

GRENADA COUNTY, MISSISSIPPI

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

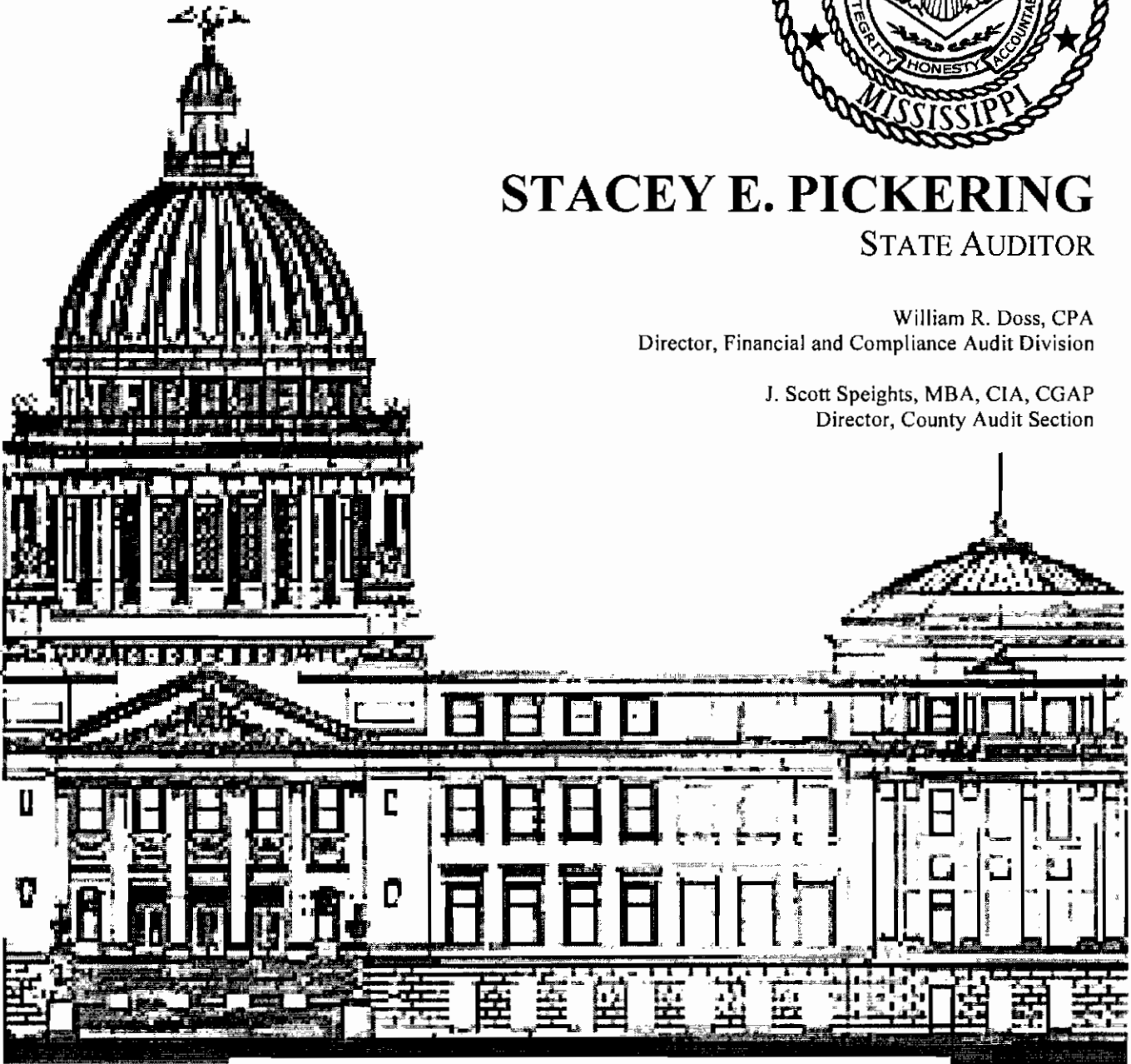


STACEY E. PICKERING

STATE AUDITOR

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

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Director, County Audit Section



A Report from the County Audit Section

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GRENADA COUNTY

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GRENADA COUNTY

FINANCIAL SECTION

GRENADA COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Grenada County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2007, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements do not include financial data for the county's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Grenada County, Mississippi, as of September 30, 2007, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of September 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2009, on our consideration of Grenada 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.

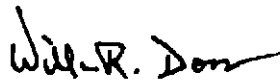
Grenada County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

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

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



STACEY E. PICKERING
State Auditor



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

April 20, 2009

GRENADA COUNTY

FINANCIAL STATEMENTS

GRENADA COUNTY

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GRENADA COUNTY
Statement of Net Assets
September 30, 2007

Exhibit 1

	Primary Government
	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 5,302,794
Property tax receivable	7,104,667
Accounts receivable (net of allowance for uncollectibles of \$23,497)	49,896
Fines receivable (net of allowance for uncollectibles of \$682,490)	107,050
Loans receivable	749,002
Intergovernmental receivables	427,319
Other receivables	40,097
Deferred charge - issuance cost	172,352
Capital assets:	
Land and construction in progress	1,351,495
Other capital assets, net	<u>39,687,749</u>
Total Assets	<u>54,992,421</u>
LIABILITIES	
Claims payable	400,214
Claims and judgments payable	74,681
Amounts held in custody for others	273,473
Intergovernmental payables	253,816
Accrued interest payable	78,270
Deferred revenue	7,104,667
Long-term liabilities	
Due within one year:	
Capital debt	1,130,557
Non-capital debt	556,702
Due in more than one year:	
Capital debt	10,168,950
Non-capital debt	<u>1,512,300</u>
Total Liabilities	<u>21,553,630</u>
NET ASSETS	
Invested in capital assets, net of related debt	29,739,737
Restricted:	
Expendable:	
General government	96,137
Debt service	838,679
Public safety	388,209
Public works	810,086
Economic development	5,591
Unrestricted	<u>1,560,352</u>
Total Net Assets	<u>\$ 33,438,791</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,451,077	588,241	22,393	103,801	(2,736,642)
Public safety	3,353,083	697,477	76,899		(2,578,707)
Public works	4,549,775	511,450	1,478,933	568,004	(1,991,388)
Health and welfare	117,568		73,780		(43,788)
Culture and recreation	100,500				(100,500)
Conservation of natural resources	62,898				(62,898)
Economic development and assistance	272,300		325,521		53,221
Interest on long-term debt	611,331				(611,331)
Total Governmental Activities	<u>\$ 12,518,532</u>	<u>1,797,168</u>	<u>1,977,526</u>	<u>671,805</u>	<u>(8,072,033)</u>
General revenues:					
Property taxes					\$ 7,107,933
Road & bridge privilege taxes					260,660
Grants and contributions not restricted to specific programs					1,779,927
Unrestricted gifts and donations					1,250
Unrestricted interest income					250,075
Miscellaneous					941,921
Total General Revenues					<u>10,341,766</u>
Changes in Net Assets					<u>2,269,733</u>
Net Assets - Beginning					31,017,887
Prior period adjustments					151,171
Net Assets - Beginning, as restated					<u>31,169,058</u>
Net Assets - Ending					<u>\$ 33,438,791</u>

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

GRENADA COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2007

Exhibit 3

	<u>Major Fund</u>	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 3,092,701	2,210,093	5,302,794
Property tax receivable	4,528,800	2,575,867	7,104,667
Accounts receivable (net of allowance for uncollectibles of \$23,497)		49,896	49,896
Fines receivable (net of allowance for uncollectibles of \$682,490)	107,050		107,050
Loans receivable		749,002	749,002
Intergovernmental receivables	244,795	182,524	427,319
Other receivables	31,841	8,256	40,097
Due from other funds	302,716	58,899	361,615
Total Assets	<u>\$ 8,307,903</u>	<u>5,834,537</u>	<u>14,142,440</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 190,940	209,274	400,214
Claims and judgments payable	74,681		74,681
Intergovernmental payables	223,482	30,334	253,816
Due to other funds	57,120	304,495	361,615
Amounts held in custody for others	273,473		273,473
Deferred revenue	4,635,850	2,625,763	7,261,613
Total Liabilities	<u>5,455,546</u>	<u>3,169,866</u>	<u>8,625,412</u>
Fund balances:			
Reserved for:			
Debt service		930,737	930,737
Loans receivable		749,002	749,002
Unreserved - undesignated, reported in:			
General Fund	2,852,357		2,852,357
Special Revenue Funds		984,932	984,932
Total Fund Balances	<u>2,852,357</u>	<u>2,664,671</u>	<u>5,517,028</u>
Total Liabilities and Fund Balances	<u>\$ 8,307,903</u>	<u>5,834,537</u>	<u>14,142,440</u>

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

GRENADA COUNTY

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,517,028
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 \$47,062,428.	41,039,244
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	156,946
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(13,368,509)
Amortization of issuance cost on refunding bond issue.	172,352
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(78,270)</u>
Total Net Assets - Governmental Activities	<u>\$ 33,438,791</u>

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

GRENADA COUNTY

Exhibit 4

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

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
REVENUES			
Property taxes	\$ 4,509,470	2,598,463	7,107,933
Road and bridge privilege taxes		260,660	260,660
Licenses, commissions and other revenue	249,385	46,806	296,191
Fines and forfeitures	394,143	14,136	408,279
Intergovernmental revenues	1,235,334	3,194,147	4,429,481
Charges for services	522,507	639,486	1,161,993
Interest income	132,361	117,714	250,075
Miscellaneous revenues	10,789	921,121	931,910
Total Revenues	<u>7,053,989</u>	<u>7,792,533</u>	<u>14,846,522</u>
EXPENDITURES			
Current:			
General government	2,964,110	455,522	3,419,632
Public safety	2,484,295	817,396	3,301,691
Public works	4,321	4,269,584	4,273,905
Health and welfare	109,476	412,427	521,903
Culture and recreation	100,500		100,500
Conservation of natural resources	62,898		62,898
Economic development and assistance	113,000	325,568	438,568
Debt service:			
Principal	12,161	1,634,068	1,646,229
Interest	2,266	611,958	614,224
Total Expenditures	<u>5,853,027</u>	<u>8,526,523</u>	<u>14,379,550</u>
Excess of Revenues over (under) Expenditures	<u>1,200,962</u>	<u>(733,990)</u>	<u>466,972</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		116,248	116,248
Proceeds from sale of capital assets		31,095	31,095
Transfers in		474,728	474,728
Transfers out	(184,728)	(290,000)	(474,728)
Total Other Financing Sources and Uses	<u>(184,728)</u>	<u>332,071</u>	<u>147,343</u>
Net Changes in Fund Balances	<u>1,016,234</u>	<u>(401,919)</u>	<u>614,315</u>
Fund Balances - Beginning	1,842,593	3,066,590	4,909,183
Prior period adjustment	(6,470)		(6,470)
Fund Balances - Beginning, as restated	<u>1,836,123</u>	<u>3,066,590</u>	<u>4,902,713</u>
Fund Balances - Ending	<u>\$ 2,852,357</u>	<u>2,664,671</u>	<u>5,517,028</u>

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

GRENADA COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 614,315
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 \$1,249,809 exceeded depreciation of \$1,021,990 in the current period.	227,819
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$10,011 and the proceeds from the sale of capital assets of \$ 31,095 in the current period.	(21,084)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(54,135)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(14,133)
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 \$1,646,229 exceeded debt proceeds of \$116,248.	1,529,981
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable	2,893
The amortization of issuance cost of bond.	<u>(15,923)</u>
Change in Net Assets of Governmental Activities	\$ <u><u>2,269,733</u></u>

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

GRENADA COUNTY
Statement of Fiduciary Net Assets
September 30, 2007

Exhibit 5

	<u>Private-purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 90,164	60,003
Intergovernmental receivable		2,900
Total Assets	<u>90,164</u>	<u>62,903</u>
LIABILITIES		
Other liabilities		11,634
Intergovernmental payables		51,269
Total Liabilities	<u>0</u>	<u>62,903</u>
NET ASSETS		
Held in trust for:		
Individuals, organizations and other governments	<u>\$ 90,164</u>	<u>0</u>

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

GRENADA COUNTY
Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2007

Exhibit 6

	<u>Private-purpose Trust Funds</u>
Changes in Net Assets	
Net Assets - Beginning	\$ 90,164
Net Assets - Ending	<u>\$ 90,164</u>

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

GRENADA COUNTY

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

(I) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Grenada 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 Grenada County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all of the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Elizabeth Jones Library
- Grenada Lake Medical Center

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

GRENADA COUNTY

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

The Government-wide 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.

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

The county reports the following major Governmental Fund:

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

GRENADA COUNTY

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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.

Private-purpose Trust Funds - These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

GRENADA COUNTY

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

H. Capital Assets.

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

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

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. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

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

I. Long-term Liabilities.

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

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

GRENADA COUNTY

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

K. Property Tax Revenues.

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

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

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

GRENADA COUNTY

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

L. Intergovernmental Revenues in Governmental Funds.

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

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correct errors in capital assets, net of accumulated depreciation	\$ 157,641
To correct an error in accounts payable	<u>(6,470)</u>
 Total prior period adjustments	 \$ <u><u>151,171</u></u>

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances.

Explanation	Amount
To correct an error in accounts payable	\$ <u><u>(6,470)</u></u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2007, was \$5,452,961, and the bank balance was \$5,770,408. 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.

GRENADA COUNTY

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ 302,716
Other Governmental Funds	General	57,120
Other Governmental Funds	Other Governmental Funds	1,779
Total		\$ 361,615

The General Fund receivable represents funds needed to meet obligations timely. The Other Governmental Funds receivables from the General Fund represents the tax revenue collected but not settled until October, 2007. The remaining Other Governmental Funds receivable represents amounts payable to reimburse Other Governmental Funds for gravel purchases. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	\$ 184,728
Other Governmental Funds	Other Governmental Fund	290,000
Total		\$ 474,728

The transfers from the General Fund were to distribute county escrow funds. Transfers from the Other Governmental Funds were to cover operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tag credit	\$ 115,345
Emergency watershed protection program	27,675
Reimbursement for housing state prisoners	88,616
Garbage fees	30,815
Welfare payments	11,171
Overweight fines	9,557
Timber severance tax	318

GRENADA COUNTY

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

Liquor privilege tax	450
Reimbursement for state aid road	1,846
Motor vehicle fuel tax	18,361
Truck & bus privilege tax	9,725
State aid project	6,472
Federal bridge inspection	10,562
Victim's assistance grant	7,877
Community development block grants	77,068
Grenada County Schools	11,461
	<u>11,461</u>
Total Governmental Activities	\$ <u>427,319</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2007, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Grenada Manufacturing	08/02/2003	3%	08/01/2015	\$ 440,506
Grenada Manufacturing	06/02/2003	3%	06/01/2013	269,649
Grenada Manufacturing	09/01/2003	3%	09/01/2013	38,847
				<u>38,847</u>
Total				\$ <u>749,002</u>

(7) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2006	Additions	Deletions	Adjustments	Balance Sept. 30, 2007
<u>Non-depreciable capital assets:</u>					
Land	\$ 991,835				991,835
Construction in progress	5,202,500	882,664		(5,725,504)	359,660
Total non-depreciable capital assets	<u>6,194,335</u>	<u>882,664</u>	<u>0</u>	<u>(5,725,504)</u>	<u>1,351,495</u>
<u>Depreciable capital assets:</u>					
Infrastructure	57,166,106			2,897,335	60,063,441
Buildings	18,498,585			2,966,658	21,465,243
Mobile equipment	3,928,074	196,220	167,658	73,834	4,030,470
Furniture and equipment	230,996	54,677		21,978	307,651
Leased property under capital leases	840,958	116,248		(73,834)	883,372
Total depreciable capital assets	<u>80,664,719</u>	<u>367,145</u>	<u>167,658</u>	<u>5,885,971</u>	<u>86,750,177</u>

GRENADA COUNTY

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

	Balance Oct. 1, 2006	Additions	Deletions	Adjustments	Balance Sept. 30, 2007
<u>Less accumulated depreciation for:</u>					
Infrastructure	36,828,870	300,857			37,129,727
Buildings	5,903,645	357,109			6,260,754
Mobile equipment	2,956,491	225,859	146,574	42,696	3,078,472
Furniture and equipment	192,449	16,220		2,826	211,495
Leased property under capital leases	302,731	121,945		(42,696)	381,980
Total accumulated depreciation	<u>46,184,186</u>	<u>1,021,990</u>	<u>146,574</u>	<u>2,826</u>	<u>47,062,428</u>
 Total depreciable capital assets, net	 <u>34,480,533</u>	 <u>(654,845)</u>	 <u>21,084</u>	 <u>5,883,145</u>	 <u>39,687,749</u>
 Governmental activities capital assets, net	 <u>\$ 40,674,868</u>	 <u>227,819</u>	 <u>21,084</u>	 <u>157,641</u>	 <u>41,039,244</u>

- Adjustments are to correct prior year errors, to reclassify completed construction in progress and to reclassify paid out lease purchases to their proper classification.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 70,199
Public safety	216,312
Public works	550,501
Health and welfare	7,942
Economic development	<u>177,036</u>
 Total governmental activities depreciation expense	 <u>\$ 1,021,990</u>

Commitments with respect to unfinished capital projects at September 30, 2007, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Grenada Stamping	\$ 2,507	November, 2008
Staten Asphalt project	302,758	August, 2009

GRENADA COUNTY

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

(8) Claims and Judgments.

Risk Financing.

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

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$35,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2006 and 2007:

	2006	2007
Unpaid Claims, Beginning of Fiscal Year	\$ 42,364	101,995
Plus: Incurred Claims (Including IBNRs)	933,598	965,622
Less: Claims Payments	873,967	992,936
Unpaid Claims, End of Fiscal Year	\$ 101,995	74,681

(9) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$735,545 for the year ended September 30, 2007. The future minimum lease receivables for these leases are as follows:

Year Ended September 30	Amount
2008	\$ 798,396
2009	744,907
2010	736,100
2011	689,165

GRENADA COUNTY

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

Year Ended September 30	Amount
2012	695,548
2013 - 2017	2,310,355
2018 - 2022	73,830
Total Minimum Payments Required	\$ 6,048,301

(10) Capital Leases.

As Lessee:

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 870,072
Furniture and equipment	13,300
Total	883,372
Less: Accumulated depreciation	381,980
Leased Property Under Capital Leases	\$ 501,392

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2008	\$ 172,306	16,753
2009	160,639	10,385
2010	115,669	4,910
2011	48,397	1,668
2012	16,974	274
Total	\$ 513,985	33,990

GRENADA COUNTY

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

(11) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Holmes Community College building bonds	\$ 575,000	4.10/4.20%	12/2008
Jail refunding bonds 2001B	3,290,000	3.70/4.60%	04/2016
Holmes Community College refunding bonds 2001A	745,000	3.70/4.10%	03/2011
Heatcraft refunding bonds 2004	4,510,000	3.36/5.46%	12/2015
Grenada County public improvement bonds 2005	<u>2,340,000</u>	3.75/5.00%	04/2025
Total General Obligation Bonds	\$ <u>11,460,000</u>		
B. Capital Leases:			
2005 Ford F150 pickup	\$ 11,244	3.25%	12/2009
2006 Ford dump truck	28,588	3.99%	08/2010
2006 Ford F750 dump truck	28,588	3.99%	08/2010
Alamo boom mower	13,110	3.05%	10/2009
Tractor with bushhog	23,386	3.41%	05/2010
Tractor with bushhog	20,672	3.41%	05/2010
Backhoe loader	15,083	3.05%	02/2009
2004 Ford F250 truck	8,900	3.04%	01/2009
2004 Ford 750 dump truck	7,876	3.04%	07/2008
Landfill compactor	95,134	3.04%	02/2010
Imagepro scan system	50,174	3.99%	06/2011
2006 Ford F750 dump truck	28,588	3.99%	08/2010
2006 Ford F250 truck	18,873	3.99%	02/2011
Alamo boom mower AB 202	21,806	4.24%	05/2011
2006 Palmer dump trailer	19,109	4.24%	04/2011
John Deere 5205 tractor	13,607	4.24%	06/2011
John Deere tractor with cutter	35,947	4.34%	06/2012
Caterpillar backhoe	<u>73,300</u>	4.34%	06/2012
Total Capital Leases	\$ <u>513,985</u>		
C. Other Loans:			
Heatcraft CAP loan	\$ 290,950	4.00%	10/2012
Grenada Manufacturing CAP loan	354,572	4.65%	08/2019
Grenada Manufacturing CDBG loan	440,506	3.00%	08/2015
Grenada Manufacturing CAP loan	269,649	3.00%	06/2013
Grenada Manufacturing CAP loan	<u>38,847</u>	3.00%	09/2013
Total Other Loans	\$ <u>1,394,524</u>		

GRENADA COUNTY

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

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,330,000	481,004	184,953	47,342
2009	1,390,000	427,137	181,315	41,079
2010	1,150,000	375,330	187,808	34,583
2011	1,080,000	328,426	194,542	27,850
2012	910,000	284,429	201,031	20,872
2013 - 2017	4,320,000	725,856	377,867	43,493
2018 - 2022	745,000	209,405	67,008	3,056
2023 - 2027	535,000	46,901		
Total	\$ <u>11,460,000</u>	<u>2,878,488</u>	<u>1,394,524</u>	<u>218,275</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2007, the amount of outstanding debt was equal to 6.75% of the latest property assessments.

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

	<u>Balance</u>				<u>Balance</u>	<u>Amount due within one year</u>
	<u>Oct. 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>		
Governmental Activities:						
General obligation bonds	\$ 12,785,000		1,325,000		11,460,000	1,330,000
Capital leases	550,803	116,248	153,066		513,985	172,306
Other loans	1,562,687		168,163		1,394,524	184,953
Total	\$ <u>14,898,490</u>	<u>116,248</u>	<u>1,646,229</u>	<u>0</u>	<u>13,368,509</u>	<u>1,687,259</u>

(12) 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. As of September 30, 2007, the single audit performed on these federal grants disclosed a material instance of noncompliance, resulting in questioned costs by the auditor in the amount of \$699,257. Any disallowance by the grantor agency could result in a liability of the county, but ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the county's financial statements.

GRENADA COUNTY

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

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.

(13) No Commitment Debt (Not Included in Financial Statements).

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the county's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance at Sept. 30, 2007
Industrial revenue bonds	\$ <u>1,000,000</u>

(14) Related Organization.

The Grenada County Board of Supervisors is responsible for appointing a voting majority of the board members of GT&Y Utility District, but the county's accountability for this organization does not exceed beyond making the appointments. The county did not appropriate any funds for the maintenance and support of the district in fiscal year 2007.

(15) Joint Venture.

The county participates in the following joint venture:

Grenada County entered into an interlocal agreement with Claiborne, Holmes, Humphreys and Leflore Counties and the Cities of Itta Bena, Greenwood and Grenada to provide a multi-jurisdictional drug enforcement task force known as North Central Narcotics Task Force. Most of the funding is provided by a federal grant, with the local entities contributing a minimum of 25 percent. Grenada County contributed \$25,000 to the task force in fiscal year 2007.

(16) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Grenada County Board of Supervisors appoints one of the nine members of the board of commissioners. The county did not appropriate for maintenance and support of the authority in fiscal year 2007.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Grenada County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$35,881 for maintenance and support of the center in fiscal year 2007.

GRENADA COUNTY

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

The North Central Planning Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Grenada County Board of Supervisors appoints four of the 28 members of the district board of directors. The county appropriated \$28,000 for maintenance and support of the district in fiscal year 2007.

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Grenada County Board of Supervisors appoints two of the 22 members of the college's board of trustees. The county levied \$317,794 in taxes for maintenance and support of the college in fiscal year 2007.

(17) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2007 was 11.85% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2007, 2006 and 2005 were \$364,312, \$328,264 and \$292,458, respectively, equal to the required contributions for each year.

(18) Subsequent Events.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
04/10/2008	3.27 %	\$ 53,289	Capital lease	Ad valorem taxes
05/05/2008	5.25 %	39,800	Capital lease	Ad valorem taxes
08/19/2008	3.29 %	92,950	Capital lease	Ad valorem taxes

GRENADA COUNTY

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GRENADA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,479,170	4,489,080	4,509,463	20,383
Licenses, commissions and other revenue	189,900	247,455	247,455	
Fines and forfeitures	184,400	403,238	396,239	(6,999)
Intergovernmental revenues	1,151,106	1,233,082	1,302,471	69,389
Charges for services	385,000	524,431	529,372	4,941
Interest income	62,500	129,859	135,318	5,459
Miscellaneous Revenues	58,000	61,566	92,376	30,810
Total Revenues	<u>6,510,076</u>	<u>7,088,711</u>	<u>7,212,694</u>	<u>123,983</u>
EXPENDITURES				
Current:				
General government	3,253,915	3,310,221	3,092,480	217,741
Public safety	2,646,395	2,628,391	2,539,626	88,765
Public works	15,000	15,000	3,686	11,314
Health and welfare	166,161	207,473	195,941	11,532
Culture and recreation	85,500	100,500	100,500	
Education	15,000			
Conservation of natural resources	76,094	76,094	63,019	13,075
Economic development and assistance	113,000	113,000	113,000	
Total Expenditures	<u>6,371,065</u>	<u>6,450,679</u>	<u>6,108,252</u>	<u>342,427</u>
Excess of Revenues over (under) Expenditures	<u>139,011</u>	<u>638,032</u>	<u>1,104,442</u>	<u>466,410</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			48,042	48,042
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>48,042</u>	<u>48,042</u>
Net Change in Fund Balance	139,011	638,032	1,152,484	514,452
Fund Balances - Beginning	<u>1,632,207</u>	<u>1,632,207</u>	<u>1,632,207</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,771,218</u>	<u>2,270,239</u>	<u>2,784,691</u>	<u>514,452</u>

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

GRENADA COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type <hr style="width: 100%; border: 0.5px solid black;"/> General Fund
Budget (Cash Basis)	\$ 1,152,484
Increase (Decrease)	
Net adjustments for revenue accruals	13,196
Net adjustments for expenditure accruals	<u>(149,446)</u>
GAAP Basis	\$ <u><u>1,016,234</u></u>

GRENADA COUNTY

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GRENADA COUNTY

SUPPLEMENTAL INFORMATION

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

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
MAJOR FEDERAL AWARDS			
U.S. Department of Agriculture - Natural Resources Conservation Service			
Emergency watershed protection program	10.UN	68-4423-6-1667	\$ 589,323
Emergency watershed protection program	10.UN	68-4423-7-1693	14,535
Emergency watershed protection program	10.UN	68-4423-7-1705	82,259
Emergency watershed protection program	10.UN	68-4423-7-1706	<u>27,675</u>
Subtotal			<u>713,792</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
Community development block grants/state's program	14.228	1123-06-022-ED-01	80,799
Community development block grants/state's program	14.228	1122-05-022-ED-01	<u>244,722</u>
Subtotal			<u>325,521</u>
Total Expenditures of Major Federal Awards			<u>1,039,313</u>
OTHER FEDERAL AWARDS			
U.S. Department of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation			
Highway planning and construction	20.205	N/A	<u>18,772</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency			
Disaster grants - public assistance (presidentially declared disasters)	97.036	1604-DR-MS	<u>2,751</u>

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

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Homeland Security/Passed-through the Mississippi Department of Public Safety/Office of Homeland Security Homeland security grant program	97.067	05HS022	<u>22,393</u>
Total Expenditures of Other Federal Awards			<u>43,916</u>
Total Expenditures of Federal Awards			<u>\$ 1,083,229</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

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

GRENADA COUNTY

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GRENADA COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2007

Operating Expenditures, Cash Basis:

Salaries	\$	74,228
Expendable Commodities:		
Gasoline and petroleum products		15,052
Repair parts		9,648
Supplies		7,103
Insurance on equipment		5,419
Contractual		362,344
EPA assessments		<u>5,766</u>
Solid Waste Cash Basis Operating Expenditures		479,560
Full Cost Expenses:		
Depreciation on equipment		<u>23,229</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>502,789</u></u>

GRENADA COUNTY

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GRENADA COUNTY

SPECIAL REPORTS

GRENADA COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Grenada County, Mississippi

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2007, which collectively comprise the county's basic financial statements and have issued our report thereon dated April 20, 2009. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grenada 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 Grenada 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 07-1, 07-2, 07-3 and 07-4 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for 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, of the significant deficiencies described above, we consider items 07-1 and 07-4 to be material weaknesses.

Compliance and Other Matters

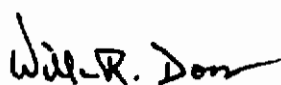
As part of obtaining reasonable assurance about whether Grenada County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

However, we noted certain matters that we reported to the management of Grenada County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 20, 2009, included within this document. Grenada County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Grenada County's responses and, accordingly, we express no opinion on them.

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



STACEY E. PICKERING
State Auditor



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

April 20, 2009



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Grenada County, Mississippi

Compliance

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

As described in items 07-5, 07-6, and 07-7 in the accompanying Schedule of Findings and Questioned Costs, Grenada County, Mississippi, did not comply with requirements regarding procurement, suspension and debarment, matching, level of effort and earmarking and special tests and provisions that are applicable to its Emergency Watershed Protection Program. Compliance with such requirements is necessary, in our opinion, for Grenada County, Mississippi, to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Grenada County, Mississippi, did not comply in all material respects with the requirements referred to above that are applicable to the Emergency Watershed Protection Program. Also, in our opinion, Grenada County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its Community Development Block Grants/State's Program for the year ended September 30, 2007.

Internal Control Over Compliance

The management of Grenada 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 Grenada 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 internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the county's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07-5, 07-6 and 07-7 to be significant deficiencies.

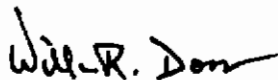
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider all of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Grenada County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Grenada County's responses and, accordingly, we express no opinion on them.

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



STACEY E. PICKERING
State Auditor



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

April 20, 2009



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Grenada County, Mississippi

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

The Board of Supervisors of Grenada 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 Grenada 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.

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

Board of Supervisors.

1. Finding

During the fiscal year ended September 30, 2007, Section 31-7-13(c), Miss. Code Ann. (1972), allowed purchases which involved an expenditure of more than \$15,000, exclusive of freight and shipping charges, to be made from the lowest and best bidder after advertising for competitive sealed bids once each week for two consecutive weeks in a regular newspaper published in the county. As reported in the prior year audit report, the county advertised and accepted term bids for road and bridge construction. This road and bridge restriction was imposed by the county. The county utilized a vendor for bank stabilization work in excess of \$15,000 without advertising and soliciting competitive sealed bids. Instead, the county used the vendor accepted for road and bridge construction and in some instances the vendor used was not even the accepted bidder for road and bridge construction. Failure to solicit sealed written bids when required could result in excess costs to the county.

Recommendation

The Board of Supervisors should take steps to ensure that competitive sealed bids are solicited for all purchases in excess of \$15,000 (\$25,000, effective March 20, 2007), as required by law.

Board of Supervisors' Response

After this was brought to the attention of the board during the previous audit, the following procedure was enacted. Competitive bids for such works are now solicited for all work in amounts in excess of the amounts set by law, (\$15,000 before March 20, 2007 and \$25,000 after March 20, 2007).

Receiving Clerk.

2. Finding

Section 31-7-109, Miss. Code Ann. (1972), states that the Receiving Clerk, or his assistants, shall upon proper delivery of equipment, heavy equipment, machinery, supplies, commodities, materials or services, acknowledge receipt of goods in accordance with the prescribed receipting system. As reported in the prior year audit report, during our examination of the central purchasing system, we noted some receiving reports did not contain quantities received or give an adequate description of the items received. Due to the insufficient receiving reports, we could not determine the quantity or grade of rip rap received by the county in some instances nor could we determine what repairs were made to a piece of county equipment. Failure to properly itemize receiving reports could result in the county paying for items or quantities that the county did not receive.

Recommendation

The Receiving Clerk should ensure that receiving reports are complete at the time the county takes possession of an item or within three days of receipt of the item. The receiving reports should include a sufficient description and quantity of the items received.

Receiving Clerk's Response

I spoke with all five of the supervisors and we agreed that this matter will be corrected as soon as possible.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Grenada County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

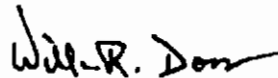
The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to 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.

Grenada County's responses to the findings described in this report were not audited and, accordingly, we express no opinion on them.

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



STACEY E. PICKERING
State Auditor



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

April 20, 2009

GRENADA COUNTY

Schedule 1

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

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
04/12/2007	2008 Crown Victoria	\$ 22,608	Kirk Auto Co.	\$ 22,420	The \$188.64 difference in price would be offset by the locally available parts and service and the mileage to service out of town.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
09/24/2007	Repair to mainframe on computer	\$ 65,445	Premise, Inc.	The AS400 mainframe county computer system quit working and had to be repaired.

GRENADA COUNTY

Schedule 3

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
06/25/2007	Supplies for election machines	\$ 9,805	Diebold Election Systems



State of Mississippi

OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Grenada County, Mississippi

In planning and performing our audit of the financial statements of Grenada County, Mississippi for the year ended September 30, 2007, we considered Grenada 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 Grenada County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 20, 2009, on the financial statements of Grenada County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors.

1. Finding

Section 19-3-27, Miss. Code Ann. (1972), requires the board minutes to be a complete and correct record of all proceedings of the Board of Supervisors. As reported in the prior year audit report, interfund transfers (loans) were made without board orders spread on the minutes.

Recommendation

The Board of Supervisors should spread orders on the minutes relative to interfund transfers (loans).

Board of Supervisors' Response

After this was brought to the attention of the board during the previous audit, the following procedure was enacted. As per the previous recommendation all interfund loans and transfers are being spread on the board minutes.

Chancery Clerk.

2. Finding

Section 19-13-43, Miss. Code Ann. (1972), requires funds to have cash available before checks are written. As reported in the prior year audit report, checks were written on the District Attorney Payroll Fund, which did not have a sufficient cash balance.

Recommendation

The Chancery Clerk should ensure that sufficient funds are available prior to issuing checks.

Chancery Clerk's Response

The D.A.'s office was sent an invoice for the deficit amount of the D.A. payroll fund. It has since been paid and the fund is in good standing.

Tax Assessor-Collector.

3. Finding

Section 27-35-23, Miss. Code Ann. (1972), requires the Tax Assessor to call upon each person liable to taxation in his county for a list of his taxable personal property, either in person, or by leaving a copy of the prescribed tax list at his business and it shall be the duty of each person to make out and deliver to the Tax Assessor, upon demand, and if not demanded, not later than the first day of April in each year, a true list of his taxable property with the true value of each article, specifying all such property of which he was possessed on the next preceding tax lien date in his own right. The taxpayer shall fill in all blanks on the tax list and show in the proper place all taxable personal property owned by him or by any person for whom he is required to give in taxable property.

If the Tax Assessor has previously received from the taxpayer a true list of the taxpayers's taxable personal property, the Tax Assessor may, in his discretion, require that the taxpayer furnish him, upon demand, and if not demanded, not later than the first day of April in each year after receipt of such previous list, only with a list of additions and deletions to the tax list the taxpayer has previously provided as may properly update such list and the taxpayer shall not be required to furnish a complete list of his taxable personal property as provided in subsection (1) of this section.

Based on test work performed, we noted one construction company's equipment was not listed on the personal property roll. This company has contracted with the county to supply tractors, graders, draglines, compactors, cranes and excavators to the county for fiscal years September 30, 2006 and 2007. We saw no evidence that the Tax Assessor-Collector called for a listing of property from the owner of this business, although the Tax Assessor-Collector was made aware that this company's equipment was not on the personal property tax roll.

Failure to have proper procedures in place to ensure that all applicable personal property is included on the personal property roll could result in a loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure a system is in place to ensure all applicable businesses are called upon to submit a listing of personal property and the personal property is included on the personal property roll if applicable.

Tax Assessor-Collector's Response

Assessor uses all available sources available in preparing tax rolls from visual inspection to business privilege license. The business in question was accidentally missed. Equipment is now being inventoried as well as checks on all contractors doing business in Grenada and Grenada County.

Sheriff.

4. Finding

An effective system of control should include an adequate separation of duties in the receipting, collecting and recording functions of the Sheriff's Office. As reported in the prior year audit report, audit observations revealed that there is not an adequate separation of duties in the accounting functions in the Sheriff's Office. One employee has the authority to receive money, make deposits, post the cash journal, reconcile the bank statement, make settlements and sign checks. Failure to have adequate internal controls in place could result in the loss of public funds.

Recommendation

The Sheriff should ensure that accounting functions involving receipting and disbursing of funds, recording transactions and reconciling accounts are performed by different people.

Sheriff's Response

I will comply.

Purchase Clerk and Assistant Purchase Clerk.

5. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Purchase Clerk to execute a bond for \$75,000 and the Assistant Purchase Clerk to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by securing a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Purchase Clerk's and Assistant Purchase Clerk's bonds were written for an indefinite time rather than a term. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Purchase Clerk and Assistant Purchase Clerk should cancel the current bonds and secure new ones for the duration of the current term.

Purchase Clerk's and Assistant Purchase Clerk's Response

This has been corrected through the Chancery Clerk's office.

Inventory Control Clerk.

6. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Inventory Control Clerk to execute a bond for \$75,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by securing a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Inventory Control Clerk's bond was written for an indefinite time rather than a term. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Inventory Control Clerk should cancel the current bond and secure a new one for the duration of the current term.

Inventory Control Clerk's Response

The Inventory Control Clerk's bond has been cancelled and a new one has been secured for the duration of the current term.

Assistant Receiving Clerk.

7. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Receiving Clerk to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by securing a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Assistant Receiving Clerk's blanket bond was written for an indefinite time rather than a term. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Board of Supervisors should cancel the current bond and secure a new one for the duration of the current term.

Assistant Receiving Clerk's Response

This has been corrected.

Justice Court Clerk and Deputy Justice Court Clerks.

8. Finding

Section 9-11-29, Miss. Code Ann. (1972), requires the Justice Court Clerk and deputies to execute a bond for \$50,000, to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Justice Court Clerk and two deputies were bonded for an indefinite period of time rather than the term. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Justice Court Clerk and Deputy Justice Court Clerks should cancel the current bonds and secure new ones for the duration of the current term.

Justice Court Clerk's and Deputy Justice Court Clerks' Response

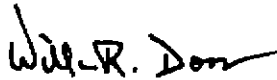
This has been corrected. Bonds are in effect for the duration of the current term. The bonds will be properly renewed each term.

Grenada County's responses to the findings described in this report were not audited and, accordingly, we express no opinion on them.

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



STACEY E. PICKERING
State Auditor



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

April 20, 2009

GRENADA COUNTY

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GRENADA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GRENADA COUNTY

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GRENADA COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|--|
| 1. | Type of auditor's report issued on the financial statements:
Governmental activities
Aggregate discretely presented component units
General Fund
Aggregate remaining fund information | Unqualified
Adverse
Unqualified
Unqualified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| 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 weaknesses identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs:

Emergency watershed protection program, CFDA #10.UN
Community development block grants/state's program, CFDA #14.228 | Adverse
Unqualified |
| 6. | Any audit findings reported as required by Section __.510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| a. | Emergency watershed protection program, CFDA #10.UN | |
| b. | 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 |

GRENADA COUNTY

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

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? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency - Material Weakness

07-1. Finding

Generally accepted accounting principles require the financial data for the county's component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The financial statements do not include the financial data for the county's legally separate component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component units for inclusion in the county's financial statements.

Significant Deficiency

07-2. Finding

An effective system of internal control over the recording of transactions and the collection of rubbish fees should include the use of prenumbered receipts with an accounting for missing or voided receipts, timely deposits with a proper chain of custody for the collections and monthly settlements with proper supporting records. Based upon audit procedures performed, adequate control procedures were not in place over the collection and settlement of rubbish fees. As reported in the prior year audit report, the following deficiencies were noted:

- a. There does not appear to be a system in place to account for missing receipts. Prenumbered receipts are used. However, there is no system to account for the prenumbered receipts.
- b. There is no system to verify daily collections.
- c. Deposits were not made in a timely manner because collections are not deposited until they are settled to the Chancery Clerk's office. Receipts change hands a minimum of two times before being deposited.
- d. There are no settlement reports and the deposits are not identified by receipt number. Therefore, there does not appear to be a way to verify what receipts make up a specific settlement or deposit.
- e. Both employees at the rubbish pit use the same cash drawer.

GRENADA COUNTY

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

Failure to implement adequate internal controls could result in the loss of public funds.

Recommendation

The Board of Supervisors should implement a system of internal controls over rubbish fee collections to ensure that all receipts are properly accounted for, deposits are made in a timely manner, settlement reports are prepared, deposits are identified by receipt numbers and separate cash drawers are used by employees.

Significant Deficiency

07-3. Finding

An effective system of internal controls over the billing and collecting of solid waste revenues should include procedures to ensure that:

- a. The number of households billed to the county for garbage pickup are compared with the number of customers billed for garbage collection services.
- b. The amounts received by the county for collections from customers for monthly garbage collection services are reconciled with the amounts billed and the change in accounts receivable.
- c. The monthly detailed billing reports and monthly accounts receivable detailed listings are monitored monthly for accuracy.

Based upon audit procedures performed, it appears that adequate control procedures were not in place over the billing and collecting of solid waste revenues. Failure to implement adequate internal controls could result in the loss of public funds and a misstatement of assets and revenues in the financial statements.

Recommendation

The Board of Supervisors should implement a system of internal controls over the billing and collecting of solid waste revenues to ensure that:

- a. The number of households billed to the county for garbage collection are reconciled to the number of customers billed for garbage collection services.
- b. Amounts received by the county for collections from customers for monthly garbage collection services are reconciled with the amounts billed and the change in accounts receivable.
- c. The monthly detailed billing reports and monthly accounts receivable detailed listings are monitored for accuracy.

GRENADA COUNTY

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

Tax Assessor-Collector.

Significant Deficiency - Material Weakness

07-4. Finding

An effective system of internal control over tax collections should include an adequate separation of duties, the maintenance and reconciliation of records documenting daily collections and adequate physical safeguards over cash collections. Controls were inadequate over cash. Cash collection and disbursement functions were not adequately separated for effective internal control. The following deficiencies were noted:

- a. Cash drawers were not locked when not in use.
- b. If a user logged in to the computer system, then the user had to manually log out. This allowed unauthorized access to a user's records.
- c. Money was not recounted when it changed hands from the deputies to the bookkeeper.
- d. The code to the vault was seldom changed.
- e. There were no controls over the mail to ensure all mail is processed.

Failure to implement adequate internal controls over the collection, recording and disbursement functions as well as implementing necessary physical safeguards could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should implement an adequate system of internal controls over tax collections that includes an adequate separation of duties and adequate physical safeguards over cash collections.

GRENADA COUNTY

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

Section 3: Federal Award Findings and Questioned Costs

Board of Supervisors.

07-5. Finding

10.UN Emergency Watershed Protection Program
 Agreement number 68-4423-6-1667
 Agreement number 68-4423-7-1705
 Agreement number 68-4423-7-1706
 U.S. Department of Agriculture - Natural Resources Conservation Service

Questioned Costs: \$699,257

Significant Deficiency - Material Weakness
Material Noncompliance

Compliance Requirement: Procurement, Suspension and Debarment - Controls Over Procurement, Suspension and Debarment Should Be Strengthened

The Grenada County Project Agreements with the United States Department of Agriculture - Natural Resources Conservation Service (NRCS) require that the Grenada County Board of Supervisors contract for engineering services, professional services and construction of the emergency watershed protection measures described in Section A in accordance with the *Code of Federal Regulations* Title 7, Section 3016.36, applicable state requirements and the Grenada County Board of Supervisors' procurement regulations. As reported in the prior year audit report, during our audit testing procedures, we noted no evidence that control activities were in place to ensure that:

- (a) Sealed bids were solicited and awarded for the construction of the emergency watershed protection measures as required by the project agreements. Instead of advertising and soliciting sealed bids and awarding a firm fixed price contract to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, was the lowest in price, the county utilized a vendor who was awarded the yearly bids for various items for road and bridge construction and maintenance even though the approved projects were bank stabilization projects. This vendor submitted an application for payment that gave the impression there was a contract specific to the Gibbs Creek project, when actually no contract was in place. Purchasing documents were submitted that also implied a specific contract had been awarded for this project. These purchasing documents did not give an itemized listing of what items were to be purchased and received for this particular project.
- b. Competitive proposals were solicited and awarded for engineering services as required by the project agreement. Instead of soliciting competitive proposals for engineering services, conducting evaluations of the engineers' qualifications and selecting the most qualified engineer, subject to negotiation of fair and reasonable compensation, the county hired the county engineer to perform the engineering services. As a result, the county may have paid an excessive amount for engineering services.

GRENADA COUNTY

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

Recommendation

The Grenada County Board of Supervisors should take steps to ensure that controls are in place to ensure that procurement requirements are fulfilled by:

- (a) Ensuring that contracts are awarded for construction projects after advertising for sealed bids as required by the project agreements.
- (b) Ensuring that contracts for engineering services are awarded after soliciting competitive proposals as required by the project agreements.

07-6. Finding

10.UN Emergency Watershed Protection Program
 Agreement number 68-4423-6-1667
 Agreement number 68-4423-7-1693
 Agreement number 68-4423-7-1705
 Agreement number 68-4423-7-1706
 U.S. Department of Agriculture - Natural Resources Conservation Service

Significant Deficiency - Material Weakness
Material Noncompliance

Compliance Requirement: Matching, Level of Effort and Earmarking - Controls over Matching, Level of Effort and Earmarking Should Be Strengthened

The Grenada County Project Agreements with the United States Department of Agriculture - Natural Resources Conservation Service (NRCS) require that the Grenada County Board of Supervisors provide 15 percent (cash) of the cost of constructing the emergency watershed protection measures. As reported during the prior year audit report, during our audit testing procedures, we noted no evidence that control activities were in place to ensure that Grenada County supplied 15 percent cash contribution as fulfillment of the matching requirement. Instead, we noted that the county used in kind services, which were not allowed by the project agreements, as fulfillment of the matching requirement. As a result, the county did not comply with the 15 percent matching requirement specified in the project agreements.

Recommendation

The Grenada County Board of Supervisors should take steps to ensure that controls are in place to ensure that matching requirements are fulfilled as required by the project agreements.

GRENADA COUNTY

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

07-7. Finding

10.UN Emergency Watershed Protection Program
 Agreement number 68-4423-6-1667
 Agreement number 68-4423-7-1693
 Agreement number 68-4423-7-1705
 Agreement number 68-4423-7-1706
 U.S. Department of Agriculture - Natural Resources Conservation Service

Significant Deficiency - Material Weakness
Material Noncompliance

Compliance Requirement: Special Tests and Provisions - Controls over Requirements Over Contracts for Construction of Emergency Watershed Projects Should Be Strengthened

The Grenada County Project Agreements with the United States Department of Agriculture - Natural Resources Conservation Service require that the county comply with the special requirements over contracts for construction of emergency watershed protection measures. These special requirements require that the county ensure that:

- a. Equal opportunity clause is included in contracts.
- b. A Certification of Nonsegregated Facilities is submitted prior to the award of a federally assisted construction contract exceeding \$10,000.
- c. Standard federal equal employment opportunity construction contract specifications are included in federally assisted construction contracts in excess of \$10,000.

As reported in the prior year audit report, during our audit testing procedures, we noted no controls were in place to ensure that Grenada County complied with these provisions. The county did not enter into contracts for the construction of the emergency watershed protection measures as required. Therefore, \$618,013 in federal funds was paid to a vendor who utilized labor for equipment operation and other activities without these provisions being met.

Recommendation

The Grenada County Board of Supervisors should take steps to ensure that controls are in place to ensure that equal opportunity hiring practices provisions are included in all construction contracts for emergency watershed projects.

GRENADA COUNTY

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GRENADA COUNTY

**AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

GRENADA COUNTY

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Grenada County Board Of Supervisors

Post Office Box 1208 Grenada MS 38902-1208

Telephone (662) 226-1821

Chad Gray, President
District 5

Michael Lott, Vice President
District 1

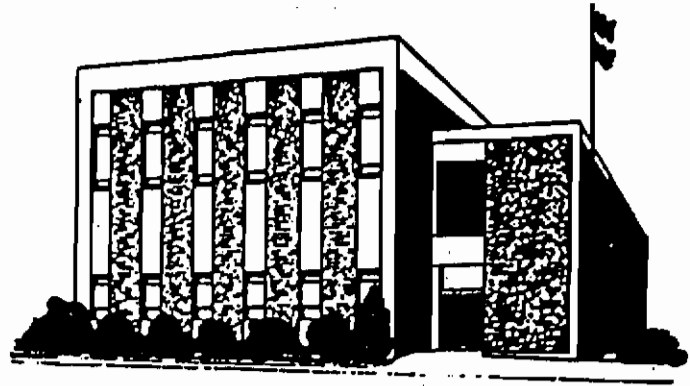
Chad Bridges, Member
District 2

C. Columbus Hankins, Member
District 3

Elnoris Shelton, Member
District 4

Johnny L. Hayward, Clerk

Jay Gore III, Attorney



CORRECTIVE ACTION PLAN

March 5, 2009

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Gentlemen:

Grenada County respectfully submits the following corrective action plan for the year ended September 30, 2007.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

07-1 Corrective Action Planned:

As you are aware management has always chosen to omit the Elizabeth Jones Library and Grenada Lake Medical Center from the financial statements. These entities are audited separately and we believe the inclusion would exceed the benefit derived.

Anticipated Completion Date: The County will continue to evaluate this component unit to determine if it is in the County's best interest to include it in the financials.

Name of Contact Person Responsible for Corrective Action:
Chad Gray, Supervisor

07-2 Corrective Action Planned:

After this was brought to the attention of the board during the previous audit the following procedures were enacted. The board implemented a system of internal controls to account for receipts. A computer program was installed and allows for settlement reports to be generated. The program allows deposits to be identified by receipt numbers. Deposits are being made daily to the Chancery Clerk's office.

Anticipated Completion Date:

2-28-2008

Name of Contact Person Responsible for Corrective Action:
Chad Gray, Supervisor

- 07-3 Corrective Action Planned:
The county has compared the billed residences with the residences billed on the various community water systems to verify that bills are being sent to all households that are generating garbage in the county. The City of Grenada who serves as the county's collection agent is currently in the process of working with their computer billing vendor to secure the billed, collected, and accounts receivables on the county fees. Once these reports are obtained the county will be able to monitor the accounts receivables in a more reliable fashion.

Anticipated Completion Date:
2-27-2009

Name of Contact Person Responsible for Corrective Action:
Chad Gray, Supervisor

- 07-4 Corrective Action Planned:
Cash trays have lids that lock and locks have been placed on all cash drawers. Users must enter their cash drawer number when making collections. Money is recounted. The combination has been changed on the vault and now can be changed by the collector when deemed necessary. Mail is being monitored.

Anticipated Completion Date:
12-1-2007

Name of Contact Person Responsible for Corrective Action:
David Melton, Tax Assessor/Collector

SECTION 3: FEDERAL AWARD FINDINGS

- 07-5 Corrective Action Planned:
After this was brought to the attention of the board during previous audit the following procedures were enacted. As previously stated the county will follow all federal requirements to the satisfaction of the NRCS or other applicable federal agencies including contracting for engineering and professional services. The county is striving to ensure that contractors properly identify the work being addressed, and that the county is properly reimbursed.

Anticipated Completion Date:
This project has been completed.

Name of Contact Person Responsible for Corrective:
Chad Gray, Supervisor

- 07-6 Corrective Action Planned:

After this was brought to the attention of the board during last audit the following procedures were enacted. The county will ensure that the NRCS requirement for cash contributions is appropriately met to the satisfaction of the NRCS or other appropriate agency.

Anticipated Completion Date:

This project has been completed.

Name of Contact Person Responsible for Corrective Action:

Chad Gray, Supervisor

07-7 Corrective Action Planned:

After this was brought to the attention of the board during the last audit the following procedure was enacted. The county will ensure that the appropriate certificates are obtained from the contractors before each project starts.

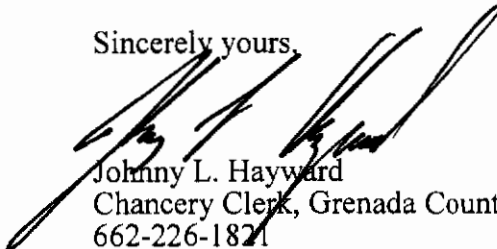
Anticipated Completion Date:

This project has been completed.

Name of Contact Person Responsible for Corrective Action:

Chad Gray, Supervisor

Sincerely yours,



Johnny L. Hayward
Chancery Clerk, Grenada County
662-226-1821

Grenada County Board Of Supervisors

Post Office Box 1208 Grenada MS 38902-1208

Telephone (662) 226-1821

Chad Gray, President
District 5

Michael Lott, Vice President
District 1

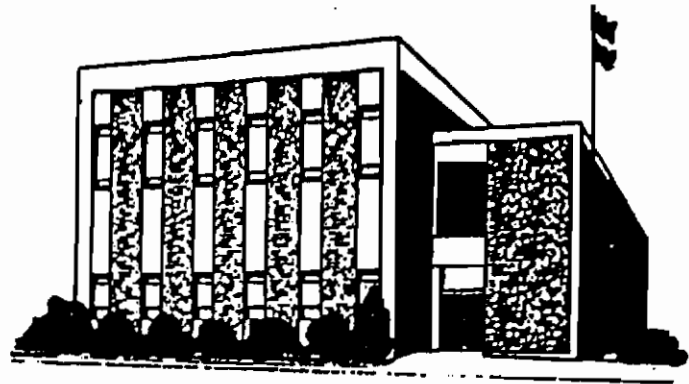
Chad Bridges, Member
District 2

Columbus Hankins, Member
District 3

Inoris Shelton, Member
District 4

Johnny L. Hayward, Clerk

Wayne Gore III, Attorney



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For Year Ended September 30, 2007

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Gentlemen:

Grenada County respectfully submits the following summary schedule of prior audit findings relative to federal awards.

DEPARTMENT OF AGRICULTURE –NATURAL RESOURCES CONSERVATION SERVICE

2006 - FINDING NO. 06-7: Emergency Watershed Protection Program, CFDA No. 10.UN

Condition: The Grenada County Project Agreement with the United States Department of Agriculture-Natural Resources Conservation Service (NRCS) requires that the Grenada County Board of Supervisors contract for engineering services, professional services and construction of the emergency watershed protection measures described in Section A in accordance with the Code of Federal Regulations Title 7, Section 3016.36, applicable state requirements and the Grenada County Board of Supervisors' procurement regulations.

During our audit testing procedures, we noted no evidence that control activities were in place to ensure that:

- (a) Sealed Bids were solicited and awarded for the construction of the emergency watershed protection measures as required by the project agreement. Instead of advertising and soliciting sealed bids and awarding a firm fixed price contract to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, was the lowest in price, the county utilized a vendor who was awarded the yearly bids for various items for road and bridge construction and maintenance even though the approved project was a bank stabilization project. This vendor submitted application for payment that gave the impression there was a contract specific to the Gibbs Creek Project, when actually no contract was in place. Purchasing documents were submitted that also implied a specific contract had been awarded. These purchasing documents did not give an itemized listing of what items were to be purchased or received. In addition, the amounts billed for rip rap, as certified by the engineer and contractor, were for 300 pound rip rap even though the construction specifications approved by NRCS required 200 pound rip rap. The county paid for the 300 pound rip rap resulting in additional costs of \$46,800.

- (b) Competitive proposals were solicited and awarded for engineering services as required by the project agreement. Instead of soliciting competitive proposals for engineering services, conducting evaluations of the engineers' qualifications and selecting the most qualified engineer, subject to negotiation of fair and reasonable compensation, the county hired the county engineer to perform the engineering services. As a result, the county may have paid an excessive amount for engineering services.

Recommendation: The Grenada County Board of Supervisors should take steps to ensure that controls are in place to ensure that procurement requirements are fulfilled by:

- (a) Ensuring that contracts are awarded for construction projects after advertising for sealed bids as required by the project agreement.
(b) Ensuring that contracts for engineering services are awarded after soliciting competitive proposals as required by the project agreement.

Current Status:

Corrective action was taken.

2006 - FINDING NO. 06-8: Emergency Watershed Protection Program, CFDA No. 10.UN

Condition: The Grenada County Project Agreement with the United States Department of Agriculture-Natural Resources Conservation Service requires that the Grenada County Board of Supervisors provide 15 percent (cash) of the cost of constructing the emergency watershed protection measures. During our audit testing procedures, we noted no evidence that control activities were in place to ensure that Grenada County supplied a 15 percent cash contribution as fulfillment of the matching requirement. Instead, we noted that the county used in kind services, which were not allowed by the project agreement, as fulfillment of the matching requirement. As a result, the county did not comply with the 15 percent matching requirement specified in the project agreement.

Recommendation: The Grenada County Board of Supervisors should take steps to ensure that controls are in place to ensure that matching requirements are fulfilled as required by the project agreement.

Current Status:

Corrective action was taken.

2006 - FINDING NO. 06-9: Emergency Watershed Protection Program, CFDA No. 10.UN

Condition: The Grenada County Project Agreement with the United States Department of Agriculture-Natural Resources Conservation Service requires that the county comply with the special requirements over contracts for construction of emergency watershed protection measures. These special requirements require that the county ensure that:

- a. Equal opportunity clause is included in contracts.
- b. A Certification of Non-segregated Facilities is submitted prior to the award of a federally assisted construction contract exceeding \$10,000.
- c. Standard federal equal employment opportunity construction contract specifications are included in federally assisted construction contracts in excess of \$10,000.

During our audit testing procedures, we noted no controls were in place to ensure that Grenada County complied with these provisions. The county did not enter into a contract for the construction of the emergency watershed protection measures as required. Therefore, \$189,000 in federal funds was paid to

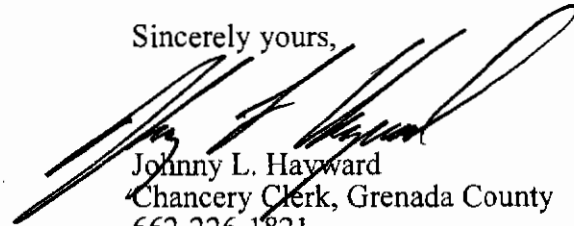
a vendor who utilized labor for equipment operation and other activities without these provisions being met.

Recommendation: The Grenada County Board of Supervisors should take steps to ensure that controls are in place to ensure that equal opportunity hiring practices provisions are included in all construction contracts for emergency watershed projects.

Current Status:

Corrective action was taken.

Sincerely yours,



Johnny L. Hayward
Chancery Clerk, Grenada County
662-226-1821