Base Rental Fund, and the Certificate Fund are pledged to payment of the Certificates. Amounts deposited in the Rebate Fund are held for the benefit of the federal government.

Construction and Acquisition Fund. On the Closing Date moneys will be deposited into the General Account and into the Costs of Issuance Account of the Construction and Acquisition Fund. Amounts in the Costs of Issuance Account will be used to pay costs and expenses related to the execution, delivery and sale of the Certificates. Any amount not used for such purpose is to be transferred to the General Account. Amounts in the General Account are to be used to pay Acquisition Costs, which, with respect to the Project and the related facilities, include the contract price paid for the acquisition, construction, installation or delivery of the Project and the related facilities, in accordance with the Construction Contract, and include reimbursement to the County and Corporation for any payments made to the Contractor by the County and Corporation prior or subsequent to the execution of the Lease. Acquisition Costs also include the cost of the site of the Project, the costs of site preparation, costs and expenses incurred in connection with the execution and delivery of the Certificates, the Ground Lease, the Lease, the Assignment Agreement and the Trust Agreement, and any and all other agreements, instruments, certificates or other documents issued in connection therewith, any premium with respect to insurance of the Certificates, as well as administrative, engineering, legal, financial and other costs incurred in connection with the acquisition, construction, delivery, installation, furnishing, equipping and financing of the Project and related facilities.

If, after payment of the Acquisition Costs, there shall remain any balance of moneys in the General Account, all money so remaining shall be transferred, first, to the Redemption Account in the Certificate Fund, and seconded, to the Interest Account of the Certificate Fund.

Base Rental Fund. The Base Rental Fund is established in the Trust Agreement to receive amounts deposited on account of Base Rental payments with the exception of delinquent Base Rental payments. Moneys in the Base Rental Fund are to be transferred by the Trustee to the Principal Account and Interest Account within the Certificate Fund on the applicable Interest Payment Dates or redemption dates in an amount which, together with money on deposit therein, equals the interest and principal then due or required to be prepaid with respect to the Certificates.

Certificate Fund. Moneys available in the Interest Account and the Principal Account shall be applied by the Trustee to the payment of interest or principal payable on any Interest Payment Date or redemption date. Any delinquent Base Rental payments, proceeds of rental interruption insurance and any liquidated damages will be deposited in the Contingency Account

and shall be transferred first, to the Interest Account and Principal Account, in such order of priority, for payment of past due interest and principal payments. Any amounts remaining in the Contingency Account after the foregoing transfers have been made shall be transferred to the Redemption Account. Property Insurance proceeds and condemnation awards not used to repair or replace the Project, the proceeds of title insurance received by the Trustee in the event of a title defect and damages or other payments received by the Trustee from the enforcement of any rights under the Lease and the Trust Agreement will be deposited into the Redemption Account maintained in the Certificate Fund and applied to the redemption of Certificates. Any amounts remaining in the General Account of the Construction and Acquisition Fund upon completion of the Project and the delivery of the Certificate of Completion to the Trustee will be transferred in integral multiples of \$5,000 to the Redemption Account in the Certificate Fund and applied to the redemption of the Certificates.

Administrative Expense Fund. The Administrative Expense Fund is established in the Trust Agreement for the purpose of paying the expenses of the Corporation or the County incidental to the execution and delivery of the Certificates and other related administrative charges not otherwise paid or provided from Certificate proceeds, and, at the election of the County, amounts therein may be used to pay principal of and interest on the Certificates.

Investment. All moneys held by the Trustee in any of the funds established under the Trust Agreement must be invested in Qualified Investments so as to obtain the highest yield practicable, giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes specified in the Trust Agreement, subject, however, to instructions as to investment from the County and matters of yield restriction, where appropriate.

Surplus. After payment of all amounts due with respect to the Certificates, payment of all fees and expenses to the Trustee, or satisfactory provision for such payments having been made, any amounts remaining in any of the funds or accounts established hereunder and not required for such purposes shall be remitted to the County and used for any lawful purpose thereof.

Property Insurance and Condemnation Proceeds. In the Trust Agreement, the County affirmatively covenants to maintain all Property Insurance required by the Lease as outlined in "Summary of Financing Documents - Lease - Insurance." Under the Trust Agreement, the proceeds of any Property Insurance, including the proceeds of any self-insurance fund, and the proceeds of any condemnation award, received on account of any damage, destruction or taking of the Project shall be held by the Trustee in an account (the "Special Account") and made available for, and to the extent necessary be applied to, the cost of repair or replacement of the Project.

Notwithstanding the foregoing, the County shall notify the Trustee within 90 days of the receipt by the Trustee of the Property Insurance or condemnation proceeds, whether the County intends to replace or repair the portion of the Project with respect to which such proceeds were received. If the County elects to replace or repair such portion of the Project, the County is required to deposit with the Trustee the full amount of any insurance deductible to be credited to the Special Account. The County shall be required to replace or repair such portion of the Project, unless (i) the County deposits the full amount of any insurance deductible necessary,

together with the proceeds of insurance, to redeem prior to maturity the Certificates relating to such portion of the Project and (ii) the Base Rental with respect to the remaining portion of the Project is sufficient to pay the Certificate Obligation and interest due with respect to the Certificates to remain Outstanding after the date on which Certificates relating to such portion of the Project are redeemed. The proceeds of any Property Insurance, including the proceeds of any self-insurance fund, or the proceeds of any condemnation award, not applied to repairing or replacing damaged, destroyed or taken property, or in respect to which notice in writing by the County of its intention to apply the same to the work of repairing or replacing the property damaged, destroyed or taken shall not have been given to the Trustee within 90 days after receipt of such proceeds by the Trustee, or which the County shall at any time during such period have notified the Trustee are not to be so applied, shall forthwith be deposited into the Redemption Account and applied to the redemption of Certificates in accordance with the Trust Agreement.

Title Insurance. Under the Trust Agreement, Proceeds of any policy of title insurance, if any, received by the Trustee in respect of the Project shall (a) if the County determines that the title defect does not materially affect the operation of the Project be remitted to the County; or (b) if the County determines that such title defect has materially affected a portion of the Project, be deposited in the Redemption Account of the Certificate Fund and applied to the redemption of Certificates.

Tax Covenant. The County covenants in the Trust Agreement that, in order to maintain the exclusion from gross income for federal income tax purposes of the portion of Base Rental designated as and comprising interest on the Certificates, the County will comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, in that the County agrees to comply with the covenants contained in, and the instructions given pursuant to, the Non-Arbitrage Certificate. The Trustee agrees to comply with any instructions received from the County which the County indicates must be followed in order to comply with the Non-Arbitrage Certificate.

Compliance With Trust Agreement. The County agrees in the Trust Agreement to faithfully observe all covenants and other provisions contained in the Trust Agreement, in each Certificate and in the Lease. Except as provided in the Lease, the County agrees that it will not agree to any amendment to the Lease that would either lengthen the term thereof or reduce the amount of Base Rental or Additional Rental payable thereunder, or change the time or times of payment of such Base Rental or Additional Rental, or agree to any other amendment detrimental to the rights of the Owners of the Certificates.

Prosecution and Defense of Suits. The County agrees in the Trust Agreement that it will promptly take such action as may be necessary to cure any defect in the title to the Project and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose. The County covenants that it will pursue eminent domain proceedings as may be necessary to acquire the Property.

No Extension of Time of Payment. The County agrees in the Trust Agreement that it will not directly or indirectly extend the dates upon which the Base Rental payments are required to be paid or prepaid, or the time of payment of interest with respect thereto. Such covenant, however, states that it shall not limit the right of the County to issue any securities for the

purpose of providing funds for the redemption of the Certificates and such issuance shall not be deemed to constitute an extension of the maturity of the Certificates.

Defaults; Remedies. The following are "events of default" under the Trust Agreement:

(a) An event of default shall have occurred under the Lease involving the failure by the County to pay Base Rental or Additional Rental when due.

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Trust Agreement or the Lease, other than such failure as may constitute an event of default under clause (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given; provided, however, that if the failure stated in the notice cannot be corrected within such period, then such period will be extended so long as corrective action is instituted by the County within such period and diligently pursued until the default is corrected, but only if such extension would not materially adversely affect the interest of any Owner.

The filing by the County of a voluntary petition of bankruptcy.

Upon the occurrence and continuance of any event of default specified in (a) above, the Trustee shall proceed, or upon the occurrence and continuance of any other event of default under the Trust Agreement, the Trustee may proceed and upon written request of the Owners of not less than a majority in aggregate amount of Certificate Obligation then Outstanding shall proceed), to exercise the remedies set forth in the Lease and the Trust Agreement. The Trustee shall take any appropriate action to cause the County to pay any Base Rental payment not paid when due, upon written request and authorization by the Owners of a majority in aggregate amount of Certificate Obligation then Outstanding, and upon being satisfactorily indemnified against any expense and liability with respect thereto and after receiving payment for its fees and expenses.

In the event the Trustee fails to take any action to eliminate an event of default under the Lease or the Trust Agreement, including the collection of Base Rental when due, the Owners of a majority in aggregate amount of Certificate Obligation then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Lease or the Trust Agreement, but only if such Certificate Owners, as applicable, shall have first made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity to proceed in its name and unless, also, the Trustee shall have been offered reasonable security and indemnity against costs, expenses and liabilities, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Defeasance. The obligations of the Trustee and the County under the Trust Agreement with respect to all Outstanding Certificates executed and delivered will terminate (except the obligation of the Trustee to pay or cause to be paid to Certificate Owners sums received pursuant to the terms of the Lease and due with respect to such Certificates and the obligation of the County to pay the fees and expenses of the Trustee) when (i) all amounts designated as principal and interest with respect to the Certificates have been paid; (ii) money has been deposited, at or, in the event of redemption prior to maturity thereof, before maturity, in trust with the Trustee in

an amount sufficient to pay all Outstanding Certificates, including all principal, premium, if any, and interest at or before their respective maturity dates; or (iii) lawful money or direct obligations issued by the United States Treasury or in such other federal securities as may be permitted under regulations issued pursuant to Section 149(b) of the Code, and which, in the opinion of nationally recognized bond counsel, will not impair the exclusion, if any, from gross income for federal income tax purposes of interest due with respect to the Certificates, have been deposited in trust with the Trustee which, together with the interest to accrue thereon, are sufficient to pay all Outstanding Certificates, including all principal, premium, if any, and interest at or, in the event of redemption prior to maturity thereof, before their respective maturity dates.

Limitation of Liability. The Trust Agreement contains certain provisions limiting the liability of the parties thereto, including the following provisions;

(i) except for the payment of Base Rental and Additional Rental when due in accordance with the Lease and the performance of the other covenants of the County contained in the Lease, the Ground Lease, the Certificates and the Trust Agreement, the County will have no other obligation or liability to the Trustee or the Owners of the Certificates;

(ii) except as otherwise provided in the Trust Agreement, the Trustee will not have any obligation or liability to Owners of the Certificates with respect to the payment of Base Rental payments by the County under the Lease;

(iii) the Trustee will not be responsible for (a) providing information to Certificate Owners concerning the investment quality of the Certificates, (b) the performance by the County of duties imposed upon it by the Trust Agreement, (c) the validity or sufficiency of the Trust Agreement, the Ground Lease, the Lease, the Assignment Agreement or the Certificates, or (d) the value of, or title to, the Project; and

(iv) The County shall not have any obligation or liability to any other party or to the Owners with respect to the performance by the Trustee of any duty imposed upon it by the Trust Agreement.

Amendments to the Trust Agreement. The Trust Agreement may be amended with the consent of the Owners of a majority in aggregate amount of Certificate Obligation then Outstanding, or without consent of such Owners, (i) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in the Trust Agreement; (ii) in regard to questions arising under the Trust Agreement which the County and the Trustee may deem necessary or desirable and not inconsistent with the Trust Agreement and which do not adversely affect the interests of the Certificate Owners; or (iii) for any other reason, provided such modification or amendment does not adversely affect the interests of the Owners of the Certificates. The County and the Trustee may rely in entering into any such modification or amendment upon an opinion of counsel stating that the foregoing requirements have been met with respect to such amendment. No amendment may impair the right of any Certificate Owner to receive the share of Base Rental with respect to such Owner's Certificate.

Assignment Agreement

Under the Assignment Agreement, the Corporation assigns and transfers to the Trustee, for the benefit of Certificate Owners, all of its rights, title and interest in and to the Ground Lease and the Lease (excepting only its obligation to cause the Project to be constructed in accordance with the Lease and its rights to indemnification and payment or reimbursement of its costs and expenses), including its right to receive Base Rental payments and its right to enforce the payment of Base Rental payments pursuant to the Lease. The Trustee accepts such assignment for the purpose of securing such payments and rights to the Certificate Owners, subject to the provisions of the Trust Agreement.

TAX MATTERS

In the opinion of Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Special Counsel, under existing statutes, regulations, rulings and court decisions, the portion of each Base Rental payment due under the Lease designated as and comprising interest and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes pursuant to Section 103(a) of the Code. Special Counsel is further of the opinion that the portion of each Base Rental payment due under the Lease designated as and comprising interest and received by the Owners of the Certificates is exempt from personal income taxes of the State of Mississippi under present state law.

In addition, Special Counsel is of the opinion that the Certificates are not "private activity bonds" as defined in Section 141(a) of the Code and, therefore, interest with respect to the Certificates is not an item of tax preference for purposes of the Code's alternative minimum tax provisions.

In rendering such opinion, Special Counsel has relied upon representations and covenants of the County in the Trust Agreement and in the County's Non-Arbitrage Certificate concerning the investment and use of Certificate proceeds and the rebate to the federal government of certain earnings thereon. In addition, Special Counsel has assumed that all such representations are true and correct and that the County will comply with such covenants. Special Counsel has expressed no opinion with respect to the exclusion of interest with respect to the Certificates from gross income under Section 103(a) of the Code in the event that any of such County representations are untrue or the County fails to comply with such covenants.

Although Special Counsel has rendered an opinion that interest with respect to the Certificates is excluded from gross income to the extent described above, the Owners of the Certificates should be aware that the receipt of interest with respect to the Certificates may otherwise affect the federal income tax liability of the recipient. The presence of any such effect, as well as the magnitude thereof, depends on the specific factual situation with respect to the particular recipient of such interest. Special Counsel has expressed no opinion regarding any impact of ownership or disposition of the Certificates other than as expressly described above.

Financial Institutions. Section 265(b)(1) of the Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their otherwise

allowable interest expense allocable to tax-exempt obligations acquired after September 7, 1986 (other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code).

The County has designated the Certificates as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(C) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry "qualified tax-exempt obligations" is deductible.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The Certificates maturing on November 1 in the years 2017 through 2020 and 2022 through 2025 (the "Discount Certificates") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a certificate at maturity (the face amount) over the "issue price" of such certificate. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of certificates of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on a certificate will accrue over the term of the certificate, and for the Discount Certificates, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Certificate at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Certificate is added to such purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Certificate and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Certificates should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Certificates other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

TAX TREATMENT OF ORIGINAL ISSUE PREMIUM

The Certificates maturing on November 1 in the years 2011 through 2016 (the "Premium Certificates") have an issue price that is greater than the amount payable at maturity of such Premium Certificates. Any Premium Certificates purchased in the initial public offering at the issue price will have an "amortizable certificate premium" within the meaning of Section 171 of the Code. A holder of a Premium Certificate that has amortizable certificate premium is not allowed any deductions for the amortizable certificate premium. During each taxable year, a holder of a Premium Certificate must reduce such holder's tax basis in such Premium Certificate by the amount of the amortizable certificate premium that is allocable to the portion of such taxable year during which the holder held such Premium Certificate. The adjusted tax basis in a Premium Certificate will be used to determine taxable gain or loss upon a disposition (e.g., upon a sale, exchange, redemption or payment at maturity) of such Premium Certificate.

Holders of Premium Certificates who did not purchase such Premium Certificates in the initial offering at the issue price should consult their own tax advisors with respect to tax

consequences of owning such Premium Certificates. Any holders of Premium Certificates should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Certificates.

UNDERWRITING

The Bonds are being purchased for reoffering by Crews & Associates, Little Rock, Arkansas (the "Underwriter"), shown on the cover hereof at a purchase price of \$7,607,436.25 (\$7,740,000.00 par amount of Bonds, plus a net reoffering premium of \$10,626.25, less \$143,190.00 for an Underwriter's discount). The bond purchase agreement pursuant to which the Underwriter expects to purchase the Bonds provides that the Underwriter will purchase all the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions stated in such bond purchase agreement.

The Underwriter may offer and sell the Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The County has retained Government Consultants, Inc., Jackson, Mississippi, as independent financial advisor in connection with the sale and issuance of the Certificates. In such capacity the Financial Advisor has provided recommendations and other financial guidance to the County with respect to the preparation of documents, the preparation for the sale of the Certificates and of the time of the sale, bond market conditions and other factors related to the sale of said Certificates. Although the Financial Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein.

CERTAIN LEGAL MATTERS

Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi, Special Counsel, will render an opinion with respect to the Lease and the Certificates, substantially in the form set forth in **APPENDIX C** to this Official Statement. Copies of such opinion will be available at the time of delivery of the Certificates. Certain legal matters will be passed upon for the County by Danny Welch, Mendenhall, Mississippi.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or public body pending, or to the knowledge of the County threatened against affecting the County or, to its knowledge, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement or the validity of the Certificates, the Lease or any other agreement or instrument to which the County is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

VALIDATION

The Certificates will be validated by the Chancery Court of Simpson County as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended. The validation decree shall be final and binding.

CONTINUING DISCLOSURE

The County will enter into a written undertaking with the Trustee for the benefit of the Owners of the Certificates to deliver, or to cause to be delivered, to each "nationally recognized municipal securities information repository," within the meaning Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), and certain other entities described in Rule 15c2-12 (said repositories and other entities are collectively referred to as "Repositories"), the information described herein.

In the County's undertakings, the County has agreed to cause the delivery to the Repositories of (a) annual financial information relating to the Project, and (b) certain events relating to the County's undertakings if the County deems such events to be material so long as the Lease with the Corporation remains in effect. Should the Lease not continue in effect, the County shall undertake disclosure responsibilities with respect to the Project or cause any successor user of the Project to undertake such responsibilities.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Certificates. Quotations, summaries and explanations of the Certificates and of statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

The information contained in this Official Statement has been taken from sources considered reliable, but it is not guaranteed. Any statement in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not representation of fact. No representation is made that any of the statements will be realized.

The County regularly prepares a variety of reports, including audits, budgets and related documents, as well as certain monthly activity reports. Any Owner of a Certificate may obtain a copy of any such report, as available, from the County.

The preparation and distribution of this Official Statement have been duly authorized by the County's Board of Supervisors. Concurrently with the delivery of the Certificates, the County will furnish its certificate to effect that, to the best of its knowledge, this Official Statement, as of its date and as of the date of delivery of the Certificates, does not contain an untrue statement of a material fact and does not omit any material fact which should be included therein for the purpose for which this Official Statement is to be used, or which is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been "deemed final" by the County for the purposes of Securities and Exchange Commission Rule 15c2-12.

SIMPSON COUNTY, MISSISSIPPI

BY: /s/ Curtis Skiffer
PRESIDENT, BOARD OF SUPERVISORS

/s/ Tommy Joe Harvey
CLERK, BOARD OF SUPERVISORS

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APPENDIX A
SIMPSON COUNTY INFORMATION

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ECONOMIC AND DEMOGRAPHIC INFORMATION

General Description

Simpson County, Mississippi (the "County"), formed in 1824, lies in the piney woods soil area of south central Mississippi. The County has an agrarian-based economy and is a leader in the poultry industry. The City of Mendenhall, the county seat of Simpson County, lies approximately 35 miles south of Jackson, the capital city of the State of Mississippi (the "State"), approximately 160 miles north of New Orleans, Louisiana, and approximately 230 miles south of Memphis, Tennessee.

Population

The population of the County has been recorded as follows:

1970	1980	1990	2000	2009 ¹
19,947	23,441	23,953	27,639	27,920

SOURCE: Census Data at website: www.census.gov; September, 2010.

Government

The governing body of the County is the Board of Supervisors, which Board consists of five members, each of whom is elected from a separate district or "beat". The current members of the Board of Supervisors, elected for concurrent four-year terms, are as follows:

Name	Occupation	Position Held Since
Curtis Skiffer	Department of Corrections	January, 2004
William "Pete" Lowery	Timber Buyer, Retired	January, 2004
Randy Moore	Timber Buyer/Contractor	January, 2008
Mickey Berry	Contractor	January, 2008
Harvey Blakeney	Cattleman, Retired	January, 2008

¹ Population estimate.

Transportation

Simpson County is served by U. S. Highway 49, which runs north and south, State Highways 13 and 43, which also runs north and south, and State Highway 540, which runs east and west.

The nearest commercial airport is the Jackson International Airport, which is located approximately 35 miles north of the County. The nearest port is located on the Mississippi River in the City of Vicksburg, Mississippi, approximately 75 miles northwest of the County.

Per Capita Income²

Year	County	Mississippi	United States	County as % of U.S.
2008	\$28,974	\$30,383	\$40,166	72%
2007	27,495	29,542	39,392	70
2006	25,809	28,006	37,698	68
2005	26,011	26,819	35,424	73
2004	24,983	25,157	33,881	74

SOURCE: Bureau of Economic Analysis: Regional Economic Accounts at website: www.bea.gov, 2004-2008; September, 2010.

² Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2004-2008 reflect county population estimates available as of April 2010.

Major Employers

The following is a partial listing of major employers in the County, their products or services and their approximate number of employees:

Employer	Employees	Product/Service
Simpson County School District	759	Education
Millcreek Rehabilitation Center	600	Mental Health Services
Boswell Regional Center	570	Nursing & Convalescent Homes
Rehabilitation Centers	500	Rehabilitation Services
Wal-Mart	351	Department Store
Magee General Hospital	187	Hospitals
Pioneer Health Services	175	Hospital Services
Hillcrest Nursing Center	137	Nursing and Convalescent Homes
Simpson General Hospital	125	Hospital
Polk Meats	115	Meat-Retail
Tyson Foods, Inc.	80	Poultry Processing Plants
Howard Industries	55	Manufacturers
Real Pure Beverage Group LLC	32	Beverages-Manufacturers
Mylex International	31	Fuel Injectors

SOURCE: Office of the Chancery Clerk; September, 2010.

Unemployment Statistic of County

	2010	2009	2008	2007	2006
January	11.1%	7.5%	5.4%	6.5%	6.3%
February	10.8	7.6	5.0	6.5	6.0
March	10.0	7.9	5.3	6.3	5.1
April	9.8	7.8	4.7	5.6	4.6
May	9.9	8.2	6.2	5.3	5.1
June	9.6	8.6	7.2	6.2	6.4
July		9.2	7.3	6.0	6.6
August		9.5	6.9	5.3	5.7
September		8.7	6.1	5.1	5.1
October		9.4	6.4	5.0	5.4
November		8.7	5.8	4.5	5.5
December		9.6	6.7	5.0	5.9
Annual Average		8.6%	6.1%	5.6%	5.7%

SOURCE: Mississippi Department of Employment Security: Labor Market Data at website: www.mdes.ms.gov; September, 2010.

Employment Statistics

	2009	2008	2007	2006	2005
RESIDENCE BASED EMPLOYMENT					
I. Civilian Labor Force	11,640	11,530	11,520	11,670	12,000
II. Unemployed	1,000	700	650	660	750
Rate	8.6%	6.1%	5.6%	5.7%	6.3%
III. Employed	10,640	10,830	10,870	11,010	11,250
ESTABLISHMENT BASED EMPLOYMENT ³					
I. Manufacturing	190	220	250	310	260
II. Non-manufacturing	7,460	7,660	7,940	7,540	7,820
A. Agriculture, Forestry, Fishing & Hunting	80	100	110	110	120
B. Mining	20	20	10	10	0
C. Utilities	50	60	50	50	50
D. Construction	270	340	350	350	340
E. Wholesale Trade	70	80	80	90	80
F. Retail Trade	960	990	1,000	1,000	1,060
G. Transportation & Warehousing	50	130	400	370	390
H. Information	50	50	50	50	40
I. Finance & Insurance	260	270	250	250	240
J. Real Estate, Rental & Leasing	60	70	70	60	70
K. Prof., Scientific & Technical Service	130	130	100	110	90
L. Management of Companies & Entertainment	10	10	10	10	10
M. Administrative Support & Waste Management	270	300	260	200	460
N. Educational Services	320	310	320	280	240
O. Health Care & Social Assistance	2,300	2,240	2,360	1,990	1,970
P. Arts, Entertainment & Recreation	10	10	10	10	10
Q. Accommodation & Food Service	580	600	590	590	560
R. Other Services (except Public Administration)	210	240	270	290	310
S. Government	1,760	1,710	1,650	1,720	1,780
Education	710	700	640	600	620

SOURCE: Mississippi Department of Employment Security: Annual Averages: Labor Force and Establishment Based Employment 2001 Forward, Labor Market Information Department at website: www.mdes.ms.gov; September, 2010.

³ Effective 2001, the establishment based amounts are presented using the NAICS classification system. Prior to 2001, the SIC classification system was used. Amounts will not be comparable between SIC and NAICS.

Retail Sales

State Fiscal Year Ended June 30	Amount
2009	\$276,083,969
2008	254,342,014
2007	267,211,003
2006	264,625,859
2005	228,024,128

SOURCE: Annual Reports for years indicated, Mississippi State Tax Commission; September, 2010.

Educational Facilities

The Simpson County School District (the "District") serves the entire area of the County, including the area in the Magee city limits. The District currently operates nine (9) schools; three (3) elementary schools, two (2) middle schools, two (2) high schools, one (1) vocational center and one (1) achievement center and employs approximately 759 people.

Enrollment figures for the District for the 2009-10 scholastic year and the four preceding years are as follows:

Scholastic Year	Enrollment
2009-10	4,274
2008-09	4,135
2007-08	4,288
2006-07	4,292
2005-06	4,253

SOURCE: Mississippi Department of Education Office of Research and Statistics, Mississippi Assessment and Accountability Reporting System at website www.orsap.mde.k12.ms.us; and Simpson County School District; September, 2010.

TAX INFORMATION

Assessed Valuation of the County⁴

Assessment Year	Real Property	Personal Property ⁵	Public Utility Property	Total
2009	\$93,876,891	\$48,284,310	\$48,889,469 ⁶	\$191,050,670
2008	91,503,399	49,609,711	18,686,838	159,799,948
2007	89,451,415	49,580,646	11,207,069	150,239,130
2006	87,279,110	49,488,935	10,927,707	147,695,752
2005	85,878,781	47,190,865	11,157,463	144,220,109

SOURCE: Simpson County Chancery Clerk; September, 2010.

Procedure for Property Assessments

Assessed valuations are based upon the following assessment ratios:

- (a) Real and personal property (excluding single-family owner-occupied residential real property and motor vehicles, respectively), fifteen percent (15%) of true value;
- (b) Single-family owner-occupied residential real property, ten percent (10%) of true value;
- (c) Motor vehicles and public utility property, thirty percent (30%) of true value.

The 1986 Session of the Mississippi Legislature adopted House Concurrent Resolution No. 41 (the "Resolution"), pursuant to which there was proposed an amendment to the Mississippi Constitution of 1890 (the "Amendment"). The Amendment provided, *inter alia*, that the assessment ratio of any one class of property shall not be more than three times the assessment ratio on any other class of property.

The Amendment set forth five classes of property and the assessment ratios which would be applicable thereto upon the adoption of the Amendment. The assessment ratios set forth in the Amendment are identical to those established by Section 27-35-4, Mississippi Code of 1972, as it existed prior to the Amendment, except that the assessment ratio for single-family, owner-occupied residential real property under the Amendment is set at ten percent (10%) of true value as opposed to fifteen percent (15%) of true value under previously existing law.

⁴ The total assessed valuation is approved in September preceding the fiscal year of the County and represents the value of real property, personal property and public utility property for the year indicated on which taxes are assessed for the following fiscal year's budget. For example, the taxes for the assessed valuation figures for 2009 will be collected starting in January, 2010 for the 2009-2010 fiscal year budget of the County.

⁵ Personal property includes the assessed valuation of personal property, automobiles and mobile homes.

⁶ The increase in assessed valuation for public utility property in 2009 is due to the construction of Gulf South Pipeline that was completed in 2009.

Real and personal property valuations other than motor vehicles and property owned by public utilities are determined by the County Tax Assessor. All taxable real property situated in the County is assessed each year and taxes thereon paid for the ensuing year. Assessment rolls of such property subject to taxation are prepared by the County Tax Assessor and are delivered to the Board of Supervisors of the County on the first Monday in July. Thereafter, the assessments are equalized by the Board of Supervisors and notice is given to the taxpayers that the Board of Supervisors will meet to hear objections to the assessments. After objections are heard, the Board of Supervisors adjusts the rolls and submits them to the State Tax Commission, which examines them on receipt. The State Tax Commission may then accept the rolls or, if it finds a roll incorrect in any particular, return the rolls to the Board of Supervisors to be corrected in accordance with the recommendations of the State Tax Commission. If the Board of Supervisors has any objections to the order of the State Tax Commission, it may arrange a hearing before the Commission. Otherwise, the assessment roll is finalized and submitted to the County Tax Collector for collection. The assessed value of motor vehicles is determined by an assessment schedule prepared each year by the State Tax Commission. With minor exceptions the property of public utilities is assessed each year by the State Tax Commission.

Tax Levy Per \$1,000 Valuation⁷

	2009-10	2008-09	2007-08	2006-07	2005-06
General Purposes	27.51	28.28	27.55	27.16	25.66
Co-Lin Maintenance	3.00	3.00	3.00	3.00	3.00
Former State Levy as Authorized by Section 27-39-329; Co-Lin JC	3.00	3.00	3.00	3.00	3.00
Pearl River Basin Development	0.25	0.26	0.28	0.27	0.28
Road Maintenance Fund	6.26	5.18	3.17	2.58	2.20
Bridge & Culvert Fund	2.30	2.30	2.30	2.30	2.30
Refunding Bonds 2003	1.29	1.52	1.64	1.65	1.72
MBIA Bonds	0.72	0.88	0.92	0.89	0.92
Economic Development	1.00	1.17	1.21	1.21	1.25
1 Mill Trust Fund	1.00	1.00	1.00	1.00	1.00
School Maintenance	38.68	40.68	40.68	40.68	39.85
Co. Garbage/Rubbish	0.37	0.44	0.46	0.47	0.48
2004 Road and Bridge Bond	1.53	1.20	1.29	1.29	1.30
2004 Shortfall Note	0.00	0.00	0.00	.098	1.01
TOTAL - COUNTY-WIDE	86.91	88.91	86.50	86.48	83.97
Fire Departments	2.50	2.50	2.26	2.28	2.36
TOTAL LEVY	89.41	91.41	88.76	88.76	86.33

SOURCE: Simpson County Chancery Clerk; September, 2010.

⁷ Tax levy figures are given in mills.

Ad Valorem Tax Collections

Fiscal Year Ended September 30	Amount Budgeted	Amount Collected	Difference Over/(Under)
2009	\$6,418,390	\$6,426,022	\$ 7,632
2008	5,607,442	5,702,342	94,900
2007	5,582,369	5,680,892	98,523
2006	5,225,142	5,487,232	262,090
2005	5,132,665	5,220,012	87,347

SOURCE: Simpson County Chancery Clerk; September, 2010.

Procedure for Tax Collections

The Board of Supervisors is required under the Act and the Bond Resolution to levy annually a special tax upon all taxable property within the County sufficient to provide for the payment of the principal of and the interest on the Bonds. If any taxpayer neglects or refuses to pay his taxes on the due date thereof, the unpaid taxes will bear interest at the rate of one percent (1%) per month or fractional part thereof from the delinquent date to the date of payment of such taxes. When enforcement officers take action to collect delinquent taxes, other fees, penalties and costs may accrue. Both real property and personal property are subject to public tax sale.

Ad valorem taxes on personal property are payable at the same time and in the same manner as on real property. Section 27-41-15, Mississippi Code of 1972, provides that upon failure of the taxpayer to make timely payment, the tax collector of each county is authorized to sell any personal property liable for unpaid taxes at the courthouse door of the county unless the property is too cumbersome to be removed. Five days' notice of the sale in an advertisement posted in three public places in the county, one of which must be the courthouse, is required. Municipal tax collectors are required to follow any special ordinance adopted by a municipality on personal property sales. Interest, fees, costs and expenses of sale are recoverable in addition to the taxes delinquent. If sufficient personal property cannot be found, the tax collector may make a list of debts due the taxpayer by other persons and sell such debts and is further directed to distrain and sell sufficient other properties of the taxpayer to pay the delinquent taxes. Debts sold may be redeemed within six months from the sale in the same manner as redemption of land from tax sales.

Section 27-41-55, Mississippi Code of 1972, as amended, provides that after the fifth day of August in each year, the tax collector for each county shall advertise and sell all land in the county on which all taxes due and in arrears have not been paid, as well as all land liable for other matured taxes. The sale is held at the door of the courthouse of the county or any place within the courthouse that the tax collector deems suitable to hold such sale, provided that the place of such sale shall be designated by the tax collector in the advertisement of the notice of tax sale on the last Monday of August following. The owner, or any person with an interest in

the land sold for taxes, may redeem the land at any time within two years after the day of sale by paying all taxes, costs, interest and damages due to the Chancery Clerk. A valid tax sale will mature two years after the date of sale unless the land is redeemed and title will vest in the purchaser on such date.

At the option of the tax collector, advertisement for the sale of such county lands may be made after the fifteenth day of February in each year with the sale of such lands to be held on the first Monday of April following. All provisions which relate to the tax sale held in August of each year shall apply to the tax sale if held in April.

County and municipal taxes, assessed upon lands or personal property, are entitled to preference over all judgments, executions, encumbrances or liens however created.

Reappraisal of Property and Limitation on Ad Valorem Levies

Senate Bill No. 2672, General Laws of Mississippi, Regular Session 1980, codified in part as Sections 27-35-49 and 27-35-50, Mississippi Code of 1972 (the "Reappraisal Act"), provides that all real and personal property in the State shall be appraised at true value and assessed in proportion to true value. To insure that property taxes do not increase dramatically as the counties complete reappraisals, the Reappraisal Act provides for the limit on increase in tax revenues discussed below.

The statute limits ad valorem tax levies by the County subsequent to October 1, 1980, to a rate which will result in an increase in total receipts of not greater than ten percent (10%) over the previous year's receipts, excluding revenue from ad valorem taxes on any newly constructed properties, any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year. This limitation does not apply to levies for the payment of the principal of and the interest on general obligation bonds issued by the County or to certain other specified levies. The limitation may be increased only if the proposed increase is approved by a majority of those voting in an election held on such question.

On August 20, 1980, the Mississippi Supreme Court rendered its decision in State Tax Commission v. Fondren, 387 So.2d 712, affirming the decree of the Chancery Court of the First Judicial District of Hinds County, Mississippi, wherein the State Tax Commission was enjoined from accepting and approving assessment rolls from any county in the State for the tax year 1983 unless the State Tax Commission equalized the assessment rolls of all of the counties. Due to the intervening passage of the Reappraisal Act, the Supreme Court reversed that part of the lower court's decree ordering the assessment of property at true value (although it must still be appraised at true value), holding instead that assessed value may be expressed as a percentage of true value. Pursuant to the Supreme Court modification of the Chancellor's decree, on November 15, 1980, the State Tax Commission filed a master plan to assist counties in determining true value. On February 7, 1983, the Chancery Court granted an extension until July 1, 1984, of its previous deadline past which the State Tax Commission could not accept and approve tax rolls from counties which had not yet reappraised. The County has completed reappraisal.

Homestead Exemption

The Mississippi Homestead Exemption Law of 1946 reduces the local tax burden on homes qualifying by law and substitutes revenues from other sources of taxation on the State level as a reimbursement to the local taxing units for such tax loss. Provisions of the homestead exemption law determine qualification, define ownership and limit the amount of property that may come within the exemption. The exemption is not applicable to taxes levied for the payment of the Bonds, except as hereinafter noted.

Those homeowners who qualify for the homestead exemption and who have reached the age of sixty-five (65) years on or before January 1 of the year for which the exemption is claimed, service-connected, totally disabled American veterans who were honorably discharged from military service and those qualified as disabled under the federal Social Security Act are exempt from any and all ad valorem taxes on qualifying homesteads not in excess of \$7,500 of assessed value thereof.

The tax loss resulting to local taxing units from properly qualified homestead exemptions is reimbursed by the State Tax Commission. Beginning with the 1984 supplemental ad valorem tax roll and for each roll thereafter, no taxing unit shall be reimbursed an amount in excess of one hundred six percent (106%) of the total net reimbursement made to such taxing unit in the next proceeding year.

Ten Largest Taxpayers

The ten largest taxpayers in the County for assessment year 2009 are as follows:

Taxpayer	Assessed Valuation	Taxes Collected
Gulf South Pipeline	\$37,610,759.00	\$3,362,777.92
Entergy	3,557,644.00	318,088.94
Illinois Central Railroad	2,641,234.00	236,152.72
Wal-Mart	2,559,792.00	228,870.99
Southern Natural Gas	2,279,059.00	203,770.64
Bell South	2,243,862.00	200,623.69
Tyson Foods	1,519,091.00	135,821.94
Magee Warehouse	1,179,322.00	105,443.14
Howards	1,024,182.00	91,572.14
Weyerhaeuser	983,416.00	87,927.26
TOTALS	\$55,598,361.00	\$4,971,049.38

SOURCE: Simpson County Tax Assessor; September, 2010.

DEBT INFORMATION

Legal Debt Limit Statement

(as of September, 2010)

	15% Limit	20% Limit
Authorized Debt Limit (Last Completed Assessment for Taxation - \$199,233,754)	\$29,885,063	\$39,846,750
Present Debt Subject to Debt Limits	3,282,593	3,282,593
Margin for Further Debt Under Debt Limits	\$26,602,470	\$36,564,157

Statutory Debt Limits

The County is subject to a general statutory debt limitation under which no county in the State may incur general obligation bonded indebtedness in an amount which will exceed fifteen percent (15%) of the assessed value of the taxable property within such county according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such fifteen percent (15%) limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water and sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a county's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a county contract indebtedness which, when added to all of its outstanding indebtedness, both bonded and floating, exceeds twenty percent (20%) of the assessed value of the taxable property within such county.

Outstanding General Obligation Bonded Debt

(as of September, 2010)

Issue	Date of Issue	Outstanding Principal
MBIA Bond ⁸	03/20/96	\$ 690,000
General Obligation Road and Bridge Refunding Bonds	08/07/03	395,000
General Obligation Road and Bridge Bonds	10/01/04	2,175,000
Taxable General Obligation Bonds ⁹	5/26/09	712,593
TOTAL:		\$3,972,599

Other Debt

(as of September, 2010)

Issue	Date of Issue	Outstanding Principal
Capital Leases	2000-2009	\$658,283
Capital Improvements Revolving Loans	2000-2008	65,810
TOTAL:		\$724,093

⁸This bond is and will be a general obligation of the County secured by (i) the assignment of a portion of the rental payments due under the lease and (ii) the County's forfeiture of up to twelve (12) months of its sales tax allocation and/or homestead exemption reimbursement; and (ii) the avails of a direct tax to be levied annually without limitation as to rate or amount upon all taxable property within the geographical limits of the County, but only in the event that the sources provided in item (i) and (ii) above are insufficient to provide for the payment of the principal of the bond as the same falls due. Not subject to 15% or 20% debt limit.

⁹ The County entered into a Supplemental payment Agreement with Southern Pine Electric Power Association, whereby the County agreed to make monthly payments on the Bonds. The outstanding principal balance above reflects the outstanding balance as of September 15, 2010.

Annual Debt Service Requirements¹⁰

	Existing Debt		
	Principal	Interest	Total
2010	\$ 375,000.00	\$ 120,695.00	\$ 495,695.00
2011	557,222.20	106,570.00	663,792.20
2012	572,222.20	89,282.50	661,504.70
2013	387,222.20	71,138.75	458,360.95
2014	397,222.20	60,945.00	458,167.20
2015	412,222.20	51,420.00	463,642.20
2016	422,222.20	41,495.00	463,717.20
2017	317,222.20	32,215.00	349,437.20
2018	327,222.20	23,575.00	350,797.20
2019	342,222.40	14,485.00	356,707.40
2020	265,000.00	4,902.50	269,902.50
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
Total	\$4,375,000.00	\$616,723.75	\$4,991,723.75

¹⁰ Annual debt service requirement includes County's General Obligation MBIA Bond, dated 3/20/96. The MBIA Bond is not subject to the County's 15% or 20% debt limit.

General Obligation Bonded Debt

Issue	FY Ended September 30				
	2009	2008	2007	2006	2005
MBIA Bond (3/20/96) ¹¹	\$795,000	\$900,000	\$1,000,000	\$1,100,000	\$1,200,000
General Obligation Road & Bridge Refunding Bonds (08/07/03)	590,000	775,000	955,000	1,130,000	1,305,000
Negotiable Shortfall Note (9/29/04)	-0-	-0-	119,007	232,696	341,300
General Obligation Road & Bridge Bonds (10/01/04)	2,250,000	2,320,000	2,385,000	2,445,000	2,500,000
Taxable Negotiable Note (6/11/08)	-0-	776,100	-0-	-0-	-0-
General Obligation Bonds (5/26/09)	740,000	-0-	-0-	-0-	-0-
TOTAL:	\$4,375,000	\$4,771,100	\$4,459,007	\$4,907,696	\$5,346,300

¹¹ MBIA Bond is not subject to County's 15% or 20% debt limit.

Debt Ratios

FY Ended September 30	General Obligation Debt	General Obligation Debt to Assessed Value
2009	\$4,375,000	2.28%
2008	4,771,100	2.98
2007	4,459,007	2.97
2006	4,907,696	3.32
2005	5,346,300	3.70

Underlying General Obligation Indebtedness

(as of August, 2010)

Municipality	2000 Population	Current Assessed Valuation	General Obligation Bonded Debt	General Obligation Bonded Debt Per Capita
Magee	4,200	\$33,518,508	\$3,525,000	\$839.29
Mendenhall	2,555	\$14,108,065		

School District	Current Assessed Valuation	Total Limited Obligation Bonded Debt
Simpson County School District	\$191,050,670	\$4,918,654

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APPENDIX B
FINANCIAL INFORMATION ON COUNTY

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**ADOPTED BUDGET FOR FISCAL YEAR ENDING
SEPTEMBER 30, 2010**

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Simpson County
Combined Budget for Publication
For the Fiscal Year Ending September 30, 2010

	Governmental Fund Types				Proprietary Funds		
	General	Special Revenue	Capital Projects	Debt Service	Permanent Enterprise Service	Internal Priv. Purpose/Agency	Total
REVENUES							
Amount Necessary to be Raised by Tax Levy	4363174	1747078		594493		1161480	7866225
Taxes and Ad Valorem other than Tax Levy	111900						111900
Road and Bridge Privilege Taxes		310000					310000
Licenses, Commissions and Other Revenue	217750	15000					232750
Fines and Forfeitures	591000	12932					603932
Special Assessments							
Intergovernmental Revenue:							
Federal Sources	770882		516250				859112
State Sources							1928929
Local Sources:							263000
Charges for Services							1102000
Interest Income	50000						175800
Miscellaneous Revenue	103500	4300					156600
Contributions to Permanent Funds	74500						
Other Financing Sources	50000						186695
Special Items							
Extraordinary Items							
TOTAL REVENUES	6332706	4324214	516250	598793		1161480	13796943
BEGINNING CASH BALANCE	2910000	2213695		120000		6000	5389695
Total Revenue & Beginning Cash Balance	9242706	6537909	516250	718793		1167480	19186638
EXPENDITURES							
General Government	2945948						2945948
Public Safety	2827416	1372140				62136	4199556
Public Works		2936088					3780914
Health and Welfare	236677						236677
Culture and Recreation	184028	12000					196028
Education							
Conservation of Natural Resources	100122						1060564
Economic Development and Assistance	13749		516250				138902
Undesignated							630899
Debt Service							
Interfund Transactions/Other	24695			590336			716773
Other Financing Uses							150195
Special Items							
Extraordinary Items							
Total Expenditures	6332635	4673065	516250	590336		1161480	14056456
Ending Cash Balance	2910071	1864844		128457		6000	5130182
Total Expenditures & Ending Cash Balance	9242706	6537909	516250	718793		1167480	19186638

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**ADOPTED BUDGET FOR FISCAL YEAR ENDING
SEPTEMBER 30, 2011**

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Simpson County
Combined Budget for Publication
For the Fiscal Year Ending September 30, 2011

	Governmental Fund Types				Proprietary Funds		
	General	Special Revenue	Capital Projects	Debt Service	Permanent Enterprise Service	Internal Priv. Purpose/Agency	Total
REVENUES							
Amount Necessary to be Raised by Tax Levy	4629880	1880115		588950		1200404	8299349
Taxes and Ad Valorem Other than Tax Levy	119200						119200
Road and Bridge Privilege Taxes		305000					305000
Licenses, Commissions and Other Revenue	218820	14000					232820
Fines and Forfeitures	626000	10000					636000
Special Assessments							
Intergovernmental Revenue:							
Federal Sources	202000	138862	191375				532237
State Sources:	679050	1000844			18000		1697894
Local Sources:		10033					10033
Charges for Services		275000			750000		1125000
Interest Income	100000				4000		100400
Miscellaneous Revenue	86800			2300			89100
Contributions to Permanent Funds	78000	34500			50500		163000
Other Financing Sources							
Special Items	230000	269233		80000			579233
Extraordinary Items							
TOTAL REVENUES	6969750	3975187	191375	671250	822500	1200404	13830465
BEGINNING CASH BALANCE	3619000	2945191		124000	250000	9000	6947191
Total Revenue & Beginning Cash Balance	10588750	6920378	191375	795250	1072500	1209404	20777657
EXPENDITURES							
General Government	3080251						3080251
Public Safety	3193396	921371					4114767
Public Works		3001578			897666	62404	3961648
Health and Welfare	263877		35250				299127
Culture and Recreation	186349	12000					198349
Education						1091586	1091586
Conservation of Natural Resources	104470		156125			46414	150884
Economic Development and Assistance	13749						13749
Undesignated							
Debt Service	42250	258889		588592			89731
Interfund Transactions/Other	14233	241496		80000			135729
Other Financing Uses							
Special Items							
Extraordinary Items							
Total Expenditures	6898575	4545734	191375	668592	897666	1200404	14402346
Ending Cash Balance	3690175	2374644		126658	174834	9000	6375311
Total Expenditures & Ending Cash Balance	10588750	6920378	191375	795250	1072500	1209404	20777657

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**AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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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.

SIMPSON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2009

SIMPSON COUNTY

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SIMPSON COUNTY

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676
Fax (601)939-8761

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Simpson County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Simpson County, Mississippi, as of and for the year ended September 30, 2009, 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 did not audit the financial statements of the Simpson County Human Resource Agency, a component unit, which represents 100% of the assets and revenues of the discretely presented component unit. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Hospital audited by other auditors, were audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

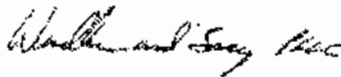
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Simpson County, Mississippi, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, 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 May 31, 2010, on our consideration of Simpson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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



Windham and Lacey, PLLC
May 31, 2010

SIMPSON COUNTY

FINANCIAL STATEMENTS

SIMPSON COUNTY
Statement of Net Assets
September 30, 2009

Exhibit 1

	Primary Government			Component
	Governmental Activities	Business type Activities	Total	Unit Human Resource Agency
ASSETS				
Cash	\$ 5,983,392	168,902	6,152,294	
Property tax receivable	6,704,744		6,704,744	
Accounts receivable (net of allowance for uncollectibles of \$620,374)		202,826	202,826	
Fines receivable (net of allowance for uncollectibles of \$2,216,417)	664,532		664,532	
Intergovernmental receivables	409,946		409,946	
Grants and contracts receivable				77,055
Other receivables	2,791		2,791	17,037
Capital assets:				
Land and construction in progress	2,231,056		2,231,056	
Other capital assets, net	49,447,445	559,137	50,006,582	8,104
Total Assets	65,443,906	930,865	66,374,771	102,196
LIABILITIES				
Claims payable	579,501	33,095	612,596	107,357
Bank overdraft				114
Accrued salaries and withholdings				8,925
Intergovernmental payables	209,897		209,897	
Deferred revenue	6,714,744		6,714,744	
Compensated absences	213,094	23,267	236,361	
Other payables	72,059		72,059	15,637
Long-term liabilities				
Due within one year:				
Capital debt	578,699		578,699	
Due in more than one year:				
Capital debt	4,216,614		4,216,614	
Total Liabilities	12,584,608	56,362	12,640,970	132,033
NET ASSETS				
Invested in capital assets, net of related debt	46,883,188	559,137	47,442,325	8,104
Restricted:				
Expendable:				
Debt service	148,625		148,625	
Public safety	414,499		414,499	
Public works	1,236,420	315,366	1,551,786	
Economic development	566,335		566,335	
Unrestricted	3,610,231		3,610,231	(37,941)
Total Net Assets	\$ 52,859,298	874,503	53,733,801	(29,837)

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

SIMPSON COUNTY
Statement of Activities
For the Year Ended September 30, 2009

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,633,751	822,568			(1,811,183)	(1,811,183)	
Public safety	3,019,390	449,561	173,173		(2,396,656)	(2,396,656)	
Public works	2,544,946		911,697	277,962	(1,355,287)	(1,355,287)	
Health and welfare	287,459		11,701	16,064	(259,694)	(259,694)	
Culture and recreation	316,909			120,000	(196,909)	(196,909)	
Conservation of natural resources	97,833				(97,833)	(97,833)	
Economic development and assistance	118,526				506,971	506,971	
Interest on long-term debt	190,047				(190,047)	(190,047)	
Total Governmental Activities	<u>9,208,861</u>	<u>1,272,129</u>	<u>1,096,571</u>	<u>1,039,523</u>	<u>(5,800,638)</u>	<u>(5,800,638)</u>	
Business-type activities:							
Solid Waste	763,938	716,949	16,380			(30,609)	
Total Business-type Activities	<u>763,938</u>	<u>716,949</u>	<u>16,380</u>	<u>0</u>	<u>0</u>	<u>(30,609)</u>	
Total Primary Government	<u>\$ 9,972,799</u>	<u>1,989,078</u>	<u>1,112,951</u>	<u>1,039,523</u>	<u>(5,800,638)</u>	<u>(5,831,247)</u>	
Component unit:							
Human Resource Agency	\$ 1,156,022		1,182,087				26,065
Total Component Unit	<u>\$ 1,156,022</u>	<u>0</u>	<u>1,182,087</u>	<u>0</u>			<u>26,065</u>
General revenues:							
Property taxes					\$ 5,588,918	5,588,918	
Road & bridge privilege taxes					311,711	311,711	
Grants and contributions not restricted to specific programs					851,169	851,169	
Unrestricted interest income					270,170	10,981	
Miscellaneous					276,877	276,877	
Total General Revenues and Transfers					<u>7,298,845</u>	<u>10,981</u>	<u>0</u>
Changes in Net Assets					1,498,207	(19,628)	26,065
Net Assets - Beginning					51,361,091	894,132	(54,267)
Prior year adjustments							(1,635)
Restated					<u>51,361,091</u>	<u>894,132</u>	<u>(55,902)</u>
Net Assets - Ending					<u>\$ 52,859,298</u>	<u>874,504</u>	<u>(29,837)</u>

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

SIMPSON COUNTY
Balance Sheet - Governmental Funds
September 30, 2009

Exhibit 3

	Major Funds		Other	Total
	General	Road	Governmental	Governmental
	Funds	Maintenance	Funds	Funds
		Fund		
ASSETS				
Cash	\$ 3,424,556	1,005,447	1,553,389	5,983,392
Property tax receivable	4,363,174	911,036	1,430,535	6,704,745
Fines receivable, net of allowance for uncollectible of \$2,226,417	664,532			664,532
Intergovernmental receivables	138,830		271,116	409,946
Other receivables	2,790			2,790
Due from other funds		34,856	21,164	56,020
Total Assets	\$ 8,593,882	1,951,339	3,276,204	13,821,425
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 111,925	87,609	379,967	579,501
Intergovernmental payables	176,802		17,745	194,547
Due to other funds	71,370			71,370
Deferred revenue	5,037,706	911,036	1,430,535	7,379,277
Other payables	72,059			72,059
Total Liabilities	5,469,862	998,645	1,828,247	8,296,754
Fund balances:				
Reserved for:				
Debt Service			148,625	148,625
Unreserved, reported in:				
General Fund	3,124,020			3,124,020
Special Revenue Funds		952,694	1,299,332	2,252,026
Total Fund Balances	3,124,020	952,694	1,447,957	5,524,671
Total Liabilities and Fund Balances	\$ 8,593,882	1,951,339	3,276,204	13,821,425

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

SIMPSON COUNTY

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2009

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,524,671
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 \$89,583,683.	51,678,501
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	664,534
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	<u>(5,008,408)</u>
Total Net Assets - Governmental Activities	\$ <u>52,859,298</u>

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

SIMPSON COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2009

	Major Funds			
	General Fund	County-wide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 3,777,767	598,416	1,212,735	5,588,918
Road and bridge privilege taxes		311,711		311,711
Licenses, commissions and other revenue	232,822		14,706	247,528
Fines and forfeitures	680,683		16,040	696,723
Intergovernmental revenues	938,635	682,065	1,379,045	2,999,745
Charges for services	131,700		274,579	406,279
Interest income	173,623	35,834	60,713	270,170
Miscellaneous revenues	124,231	8,690	134,933	267,854
Total Revenues	6,059,461	1,636,716	3,092,751	10,788,928
EXPENDITURES				
Current:				
General government	2,534,320		10,113	2,544,433
Public safety	1,917,446		968,837	2,886,283
Public works		2,095,374	924,947	3,020,321
Health and welfare	284,011			284,011
Culture and recreation	315,934		975	316,909
Conservation of natural resources	97,833			97,833
Economic development and assistance	13,749		726,774	740,523
Debt service:				
Principal	27,374	63,124	1,209,666	1,300,164
Interest	1,660	13,012	175,375	190,047
Paying agent fees			4,440	4,440
Total Expenditures	5,192,327	2,171,510	4,021,127	11,384,964
Excess of Revenues over (under) Expenditures	867,134	(534,794)	(928,376)	(596,036)
OTHER FINANCING SOURCES (USES)				
Long-term non-capital debt issued		433,898	740,000	1,173,898
Transfers in			89,298	89,298
Transfers out	(74,298)		(15,000)	(89,298)
Total Other Financing Sources and Uses	(74,298)	433,898	814,298	1,173,898
Net Changes in Fund Balances	792,836	(100,896)	(114,078)	577,862
Fund Balances - Beginning	2,331,184	1,053,590	1,562,035	4,946,809
Fund Balances - Ending	\$ 3,124,020	952,694	1,447,957	5,524,671

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

SIMPSON COUNTY

EXHIBIT 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2009

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 577,862
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$1,719,317 exceeded depreciation of \$810,774 in the current period.	908,543
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$2,884.	(2,884)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(78,975)
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 of \$1,300,164 exceeded debt proceeds of \$1,173,898.	126,266
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by the increase in compensated absences.	(32,605)
Change in Net Assets of Governmental Activities	\$ <u>1,498,207</u>

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

SIMPSON COUNTY
Statement of Net Assets - Proprietary Fund
September 30, 2009

Exhibit 5

	Business-type Activities - Enterprise Fund	Solid Waste Fund
ASSETS		
Current assets:		
Cash	\$ 168,902	
Accounts receivable (net of allowance for uncollectibles of \$620,374)	202,826	
Total Current Assets	371,728	
Noncurrent assets:		
Capital assets, net	559,137	
Total Noncurrent Assets	559,137	
Total Assets	930,865	
LIABILITIES		
Current liabilities:		
Claims payable	33,095	
Total Current Liabilities	33,095	
Noncurrent liabilities:		
Compensated absences payable	23,267	
Total Noncurrent Liabilities	23,267	
NET ASSETS		
Invested in capital assets, net of related debt	559,137	
Unrestricted (deficit)		
Public Works	315,366	
Total Net Assets	\$ 874,503	

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

SIMPSON COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Assets -
 Proprietary Fund
 For the Year Ended September 30, 2009

	Business-type Activities - Enterprise Fund Solid Waste Fund
Operating Revenues	
Charges for services	\$ 716,549
Other operating cash receipts	400
Total Operating Revenues	<u>716,949</u>
Operating Expenses	
Personal services	341,897
Contractual services	203,200
Materials and supplies	131,638
Depreciation expense	87,203
Total Operating Expenses	<u>763,938</u>
Operating Income (Loss)	<u>(46,989)</u>
Nonoperating Revenues (Expenses)	
Interest income	10,981
State grants	16,380
Net Nonoperating Revenue (Expenses)	<u>27,361</u>
Net Income (Loss) before Transfers	<u>(19,628)</u>
Changes in Net Assets	(19,628)
Net Assets - Beginning	<u>894,132</u>
Net Assets - Ending	<u>\$ 874,504</u>

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

SIMPSON COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2009

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 707,293
Payments to suppliers	(333,936)
Payments to employees	(339,565)
Other operating cash receipts	400
Net Cash Provided (Used) by Operating Activities	<u>34,192</u>
Cash Flows From Noncapital Financing Activities	
Operating grants received	16,380
Net Cash Provided (Used) by Noncapital Financing Activities	<u>16,380</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(118,456)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(118,456)</u>
Cash Flows From Investing Activities	
Interest on deposits	10,981
Net Cash Provided (Used) by Investing Activities	<u>10,981</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(56,903)
Cash and Cash Equivalents at Beginning of Year	<u>225,805</u>
Cash and Cash Equivalents at End of Year	<u>\$ 168,902</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (46,989)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	87,203
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(9,256)
Increase (decrease) in claims payable	902
Increase (decrease) in compensated absences liability	2,332
Total Adjustments	<u>81,181</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,192</u>

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

SIMPSON COUNTY
Statement of Fiduciary Assets & Liabilities
September 30, 2009

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 119,628
Due from other funds	15,350
Total Assets	\$ <u>134,978</u>
LIABILITIES	
Amounts held in custody for others	\$ 15,648
Intergovernmental payables	119,330
Total Liabilities	\$ <u>134,978</u>

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Simpson 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 Simpson 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-Collector
- Sheriff

B. Individual Component Unit Disclosures.

Blended Component 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.

Simpson County Economic Development District is a legally separate entity organized under Section 19-5-99, Miss. Code Ann. (1972). Its purpose is to foster, encourage and facilitate economic development in the county. The entity's board of trustees is composed of 11 members appointed by the county board of supervisors. The county funds the entity through a 1.17 mill tax levy.

Discretely Presented Component Units

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

Simpson County Human Resource Agency was established in 1976 to administer the programs of state and federal agencies and to work with the poor, public and private sectors to identify and try to eliminate the causes of poverty within Simpson County. This agency is partially supported by the Board of Supervisors of Simpson County who also appoint the board of directors.

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.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

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.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

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

The county reports the following major Governmental Funds:

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

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

The county reports the following major Proprietary Fund:

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

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.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Simpson County meets this criteria and has elected to report general infrastructure assets acquired after September 30, 1980 on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 1980.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

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

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

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

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

J. Long-term Liabilities.

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

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

K. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

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.

L. Property Tax Revenues.

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

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

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

M. Intergovernmental Revenues in Governmental Funds.

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

N. Compensated Absences.

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

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(2) Prior Period Adjustment.

Component Unit.

Net assets were adjusted by \$1,635 to write off a prior year accounts receivable that will not be received by the Agency. This adjustment had no effect on the results of the current year activities; however, the cumulative effect decreases net assets by \$1,635.

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$6,271,922, and the bank balance was \$6,519,546. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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

Component Unit.

The Simpson County Human Resource Agency had a cash overdraft of \$114 at September 30, 2009.

The Agency maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2009, the Agency's cash balances were totally insured.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2009:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other governmental funds	General Fund	\$ 21,164
Road Fund	General Fund	34,856
Agency funds	General Fund	15,350
Total		\$ <u>71,370</u>

Amounts listed are the tax revenues, justice court and circuit clerk fees collected in September, 2009, but not settled until October, 2009.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other governmental funds	Other governmental funds	\$ 15,000
Other governmental funds	General Fund	74,298
Total		<u>\$ 89,298</u>

The purpose of these transfers was to provide funds for budgeted items. The transfers were routine in nature and consistent with the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2009, consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative tag credit	\$ 90,300
Department of Public Safety	94,192
Mississippi Development Authority	225,454
Total	<u>\$ 409,946</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2009:

Governmental activities:

	<u>Balance Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2009</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,600,659	8,400			1,609,059
Construction in progress		621,997			621,997
Total non-depreciable capital assets	<u>1,600,659</u>	<u>630,397</u>	<u>0</u>	<u>0</u>	<u>2,231,056</u>
<u>Depreciable capital assets:</u>					
Buildings	5,815,375	52,735			5,868,110
Mobile equipment	3,439,722	221,112	(14,140)		3,646,694
Furniture and equipment	860,499	110,464	(14,695)		956,268
Leased property under capital leases	68,348	433,898			502,246
Infrastructure	128,571,919	270,711			128,842,630
Total depreciable capital assets	<u>138,755,863</u>	<u>1,088,920</u>	<u>(28,835)</u>	<u>0</u>	<u>139,815,948</u>
<u>Less accumulated depreciation for:</u>					
Buildings	3,174,089	67,430			3,241,519
Mobile equipment	2,162,739	262,562	(12,726)		2,412,575
Furniture and equipment	639,790	134,844	(13,225)		761,409
Leased property under capital leases	12,304	45,204			57,508
Infrastructure	83,594,758	300,734			83,895,492
Total accumulated depreciation	<u>89,583,680</u>	<u>810,774</u>	<u>(25,951)</u>	<u>0</u>	<u>90,368,503</u>
Total depreciable capital assets, net	<u>49,172,183</u>	<u>278,146</u>	<u>(2,884)</u>	<u>0</u>	<u>49,447,445</u>
Governmental activities capital assets, net	<u>\$ 50,772,842</u>	<u>908,543</u>	<u>(2,884)</u>	<u>0</u>	<u>51,678,501</u>

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

Business-type activities:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
<u>Depreciable capital assets:</u>					
Buildings	\$ 164,260				164,260
Mobile equipment	894,986	118,456		81,305	1,094,747
Leased property under capital leases	81,305			(81,305)	
Total depreciable capital assets	<u>1,140,551</u>	<u>118,456</u>	<u>0</u>	<u>0</u>	<u>1,259,007</u>
<u>Less accumulated depreciation for:</u>					
Buildings	32,860	3,286			36,146
Mobile equipment	550,535	76,599		36,590	663,724
Leased property under capital leases	29,272	7,318		(36,590)	
Total accumulated depreciation	<u>612,667</u>	<u>87,203</u>	<u>0</u>	<u>0</u>	<u>699,870</u>
Total depreciable capital assets, net	<u>527,884</u>	<u>31,253</u>	<u>0</u>	<u>0</u>	<u>559,137</u>
Business-type activities capital assets, net \$	<u>527,884</u>	<u>31,253</u>	<u>0</u>	<u>0</u>	<u>559,137</u>

Component Unit:

Simpson County Human Resource Agency

Depreciable capital assets:

Mobile equipment	\$ 440,145
Furniture and equipment	4,396
Total depreciable capital assets	<u>444,541</u>

Less accumulated depreciation for:

Mobile equipment	436,437
Total accumulated depreciation	<u>436,437</u>

Component Unit capital assets, net \$ 8,104

Adjustments include transfer of completed projects from construction in project and addition of land owned by the Simpson County Economic Development District.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 69,444
Public safety	272,597
Public works	465,285
Health and welfare	<u>3,448</u>
Total depreciation expense - governmental activities	\$ <u>810,774</u>
Business-type activities:	
Public works	\$ <u>87,203</u>
Component Unit	
Human Resource Agency	\$ <u>10,217</u>

Commitments with respect to unfinished capital projects at September 30, 2009, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Industrial Park	\$ <u>125,000</u>	February, 2010

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2007, to January 1, 2008. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$45,000 for the year ended September 30, 2009. The future minimum lease receivables for these leases are as follows:

Operating Leases:

<u>Year Ended September 30</u>	<u>Amount</u>
2010	\$ 45,000
2011	45,000
2012	45,000
2013	45,000
2014	45,000
2015-2018	180,000
Total Minimum Payments Required	<u>\$ 405,000</u>

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2009:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 502,246
Less: Accumulated depreciation	<u>(57,508)</u>
Total	<u>\$ 444,738</u>

The following is a schedule by years of the total payments due as of September 30, 2009:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 54,762	11,347
2011	46,203	10,406
2012	303,126	1,591
2013		
Total	<u>\$ 404,091</u>	<u>23,344</u>

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(10) Long-term Debt.

Debt outstanding as of September 30, 2009, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Quality Foods MBIA Bond	\$ 795,000	2.00%	03/01/2016
Road and Bridge Bonds Series 2003	590,000	3.00%	04/01/2012
Road and Bridge Bonds Series 2004	2,175,000	3.84%	10/01/2019
Industrial Development Bonds of 2009	740,000	0.00%	05/01/2009
Total General Obligation Bonds	\$ 4,300,000		
B. Kubota tractor with boom mower	\$ 9,998	4.08%	02/01/2010
2 Caterpillar Motor graders	394,093	3.17%	10/28/2013
Total	\$ 404,091		
C. Other Loans:			
CAP Loan- fire truck	\$ 7,547	3.00%	10/01/2010
CAP Loan- fire truck	12,056	3.00%	12/01/2009
CAP Loan- fire truck	71,621	2.00%	06/01/2018
Total Other Loans	\$ 91,224		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2010	\$ 497,407	115,894	26,530	1,582
2011	567,222	99,351	8,527	1,210
2012	582,222	81,282	7,961	1,052
2013	397,222	66,745	8,123	890
2014	407,222	57,443	8,286	727
2015-2019	1,848,705	142,340	31,797	1,211
Total	\$ 4,300,000	563,055	91,224	6,672

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2009, the amount of outstanding debt was equal to 2.69% of the latest property assessments.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009:

	Balance Oct. 1, 2008	New Debt	Payments	Balance Sept. 30, 2009	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 180,489	32,605		213,094	
General obligation bonds	3,925,000	740,000	365,000	4,300,000	497,407
Capital leases	33,317	433,898	63,124	404,091	54,762
Other loans	963,264		872,040	91,224	26,530
Total	\$ 5,102,070	1,206,503	1,300,164	5,008,409	578,699
Business-type Activities:					
Compensated absences	\$ 20,935	2,332		23,267	
Total	\$ 20,935	2,332	-0	23,267	0

(11) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. Accordingly, 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.

(12) Joint Ventures.

The county participates in the following joint ventures:

Simpson County is a participant with Rankin, Scott and Smith Counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide free library service to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the county's appropriation to the joint venture was \$140,831 in fiscal year 2009. Complete financial statements for the Central Mississippi Regional Library System can be obtained from the following address: 104 Office Park Drive, Brandon, MS 39042.

Simpson County is a participant with the Cities of Magee and Mendenhall in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the South Central Regional Solid Waste Authority. The joint venture was created to provide rubbish waste disposal for the residents of Simpson County and is governed by a seven-member board appointed by the Board of Supervisors and Board of Aldermen; three by Simpson County, and two each by the Cities of Magee and Mendenhall. The county's appropriation to the joint venture was \$60,956 in fiscal year 2009. Complete financial statements for the South Central Mississippi Regional Solid Waste Authority can be obtained from the following address: P. O. Box 487, Mendenhall, MS 39114.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

Simpson County is a participant with the City of Magee in a joint venture authorized by Section 21-45-11, Miss. Code Ann. (1972), to contract with each other for joint and cooperative action relative to the financing for the construction of public infrastructure improvements and facilities and to jointly pledge revenue to fund the debt service of any such indebtedness incurred pursuant to the tax increment financing laws. The infrastructure improvements were made to accommodate development within the City of Magee in connection with a proposed Wal-Mart Supercenter. The county's responsibility is to pledge the additional ad valorem tax revenue generated by the development as security for its pro rata share of debt service on the bonds issued by the city. The county must pay the city 50% of the annual debt service on the bonds on the 15th day of each month preceding the installment due on the bonds. The county's total cost of the joint venture is \$266,209, which will be due in semi-annual installments through September, 2009. During the year, the county appropriated \$29,034 for the joint venture.

(13) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Simpson County Board of Supervisors appoints two of the 27 members of the college board of trustees. The county appropriated \$861,340 for the maintenance and support of the college in fiscal year 2009.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Simpson County Board of Supervisors appoints one member of the board of commissioners. The county appropriated \$45,000 for support of the commission in fiscal year 2009.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Simpson County Board of Supervisors appoints three of the 33 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$13,749 for the support of the district in fiscal year 2009.

(14) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12.00% 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, 2009, 2008 and 2007 were \$409,316, \$366,895 and \$355,201, respectively, equal to the required contributions for each year.

SIMPSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2009

(15) Subsequent Events.

Subsequent to September 30, 2009, Simpson County issued the following debt obligation:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
10/15/2009	3.24%	\$	50,000	Lease purchase	Ad valorem taxes
10/15/2009	3.39%		108,163	Lease purchase	Ad valorem taxes
10/20/2009	3.19%		198,301	Lease purchase	Ad valorem taxes

On November 9, 2009, the Board of Supervisors accepted a bid of \$434,000 for the construction of a Human Services Building. The building is funded by a CDBG grant.

SIMPSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SIMPSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,605,435	3,789,423	3,789,423	
Licenses, commissions and other revenue	204,260	233,859	233,859	
Fines and forfeitures	471,000	669,836	669,836	
Intergovernmental revenues	866,301	900,105	900,105	
Charges for services	127,000	131,700	131,700	
Interest income	150,000	174,693	174,693	
Miscellaneous revenues	50,300	120,073	120,073	
Total Revenues	5,474,296	6,019,689	6,019,689	0
EXPENDITURES				
Current:				
General government	2,706,582	2,558,983	2,558,983	
Public safety	2,186,658	1,948,542	1,948,542	
Health and welfare	249,815	282,422	282,422	
Culture and recreation	180,831	315,934	315,934	
Conservation of natural resources	94,763	97,691	97,691	
Economic development and assistance	42,784	41,123	41,123	
Debt service:				
Interest		1,660	1,660	
Total Expenditures	5,461,433	5,246,355	5,246,355	0
Excess of Revenues over (under) Expenditures	12,863	773,334	773,334	0
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		4,169	4,169	
Transfers out	(8,626)	(74,298)	(74,298)	
Total Other Financing Sources and Uses	(8,626)	(70,129)	(70,129)	0
Net Change in Fund Balance	4,237	703,205	703,205	0
Fund Balances - Beginning	1,824,439	2,388,078	2,388,078	0
Fund Balances - Ending	\$ 1,828,676	3,091,283	3,091,283	0

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

SIMPSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 602,207	595,366	595,366	
Road and bridge privilege taxes	310,000	311,165	311,165	
Intergovernmental revenues	683,000	682,065	682,065	
Interest income	14,000	35,834	35,834	
Miscellaneous revenues		4,838	4,838	
Total Revenues	<u>1,609,207</u>	<u>1,629,268</u>	<u>1,629,268</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	2,242,007	2,104,145	2,104,145	
Debt service:				
Principal	68,000	63,124	63,124	
Interest	12,000	13,012	13,012	
Total Expenditures	<u>2,322,007</u>	<u>2,180,281</u>	<u>2,180,281</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(712,800)</u>	<u>(551,013)</u>	<u>(551,013)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		433,898	433,898	
Proceeds from sale of capital assets		3,852	3,852	
Total Other Financing Sources and Uses	<u>0</u>	<u>437,750</u>	<u>437,750</u>	<u>0</u>
Net Change in Fund Balance	(712,800)	(113,263)	(113,263)	0
Fund Balances - Beginning	<u>316,123</u>	<u>1,118,710</u>	<u>1,118,710</u>	<u>0</u>
Fund Balances - Ending	\$ <u>(396,677)</u>	<u>1,005,447</u>	<u>1,005,447</u>	<u>0</u>

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

SIMPSON COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2009

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	County-wide Road Maintenance Fund
Net Change in Fund Balance-Budget		
Cash Balance	\$ 703,205	(113,263)
Increase (decrease):		
Net adjustments for revenue accruals	35,603	3,596
Net adjustments for expenditure accruals	54,028	8,771
Net Change in Fund Balance GAAP Basis	\$ 792,836	(100,896)

SIMPSON COUNTY

SUPPLEMENTAL INFORMATION

SIMPSON COUNTY
Schedule of Expenditures of Federal Awards
September 30, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
MAJOR FEDERAL AWARDS				
U.S. Department of Housing and Urban Development/Passed-through Mississippi Development Authority CDBG - Business Park - Katrina 2008	14.228		R-103-064-01-KED	\$ <u>621,997</u>
Total Expenditures of Major Federal Awards				<u>621,997</u>
OTHER FEDERAL AWARDS				
U.S. Department of Justice/Passed-through the Mississippi Department of Public Safety DUI Officers Grant	16.738			<u>103,769</u>
Local law enforcement block grant program	16.738		08CA1641	<u>5,000</u>
Total U.S. Department of Justice				<u>108,769</u>
U.S. Department of Housing and Urban Development/Passed-through Mississippi Development Authority HOME grant	14.239		1220-M08-SG-280-141	<u>3,500</u>
Total U.S. Department of Housing and Urban Development				<u>3,500</u>
U.S. Department of Homeland Security/ Passed-through Mississippi Department of Homeland Security Performance grants	97.042			<u>29,617</u>
Disaster Assistance Grants	97.036			<u>38,808</u>
Total U.S. Department of Homeland Security				<u>68,425</u>
U.S. Department of Transportation - Federal Highway Administration/Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205		BR NBIS 070 B (064)	<u>9,600</u>
Total Expenditures of Other Federal Awards				<u>190,294</u>
Total Expenditures of Federal Awards				\$ <u><u>812,291</u></u>

SIMPSON COUNTY
Schedule of Expenditures of Federal Awards
September 30, 2009

(Continued)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

Basis of Presentation

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

SIMPSON COUNTY

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676
Fax (601)939-8761

Members:
American Institute of CPAs
Mississippi Society of CPAs

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

Members of the Board of Supervisors
Simpson County, Mississippi

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Simpson County, Mississippi, as of and for the year ended September 30, 2009, and have issued our report thereon dated May 31, 2010. We did not audit the financial statements of the Simpson County Human Resource Agency, a component unit, which represents 100% of the assets and revenues of the discretely presented component unit 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. The financial statements of the Simpson County Human Resource Agency were audited by other auditors and were audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Simpson 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 Simpson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 09-01 to be a significant deficiency in internal control over financial reporting.

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

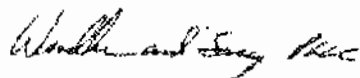
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Simpson County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 09-01.

Simpson 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 Simpson County's response and accordingly, we express no opinion on it.

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



Windham and Lacey, PLLC
May 31, 2010

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Pearl, MS 39208
(601)939-8676
Fax (601)939-8761

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

Members of the Board of Supervisors
Simpson County, Mississippi

Compliance

We have audited the compliance of Simpson 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, 2009. Simpson County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Simpson County, Mississippi's management. Our responsibility is to express an opinion on Simpson 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 Simpson 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 Simpson County, Mississippi's compliance with those requirements.

In our opinion, Simpson County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with a requirement which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 09-02.

Internal Control Over Compliance

The management of Simpson 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 Simpson County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

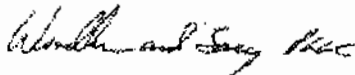
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a 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 item 09-02 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 entity's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 09-02 to be a material weakness.

Simpson 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 Simpson 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.



Windham and Lacey, PLLC
May 31, 2010

Windham and Lacey, PLLC

Certified Public Accountants

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Pearl, MS 39208
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INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES (REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors
Simpson County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Simpson County, Mississippi, as of and for the year ended September 30, 2009. 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.

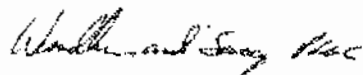
The Board of Supervisors of Simpson County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing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



Windham and Lacey, PLLC
May 31, 2010

SIMPSON COUNTY
Schedule of Purchases Not Made From Lowest Bidder
For the Year Ended September 30, 2009

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reasons for accepting other than the lowest bid</u>
04/15/2009	100kw mobile generator	\$38,808	Taylor Power Systems	\$38,695	Low bid failed to include transfer switch in the specifications at a cost of \$3,000. Service location twice as close from other than the the low bidder.

SIMPSON COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2009

Schedule 2

Our test results did not identify any emergency purchases.

SIMPSON COUTNY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Euded September 30, 2009

<u>Date</u>	<u>Items Purchased</u>		<u>Amount</u>	<u>Veudor</u>
09/04/2009	Five multibaud portable radios	\$	25,855	Motorola
06/26/2009	Radio equipment		4,785	Hysio-Coutrol, Inc.

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676
Fax (601)939-8761

Members
American Institute of CPAs
Mississippi Society of CPAs

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Simpson County, Mississippi

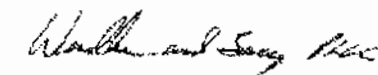
In planning and performing our audit of the financial statements of Simpson County, Mississippi for the year ended September 30, 2009, we considered Simpson County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Simpson 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 May 31, 2010, on the financial statements of Simpson County, Mississippi.

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

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.

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.



Windham and Lacey, PLLC
May 31, 2010

SIMPSON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SIMPSON COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2009

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | |
|-----|--|-------------|
| 4. | Internal control over major programs: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit findings reported as required by Section __.510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | Community development block grants/state's program, CFDA #14.228 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

SIMPSON COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2009

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency

09-01. Finding

During the fiscal year, funds were expended for two construction projects, an industrial park and a building addition with the county acting as contractor. In each of these instances the amount capitalized was not added to the fixed asset records of the county in a timely manner. The failure to add these items to the fixed asset records causes an understatement of the county's net assets.

Recommendation

The county has a procedure to identify and record the additions to the fixed assets records. This procedure should be followed and modified to address the issue of not reporting the acquisition of this type capital expenditure. When brought to the attention of management, these projects were added to fixed assets.

Response

The county will implement a tickler file in both the County Administrator's Office and the Inventory Clerk's Office for capital expenditures to insure that construction in progress accounts and County-built construction projects are included on the county inventory records.

Section 3: Federal Award Findings and Questioned Costs

09-02. Finding

Program: CFDA #14.219 and 14.228 R-103-064-01-KED, 2008 Community Development Block Grants/State's Program
United States Department of Housing and Urban Development/Passed-through
Mississippi Development Authority

Compliance Requirement: Equipment and Real Property Management

During the fiscal year, funds were expended for the construction of an industrial park. This was a capital project, construction in progress. The amount expended for this project was not added to the fixed asset records of the county in a timely manner. The failure to add these items to the fixed asset records causes an understatement of the county's net assets and a failure to account for assets acquired with federal funds.

Questioned Costs

None

Recommendation

Management has a procedure to identify and record the additions to the fixed assets records. This procedure was not followed. This procedure should be followed and modified to address the issue of not reporting the acquisition of this type capital expenditure. When this issue was brought to the attention of management, this project was added to the fixed asset records.

SIMPSON COUNTY, MISSISSIPPI

OFFICE OF THE BOARD OF SUPERVISORS

*P.O. BOX 308
MENDENHALL, MS 39114
TELEPHONE (601) 847-1418 • FAX (601) 847-7004*

Curtis Skiffer
District One
Harvey Blakeney
District Two
Pete Lowery
District Three
Mickey Berry
District Four

Randy Moore
District Five
Danny Welch
Attorney for the Board
Rhuel P. Dickinson, Jr.
County Administrator
Tommy Joe Harvey
Chancery Clerk

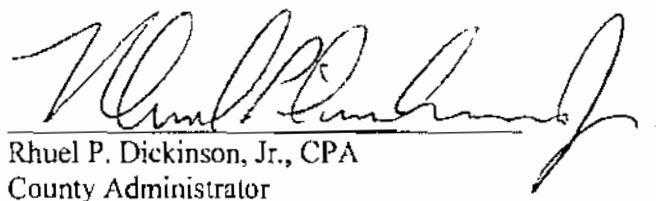
Simpson County
Fiscal Year 2009 Corrective Action Plan

Section 3: Federal Award Finding

The County will implement a tickler file in both the County Administrator's Office and the Inventory Clerk's Office for capital expenditures to insure that construction in progress accounts are included on the county inventory records.

The County Administrator will be the person responsible for the implementation of the corrective action.

The corrective action was implemented May 1, 2010.



Rhuel P. Dickinson, Jr., CPA
County Administrator

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APPENDIX C

OPINION OF BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC

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[FORM OF OPINION OF SPECIAL COUNSEL]

November 1, 2010

Simpson County, Mississippi
Mendenhall, Mississippi

BancorpSouth, Trustee
Jackson, Mississippi

RE: \$7,740,000 Certificates of Participation (Simpson County, Mississippi Lease Purchase Project), Series 2010

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the sale, execution and delivery of \$7,740,000 aggregate principal amount of Certificates of Participation (Simpson County, Mississippi Lease Purchase Project), Series 2010 (the "Certificates"), representing proportionate undivided interests of the owners thereof in a Lease and Option to Purchase, dated as of the date of delivery, (the "Lease"), by and between Simpson County, Mississippi (the "County"), and Central Mississippi Public Improvement Corporation, a non-profit corporation organized and existing under the laws of the State of Mississippi (the "Corporation"), including the right to receive payments of Base Rental to be made by the County thereunder. The Certificates are being executed, issued and delivered pursuant to a Trust Agreement, dated as of the date of delivery (the "Trust Agreement"), by and between the County and BancorpSouth, Jackson, Mississippi, as trustee (the "Trustee"). All capitalized terms used herein and not otherwise defined shall have the same meanings assigned to them in the Trust Agreement and the Lease.

The County has leased certain real property (the "Property") located in the County to the Corporation pursuant to a Ground Lease, dated as of the date of delivery (the "Ground Lease"), by and between the County and the Corporation. The County has entered into the Ground Lease for the purpose of enabling the Corporation to acquire, construct, finance and equip a County jail, sheriff department/justice court building and related facilities, including but not limited to a dormitory to house State prisoners under authority of Sections 31-8-1 et seq., Mississippi Code of 1972 (the "Act") to be leased to the County. The obligation of the County to make Base Rental and Additional Rental payments under the Lease constitutes a binding obligation of the County in accordance with the terms of said Lease. Provided, however, so long as no default of any monetary obligation of the County has occurred, the County's obligation to pay any amounts due or perform any covenants requiring or resulting in the expenditure of money shall be contingent and expressly limited to the extent of any specific, annual appropriation made by the County to fund such Lease. Nothing contained in the Lease shall create any monetary obligation on the part of the County beyond such current and specific appropriation. The County's Board of Supervisors (the "Governing Body"), in its sole discretion, may make said payments with any lawfully available revenues. Except as stated in the Trust Agreement, nothing in the Lease creates a lien of any kind or character whatsoever upon any funds, income or revenue now existing or hereafter held, collected, received, anticipated by, or available to the Governing Body

or prevents or restricts the Governing Body at any time from pledging, obligating or creating specific liens upon funds, income or revenues to or for the payment of any bonds, notes or certificates of the Governing Body or for any other purpose whatsoever. The County has not pledged or levied any form of taxation for the payment of Outstanding Certificates.

The obligation of the County under the Lease is not a general obligation and does not constitute a pledge of the full faith and credit of the County, the State of Mississippi or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation.

A portion of each Base Rental payment is designated as interest. Under the Lease, the County is required to deposit with the Trustee Base Rental payments at least five days prior to the date such payments are due under the Lease. The Corporation has assigned its right to receive Base Rental payments and certain other rights and interests in the Lease and the Ground Lease to the Trustee pursuant to an Assignment Agreement, dated as of the date of delivery (the "Assignment Agreement"), by and between the Trustee and the Corporation.

The Certificates are registered (in book-entry form) as to both principal and interest; are dated the date of delivery; are issued in the denomination of \$5,000 each, or integral multiples thereof up to the amount of a single maturity; are numbered from one upward in the order of issuance; bear interest from the date thereof at the rate or rates specified, payable on May 1 and November 1 of each year (each an "Interest Payment Date"), commencing May 1, 2011; and mature and become due and payable on November 1 in the years and in the principal amounts as follows:

<u>YEAR</u>	<u>AMOUNT*</u>	<u>YEAR</u>	<u>AMOUNT</u>
2011	\$275,000	2021	\$375,000
2012	285,000	2022	390,000
2013	290,000	2023	410,000
2014	300,000	2024	425,000
2015	310,000	2025	440,000
2016	320,000	2026	460,000
2017	330,000	2027	485,000
2018	340,000	2028	505,000
2019	350,000	2029	530,000
2020	365,000	2030	555,000

*Subject to Mandatory Sinking Fund Redemption.

Certificates maturing on November 1, 2021 and thereafter, are subject to redemption prior to their stated dates of maturity, at par, plus accrued interest to the date of redemption, either in whole at any time on or after November 1, 2020, or in part, in inverse order of maturity and by lot within a maturity on November 1, 2020, or on any Interest Payment Date thereafter.

As Special Counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the Board of Supervisors of the County in connection with the

authorization and sale of the Certificates. Our services as Special Counsel were limited to an examination of the transcript of such proceedings and to rendering the opinions set forth herein. In this connection, we have also examined such certificates of public officials and officers of the County and the Corporation as we have considered necessary for the purposes of this opinion.

On the basis of such examination, and in reliance thereon, and based on our consideration of such questions of law as we have deemed relevant in the circumstances, we are of the opinion that:

1. The transcript of certified proceedings of the Board of Supervisors regarding the Certificates, including, but not limited to, the Lease, Ground Lease and the Trust Agreement, evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Mississippi presently in effect, and therefore, the Lease, including the County's obligation to make Base Rental payments evidenced by the Certificates, constitutes a valid and legally binding obligation of the County.

2. The portion of each Base Rental payment accruing under the Lease designated as and comprising interest and received by the Owners of the Certificates is excluded under existing statutes, regulations and court decisions, from gross income for federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from personal income taxes of the State of Mississippi under present state law.

3. The Certificates are not "private activity bonds" as defined in Section 141(a) of the Code and, therefore, the interest received is not an item of tax preference for purposes of the Code's alternative minimum tax provisions.

In rendering these opinions, we are relying upon representations and covenants of the County in the Trust Agreement and in the County's Tax and Non-Arbitrage Certificate of even date herewith concerning the investment and use of Certificate proceeds and the rebate to the federal government of certain earnings thereon. In addition, we have assumed that all such representations are true and correct and that the County will comply with such covenants. We express no opinion with respect to the exclusion of the interest from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the County fails to comply with such covenants. Except as stated above, we express no opinion as to any federal tax consequences of the receipt of interest, or the ownership or disposition of the Certificates.

It is to be understood that the rights of the holders of the Certificates and the enforceability of the Certificates may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. In addition, without in any way limiting or qualifying our opinions set forth above, we advise you that we have not made or undertaken to make any investigation of the state of the title to any of the real or personal property described in the Ground Lease or the Lease, or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

No opinion is expressed herein as to the accuracy, completeness or sufficiency of the Preliminary Official Statement, the Official Statement, or other offering material relating to the Certificates.

Sincerely,

BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC

APPENDIX D
SCHEDULE OF BASE RENTAL PAYMENTS

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\$7,740,000
CERTIFICATES OF PARTICIPATION
(SIMPSON COUNTY, MISSISSIPPI LEASE PURCHASE PROJECT), SERIES 2010

SCHEDULE OF BASE RENTAL PAYMENTS

DATE	PRINCIPAL	INTEREST	PERIOD TOTAL
05/01/2011		\$152,225.63	\$152,225.63
11/01/2011	\$275,000.00	152,225.63	\$427,225.63
05/01/2012		148,100.63	148,100.63
11/01/2012	285,000.00	148,100.63	433,100.63
05/01/2013		143,825.63	143,825.63
11/01/2013	290,000.00	143,825.63	433,825.63
05/01/2014		139,475.63	139,475.63
11/01/2014	300,000.00	139,475.63	439,475.63
05/01/2015		134,975.63	134,975.63
11/01/2015	310,000.00	134,975.63	444,975.63
05/01/2016		130,325.63	130,325.63
11/01/2016	320,000.00	130,325.63	450,325.63
05/01/2017		125,525.63	125,525.63
11/01/2017	330,000.00	125,525.63	455,525.63
05/01/2018		120,369.38	120,369.38
11/01/2018	340,000.00	120,369.38	460,369.38
05/01/2019		114,631.88	114,631.88
11/01/2019	350,000.00	114,631.88	464,631.88
05/01/2020		108,288.13	108,288.13
11/01/2020	365,000.00	108,288.13	473,288.13
05/01/2021		101,444.38	101,444.38
11/01/2021	375,000.00	101,444.38	476,444.38
05/01/2022		93,944.38	93,944.38
11/01/2022	390,000.00	93,944.38	483,944.38
05/01/2023		86,144.38	86,144.38
11/01/2023	410,000.00	86,144.38	496,144.38
05/01/2024		77,688.13	77,688.13
11/01/2024	425,000.00	77,688.13	502,688.13
05/01/2025		68,922.50	68,922.50
11/01/2025	440,000.00	68,922.50	508,922.50
05/01/2026		59,572.50	59,572.50
11/01/2026	460,000.00	59,572.50	519,572.50
05/01/2027		48,762.50	48,762.50
11/01/2027	485,000.00	48,762.50	533,762.50
05/01/2028		37,365.00	37,365.00
11/01/2028	505,000.00	37,365.00	542,365.00
05/01/2029		25,497.50	25,497.50
11/01/2029	530,000.00	25,497.50	555,497.50
05/01/2030		13,042.50	13,042.50
11/01/2030	555,000.00	13,042.50	568,042.50
TOTAL	\$7,740,000.00	\$3,860,255.14	\$11,600,255.14