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TALLAHATCHIE COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2007



**TALLAHATCHIE COUNTY, MISSISSIPPI
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SEPTEMBER 30, 2007**

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Tallahatchie County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tallahatchie 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 County did not maintain adequate subsidiary records documenting the aging of fines receivable for the Circuit Court included in the Governmental Activities Statement of Net Assets and General Fund Balance Sheet. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable reported in the Statement of Net Assets and General Fund Balance Sheet in the amount of \$88,372 as of September 30, 2007. Additionally, the County did not have a detailed listing documenting the amounts of Circuit Court fines receivable in the amount of \$88,372. Therefore, the adequacy of these amounts and the allowance for bad debts could not be determined.

All monthly reports for solid waste revenue could not be located and some had to be reprinted. The aging of Solid Waste receivables at the end of the year did not agree with the last printout, therefore the validity of receivables could not be determined. The amount by which this departure would affect the assets and revenues of the Solid Waste Proprietary Fund and Business Type Activities is not reasonably determinable.

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 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 Tallahatchie County, Mississippi, as of September 30, 2007, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the effects, if any, of not providing adequate aging and documentation of Circuit Court fines receivable for the General Fund and Governmental Activities as described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, each major fund and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of September 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the effects, if any, of not providing adequate aging and documentation of Solid Waste receivables for the Solid Waste Proprietary Fund and Business Type Activities as described in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Business Type Activities and the Proprietary Fund of Tallahatchie County, Mississippi, as of September 30, 2007 and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further, in our opinion, the financial statements referred to above present fairly, in all materials respects, the County Wide Road Fund and the aggregate remaining fund information for the primary government of Tallahatchie 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 a report dated October 30, 2009, on our consideration of Tallahatchie County, Mississippi's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

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

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires 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.

Brauner, Vansteyn & Co P.A.

October 30, 2009
Booneville, Mississippi

**TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 3,261,600	32,652	3,294,252
Property tax receivable	4,550,716	-	4,550,716
Fines receivable (net of allowance for bad debt)	431,867	-	431,867
Accounts receivable (net of allowance for bad debt)	-	340,941	340,941
Other receivables	18,623	-	18,623
Loan receivable (net of allowance for bad debt)	36,300	-	36,300
Intergovernmental receivables	359,856	-	359,856
Capital assets			
Land and construction in progress	1,366,987	-	1,366,987
Capital assets, net	7,649,425	112,162	7,761,587
Total Assets	17,675,374	485,755	18,161,129
LIABILITIES			
Claims payable	276,116	20,884	297,000
Intergovernmental payables	154,308	-	154,308
Funds held in custody	34,815	-	34,815
Accrued interest payable	68,118	5,111	73,229
Deferred revenue	4,550,716	17,245	4,567,961
Internal Balance	(109,033)	109,206	173
Long term liabilities			
Due within one year:			
Capital related debt	486,997	75,224	562,221
Non-capital debt	377,629	-	377,629
Due in more than one year:			
Capital related debt	3,135,216	120,547	3,255,763
Non-capital debt	467,169	3,424	470,593
Total Liabilities	9,442,051	351,641	9,793,692
NET ASSETS			
Invested in capital assets, net of related debt	5,382,234	-	5,382,234
Restricted Net Assets			
Expendable:			
Loans receivable	36,300	-	36,300
Public safety	565,281	-	565,281
Public works	1,456,442	134,114	1,590,556
Economic development	3,457	-	3,457
Capital outlay	1,623	-	1,623
Debt service	40,652	-	40,652
Unrestricted	747,334	-	747,334
Total Net Assets	\$ 8,233,323	134,114	8,367,437

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,838,891	264,760	-	-	(2,574,131)	-	(2,574,131)
Public safety	2,325,656	599,982	326,006	-	(1,399,668)	-	(1,399,668)
Public works	2,302,744	-	791,531	782,424	(728,789)	-	(728,789)
Health and welfare	221,953	-	36,826	-	(185,127)	-	(185,127)
Culture and recreation	79,375	-	-	-	(79,375)	-	(79,375)
Conservation of natural resources	89,078	-	-	-	(89,078)	-	(89,078)
Economic development and assistance	32,405	-	-	-	(32,405)	-	(32,405)
Interest on long-term liabilities	205,634	-	-	-	(205,634)	-	(205,634)
Total Governmental Activities	8,095,736	864,742	1,154,363	782,424	(5,294,207)	-	(5,294,207)
Business-type activity							
Solid Waste	524,559	344,594	-	-	-	(179,965)	(179,965)
Total Primary Government	\$ 8,620,295	1,209,336	1,154,363	782,424	(5,294,207)	(179,965)	(5,474,172)
General Revenues:							
Taxes:							
Property Taxes					5,329,116	-	5,329,116
Road and bridge privilege taxes					124,469	-	124,469
Grants and contributions not restricted to specific programs					253,342		253,342
Unrestricted investment income					136,979	757	137,736
Miscellaneous					648,098	84,044	732,142
Transfers					1,632	(1,632)	-
Total General Revenues					6,493,636	83,169	6,576,805
Change in Net Assets					1,199,429	(96,796)	1,102,633
Net Assets-Beginning					6,751,698	230,910	6,982,608
Prior Period Adjustment					282,196	-	282,196
Net Assets-Beginning Restated					7,033,894	230,910	7,264,804
Net Assets-Ending					\$ 8,233,323	134,114	8,367,437

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

**TALLAHATCHIE COUNTY, MISSISSIPPI
BALANCE SHEET-GOVERNMENTAL FUNDS
September 30, 2007**

Exhibit 3

	Major Funds		Other Governmental Funds	Total Governmenta Funds
	General Fund	County Wide Road Fund		
ASSETS				
Cash	\$1,072,410	1,485,829	703,361	3,261,600
Property tax receivable	2,806,441	1,432,900	311,375	4,550,716
Fines receivable (less allowance for bad debts)	431,867	-	-	431,867
Loans receivable (less allowance for bad debts)	36,300	-	-	36,300
Intergovernmental receivables	87,187	83,262	5,281	175,730
Other receivables	10,766	-	7,857	18,623
Due from other funds	7,774	26,341	4,909	39,024
Advance to other funds	116,190	-	-	116,190
Total Assets	4,568,935	3,028,332	1,032,783	8,630,050
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	131,183	140,942	3,991	276,116
Funds held in custody	34,815	-	-	34,815
Intergovernmental payables	154,308	-	-	154,308
Due to other funds	38,549	173	-	38,722
Advance from other funds	-	-	7,459	7,459
Deferred revenue	3,238,308	1,432,900	311,375	4,807,063
Total Liabilities	3,597,163	1,574,015	322,825	5,494,003
Fund Balances:				
Reserved for:				
Advances to other funds	116,190	-	-	116,190
Loans receivable	36,300	-	-	36,300
Unreserved, reported in:				
General funds	819,282	-	-	819,282
Special revenue funds	-	1,454,317	655,561	2,109,878
Debt service funds	-	-	52,774	52,774
Capital project funds	-	-	1,623	1,623
Total Fund Balances	971,772	1,454,317	709,958	3,136,047
Total Liabilities and Fund Balances	\$ 4,568,935	3,028,332	1,032,783	8,630,050

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

TALLAHATCHIE COUNTY, MISSISSIPPI
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 (Exhibit 3)	\$ 3,136,047
Amounts reported for governmental services in the statement of net assets (Exhibit 1) are different because:	
Capital assets are used in governmental activities are not financial resources and therefore are not reported in the funds	
Capital assets net of depreciation as of 10-1-06	7,910,596
Plus capital outlay expenditures made during the year	1,728,846
Less depreciation expense recorded during the year	(517,399)
Book value of assets disposed	(389,459)
Prior period adjustment to correct the value of roads	282,196
Book value of truck transferred to County Wide Road from Solid Waste	1,632
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Fines receivable	431,867
Receivable not recognized in governmental funds	184,126
Long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.	
Long-term liabilities	(4,467,011)
Accrued interest on long term liabilities	(68,118)
Total net assets - governmental activities (Exhibit 1)	<u>\$ 8,233,323</u>

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

Exhibit 4

	Major Funds		Other Governmental	Total (Memorandum)
	General	County Wide Road		
REVENUES				
Property taxes	\$ 3,467,115	1,474,673	387,328	5,329,116
Road and bridge privilege taxes	-	124,469	-	124,469
Licenses, commissions and other revenue	126,474	-	-	126,474
Fines and forfeitures	94,892	-	10,203	105,095
Intergovernmental revenues	432,562	1,573,955	149,376	2,155,893
Charges for services	327,303	-	105,543	432,846
Interest income	59,725	53,402	23,852	136,979
Miscellaneous revenue	407,967	456	157,036	565,459
Total Revenues	4,916,038	3,226,955	833,338	8,976,331
EXPENDITURES				
Current:				
General government	2,751,638	-	49,568	2,801,206
Public safety	1,759,160	-	557,731	2,316,891
Public works	-	3,620,575	-	3,620,575
Health and welfare	203,093	-	-	203,093
Culture and recreation	75,575	-	-	75,575
Conservation of natural resources	89,078	-	-	89,078
Principal	150,119	705,241	351,061	1,206,421
Interest	42,062	72,321	64,472	178,855
Total Expenditures	5,070,725	4,398,137	1,022,832	10,491,694
Excess (deficiency) of Revenues over (under) expenditures	(154,687)	(1,171,182)	(189,494)	(1,515,363)
OTHER FINANCING SOURCES (USES)				
Long term capital debt issued	105,668	618,554	-	724,222
Sale of property	-	472,098	-	472,098
Transfers in	-	1,632	17,418	19,050
Transfers out	(17,418)	-	-	(17,418)
Total Other Financing Sources (Uses)	88,250	1,092,284	17,418	1,197,952
Net change in fund balance	(66,437)	(78,898)	(172,076)	(317,411)
Fund Balances - Beginning	1,038,209	1,533,215	882,034	3,453,458
Fund Balances - Ending	\$ 971,772	1,454,317	709,958	3,136,047

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

TALLAHATCHIE COUNTY, MISSISSIPPI
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

Exhibit 4-1

Net changes in fund balances - total governmental funds (Exhibit 4)	\$ (317,411)
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 \$1,728,846 exceeded depreciation by \$518,399.	1,211,447
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 \$82,639 and the proceeds from the sale of \$472,098 in the current period.	(389,459)
Fine revenue recognized on the modified accrual basis in the fund 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.	50,437
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of 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 proceeds \$724,222 exceeds debt repayments of \$1,206,421.	482,199
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:	
An adjustment to record liability for compensated absences.	3,237
An adjustment for receivables not recognized in the governmental statements	184,126
An adjustment for the book value of a truck transferred in from Solid Waste	1,632
Adjustment for difference in accrued interest	(26,779)
Change in net assets of governmental activities	<u>\$ 1,199,429</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 STATEMENT OF NET ASSETS - PROPRIETARY FUND
 September 30, 2007

Exhibit 5

	Business Type Activities Enterprise Fund <u>Solid Waste Fund</u>
ASSETS	
Cash	\$ 32,652
Accounts receivable, net	340,941
Due from other funds	<u>7,299</u>
Total Current Assets	<u>380,892</u>
Noncurrent assets:	
Capital assets, net	<u>112,162</u>
Total Noncurrent Assets	<u>112,162</u>
Total Assets	<u>493,054</u>
LIABILITIES	
Claims payable	20,884
Due to other funds	7,774
Advances from other funds	108,731
Accrued interest payable	5,111
Deferred revenue	17,245
Current portions of long-term capital-related debt:	
Mobile equipment notes payable	<u>69,996</u>
Total Current Liabilities	<u>229,741</u>
Noncurrent liabilities:	
Capital-related debt:	
Mobile equipment notes payable	125,775
Non-capital debt:	
Compensated absences payable	<u>3,424</u>
Total Noncurrent Liabilities	<u>129,199</u>
NET ASSETS	
Restricted Net Assets:	
Public Works	<u>134,114</u>
Total Net Assets	<u>\$ 134,114</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET ASSETS - PROPRIETARY FUND
September 30, 2007

Exhibit 6

	Business Type Activities <u>Enterprise Fund</u> Solid Waste <u>Fund</u>
Operating Revenues	
Charges for services	\$ 261,945
Total Operating Revenues	<u>261,945</u>
Operating Expenses	
Personal services	178,809
Contractual services	105,946
Materials and supplies	101,087
Depreciation expense	37,612
Indirect administrative cost	7,774
Total Operating Expense	<u>431,228</u>
Operating Income (Loss)	<u>(169,283)</u>
Nonoperating Revenues (Expenses)	
Intergovernmental revenue	5,268
Interest income	757
Miscellaneous non-operating revenues	84,044
Interest expense	(11,514)
Loss on disposal of equipment	(4,436)
Operating transfer	(1,632)
Net Nonoperating Revenue (Expense)	<u>72,487</u>
Changes in Net Assets	<u>(96,796)</u>
Net Assets - Beginning	<u>230,910</u>
Net Assets - Ending	<u>\$ 134,114</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Exhibit 7

	Business Type Activities Enterprise Fund Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 344,521
Payments to suppliers	(110,210)
Payments to employees	(177,721)
Payments for contractual	(104,648)
Net Cash Provided (Used) by Operating Activities	<u>(48,058)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	50,000
Principal paid on long-term debt	(51,259)
Interest paid on debt	(8,685)
Purchase of capital assets	(50,000)
Other financing sources	89,314
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>29,370</u>
Cash Flows From Investing Activities	
Interest and dividends on Investments	757
Net Cash Provided (Used) by Investing Activities	<u>757</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>(17,931)</u>
Cash and Cash Equivalents at Beginning of Year	<u>50,583</u>
Cash and Cash Equivalents at End of Year	<u>32,652</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(169,283)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	37,612
Increase in allowance for uncollectible accounts	77,381
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,911)
(Increase) decrease in interfund receivables	2,727
Increase (decrease) in claims payable	(6,664)
Increase (decrease) in compensated absences payable	1,142
Increase (decrease) in deferred revenue	1,550
Increase (decrease) in accrued interest	2,614
Increase (decrease) in interfund payables	6,774
Total Adjustments	<u>121,225</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (48,058)</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2007

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 10,420
Due from other funds	<u>173</u>
Total Assets	<u>10,593</u>
LIABILITIES	
Intergovernmental payables	<u>10,593</u>
Total Liabilities	<u>\$ 10,593</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. Significant Accounting Policies

A. Financial Reporting Entity

Tallahatchie 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 Tallahatchie 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 the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Tallahatchie County Hospital
- Tallahatchie County Library System
- Tallahatchie Fire District

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

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

B. Basis of Presentation

The county's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

B. Basis of Presentation – continued
Government-wide Financial Statements – continued

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary funds and fiduciary fund financial statements (excluding agency funds) 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 revenue is recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. Summary of Significant Accounting Policies – continued

C. Measurement Focus and Basis of Accounting – continued

The county reports the following major governmental funds:

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

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

GOVERNMENTAL FUND TYPES

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

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

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

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.

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. Summary of Significant Accounting Policies - continued

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." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Capital Assets

Capital acquisition and construction are reflected as expenditures in governmental fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no historical records exist. The extent to which capital assets, other than infrastructure costs have been estimated, and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. Summary of Significant Accounting Policies - continued

H. Capital Assets - continued

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

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

*Leased property capitalization policy 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 obligations indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

J. Equity Classifications

Government-wide Financial Statements:

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

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. Summary of Significant Accounting Policies - continued

J. Equity Classifications - continued

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

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

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.

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. Summary of Significant Accounting Policies – continued

M. Compensated Absences

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

2. Prior Period Adjustment

A fund equity adjustment is as follows:

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
A correction was made to correct capital assets to properly State the value of a bridge.	<u>\$282,196</u>

3. Deposits

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2007, was \$3,304,672 and the bank balance was \$3,563,483. 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.

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

4. Interfund Transfers and Transactions

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
Governmental Funds:			
General Fund	Solid Waste Fund	\$ 7,774	Indirect Cost
County Wide Road Fund	General Fund	26,341	Unsettled Funds, Outer Offices
Other Governmental Funds	General Fund	4,909	Unsettled Funds, Outer Offices
Total		<u>39,024</u>	
Proprietary Fund			
Solid Waste	General Fund	7,299	Unsettled Funds, Tax Collector
Agency Fund	County Wide Road Fund	173	
Total		<u>\$ 46,496</u>	

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Other Governmental	\$ 7,459	Funds loaned for expenses
General Fund	Other Enterprise Fund	108,731	Indirect cost due General Funds
Total		<u>\$ 116,190</u>	

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	
Other Governmental Funds			
Civil Defense	General Fund	\$ 17,418	Support
County Wide Road	Solid Waste Fund	1,632	Book Value of Pickup Truck
Total		<u>\$ 19,050</u>	

5. Intergovernmental Receivables

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

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislature Tax Credit	\$ 50,243
State of Mississippi	119,135
Other	6,352
Total Governmental Funds	<u>175,730</u>
State of Mississippi	<u>184,126</u>
Total Governmental Activities	<u>\$ 359,856</u>

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

6. Capital Assets

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

	Balance Oct. 1, 2006	Additions	Deletions	Transfers/ Adjustments	Balance September 30, 2007
Non-depreciable capital assets:					
Land	\$ 450,719	-	-	-	450,719
Construction in Progress	110,485	909,343	-	(103,560)	916,268
Total non-depreciable assets	<u>561,204</u>	<u>909,343</u>	<u>-</u>	<u>(103,560)</u>	<u>1,366,987</u>
Depreciable capital assets					
Buildings	5,053,005	144,620	-	103,560	5,301,185
Mobile equipment	1,238,844	75,547	-	-	1,410,420
Furniture and equipment	311,154	-	-	96,029	311,154
Leased property under capital leases	1,853,909	530,870	474,950	(79,609)	1,830,220
Roads and bridges	2,836,766	68,466	-	284,523	3,189,755
Total depreciable capital assets	<u>11,293,678</u>	<u>819,503</u>	<u>474,950</u>	<u>404,503</u>	<u>12,042,734</u>
Less accumulated depreciation for:					
Buildings	2,324,779	89,699	-	-	2,414,478
Mobile equipment	966,000	96,337	-	63,178	1,125,515
Furniture and equipment	230,924	16,204	-	-	247,128
Leased property under capital leases	251,924	218,602	(85,491)	(48,390)	336,645
Roads and bridges	170,659	96,557	-	2,327	269,543
Total accumulated depreciation	<u>3,944,286</u>	<u>517,399</u>	<u>(85,491)</u>	<u>17,115</u>	<u>4,393,309</u>
Total depreciable capital assets, net	<u>7,349,392</u>	<u>302,104</u>	<u>389,459</u>	<u>387,388</u>	<u>7,649,425</u>
Governmental activities capital assets,	<u>7,910,596</u>	<u>1,211,447</u>	<u>389,459</u>	<u>283,828</u>	<u>9,016,412</u>
Business Type Activities:					
Mobile equipment	158,970	-	-	(16,420)	142,550
Leased property under capital leases	157,790	50,000	(18,837)	-	188,953
Total depreciable capital assets	<u>316,760</u>	<u>50,000</u>	<u>-</u>	<u>(16,420)</u>	<u>331,503</u>
Less accumulated depreciation for:					
Mobile equipment	143,083	-	-	(14,788)	128,295
Leased property under capital lease	67,835	37,612	(14,601)	(14,788)	91,046
Total accumulated depreciation	<u>210,918</u>	<u>37,612</u>	<u>(14,601)</u>	<u>-</u>	<u>219,341</u>
Business type capital assets, net	<u>\$ 105,842</u>	<u>12,388</u>	<u>4,436</u>	<u>(1,632)</u>	<u>112,162</u>

Construction on a building was completed and transferred from construction in progress to Buildings in the amount of \$103,560. The debt on mobile equipment was retired and the equipment in the amount of \$79,609 less depreciation of \$48,390 was reclassified from leased property to mobile equipment. A correction was made in the amount of \$284,523, with depreciation of \$2,327 to properly state the value of a state aid bridge. A truck with book value of 1,632 was transferred from solid waste to County wide Road.

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

6. Capital Assets - continued

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 27,685
Public safety	67,272
Public works	367,377
Culture and Recreation	3,800
Health and welfare	32,405
Economic development	18,860
Total governmental activities depreciation expense	\$ 517,399
Business Type Activities:	
Public works	
Total business type activities	\$ 37,612

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

	Financial Commitment	Expected Date of Completion
Deep Slough Bridge	-	December, 2007
Shelly Road	-	May, 2008
Bridge	-	December, 2007
	\$ -	

1. Contracts are being paid by state aid.

7. 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.

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

8. Loans Receivable

Loan receivable balances are as follows:

	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Kirkland Boats	4/1/2003	3.00%	4/1/2013	\$ 135,884
Tallahatchie Wood Products, Inc.	4/26/2004	3.00%	9/30/2014	279,741
				<u>415,625</u>
Less allowance for bad debts				379,325
Total loans receivable				<u>\$ 36,300</u>

9. Operating Leases

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$102,792 for the year ended September 30, 2007. The future minimum lease receivables for these leases are as follows:

Year Ending September 30,	Amount
2008	\$ 119,928
2009	118,610
2010	118,610
2011	118,610
2012	118,610
2013-2017	153,792
2018-2019	26,363
Total	<u>\$ 774,523</u>

10. Capital Leases

As Lessee:

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

Class of Property	Governmental Activities
Mobile Equipment	\$ 1,816,095
Less: Accumulated depreciation	(334,485)
Leased Property Under Capital Leases	<u>1,481,610</u>
	Enterprise Activities
Mobile Equipment	188,953
Less: Accumulated depreciation	(91,046)
Leased Property Under Capital Leases	<u>\$ 97,907</u>

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

10. Capital Leases (continued)

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

Year Ending September 30, 2007	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2008	\$ 238,917	75,504	42,224	5,068
2009	248,908	65,574	31,829	3,469
2010	243,354	55,231	33,135	2,163
2011	239,277	44,432	20,583	802
2012	801,495	7,919	-	-
Total	<u>\$ 1,771,951</u>	<u>248,660</u>	<u>127,771</u>	<u>11,502</u>

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			
2007 Ford Ranger	\$ 11,183	4.19	4/10
2007 Ford F150 Truck	15,345	4.49	4/10
JD 2350 Tractor	12,000	4.31	6/10
3 2006 Crown Victorias	31,093	3.95	3/9
Case 580 M Backhoe	25,710	4.22	3/9
3 Backhoes	70,110	4.22	6/11
6 Road Graders	1,036,151	4.14	6/11
29 Voting Machines	78,015	3.61	6/11
5 2007 Mack trucks	477,075	4.14	12/11
2007 GMC Van	15,269	4.49	4/12
Total Capital Leases	<u>\$ 1,771,951</u>		12/11
Business Activities			
2005 Garbage Truck	36,966	3.24	10/10
2005 Garbage Truck	11,649	3.24	10/7
2 - 1999 Garbage Trucks	38,300	4.39	8/11
2004 Garbage Truck	40,856	4.35	8/11
Total Capital Leases	<u>\$ 127,771</u>		

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

11- Long-Term Debt (Continued)

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
Other Loans:			
Capital Improvements	\$ 132,269	4.55%	8/15
Hancock Bank, Road Fund	125,000	3.89%	12/11
Industrial Development	407,668	3.99%	4/11
CAP Loan - Due West	197,754	4.00%	10/11
CAP Loan - Due West	298,428	5.66%	5/15
CAP Loan-Cascilla Addition	16,874	3.00%	1/12
Rosebloom Fire Truck	918	2.00%	7/9
CAP Loan - Due West	359,766	5.00%	7/22
Industrial Development	21,360	4.64%	6/8
Industrial Development	94,000	3.00%	4/13
Industrial Development	175,003	3.00%	7/20
Industrial Development	289,183	3.00%	9/14
Fire Department Note	62,372	2.66%	4/9
Capital Project Note	223,694	4.60%	8/14
Revenue Shortfall Note	232,325	5.13%	7/8
Storm Shelters Note	14,400	5.73%	4/10
Total Loans	<u>\$ 2,651,014</u>		
Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Business Type Activities:</u>			
Equipment Loan	68,000	4.50%	9/9
	<u>\$ 68,000</u>		

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

11. Long-Term Debt – continued

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

Year Ending September 30,	Other Loans	
	Principal	Interest
2008	\$ 625,709	103,776
2009	377,094	75,938
2010	358,779	61,189
2011	369,926	46,365
2012	214,901	29,658
2013-2017	542,036	62,288
2018-2022	162,569	10,844
Total	\$ 2,651,014	390,058
Business Type Activities:		
Year Ending September 30,		
2008	\$ 33,000	956
2009	35,000	1,014
Total	\$ 68,000	1,970

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 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 2.27 % of the latest property assessment.

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

11. Long-Term Debt – Continued

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

	Balance Oct 1, 2006	Additions	Reductions	Adjustments	Balance Sept 30, 2007	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 47,283	-	3,237	-	44,046	-
Capital leases	1,809,304	599,222	636,575	-	1,771,951	238,917
Other loans	3,095,860	125,000	569,846	-	2,651,014	625,709
Total	4,952,447	724,222	1,209,658	-	4,467,011	864,626
Business Type Activities:						
Compensated absences	2,282	1,142	-	-	3,424	-
Capital leases	125,378	50,000	47,607	-	127,771	36,996
Other loans	71,652	-	3,652	-	68,000	33,000
Total	\$ 199,312	51,142	51,259	-	199,195	69,996

11. Contingencies

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

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.

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

12. Jointly Governed Organizations

The county participates in the following jointly governed organizations:

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, Desoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Tallahatchie County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated \$93,721 for maintenance and support of the college in fiscal year 2007.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the 12 members of the college board of trustees. The county appropriated \$77,457 for the maintenance and support of the district in fiscal year 2007.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Tallahatchie County Board of Supervisors appoints one of the 21 members of the board of commissioners. The county appropriated \$ 29,667 to help finance the operations of the district in fiscal year 2007.

Mid-State Opportunity, Inc. operates in a district composed of the Counties of Desoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tallahatchie County Board of Supervisors appoints two of the 30 board members. The county did not appropriate any funds for support of the agency in fiscal year 2007.

The Region 1 Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the four members of the board of commissioners. The county appropriated \$18,700 for support of the center in fiscal year 2007.

North Delta Planning and Development District is composed of the Counties of Coahoma, Desoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tallahatchie County Board of Supervisors appoints four of the 30 members of the board of directors. The county appropriated \$15,736 for the operation of the district in fiscal year 2007.

13. Defined Benefit Pension Plan

Plan Description – Tallahatchie 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 current rate is 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 \$275,865, \$250,531 and \$230,610, respectively, equal to the required contributions for each year.

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

14. Subsequent Events

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

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
1/4/2008	4.07%	\$ 65,999	Lease	Hancock Bank
1/24/2008	4.23%	33,162	Lease	Hancock Bank
2/20/2008	3.59%	25,500	Lease	Hancock Bank
4/16/2008	3.27%	532,500	Lease	Hancock Bank
6/2/2008	3.17%	19,500	Lease	BancorpSouth
6/2/2008	3.17%	24,250	Lease	BancorpSouth
6/5/2008	3.17%	24,995	Lease	BancorpSouth
9/10/2008	3.29%	160,800	Lease	BancorpSouth
Total		<u>\$ 886,706</u>		

**TALLAHATCHIE COUNTY, MISSISSIPPI
 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	\$ 3,628,215	3,475,081	3,475,081	-
Licenses, commissions and other revenue	109,150	127,159	127,159	-
Fines and forfeitures	100,000	98,678	98,678	-
Intergovernmental revenues	392,050	415,115	415,115	-
Charges for services	10,000	341,261	341,261	-
Interest income	13,800	46,844	46,844	-
Miscellaneous revenues	510,292	472,078	472,078	-
Total Revenues	<u>4,763,507</u>	<u>4,976,216</u>	<u>4,976,216</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,529,520	2,694,959	2,694,959	-
Public safety	1,684,820	1,767,559	1,767,559	-
Health and welfare	208,002	206,017	206,017	-
Culture and recreation	75,500	75,574	75,574	-
Conservation of natural resources	74,682	73,237	73,237	-
Economic development and assistance	18,236	15,736	15,736	-
Debt Service	280,578	177,128	177,128	-
Total Expenditures	<u>4,871,338</u>	<u>5,010,210</u>	<u>5,010,210</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>(107,831)</u>	<u>(33,994)</u>	<u>(33,994)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	75,550	77,309	77,309	-
Transfers out	(91,965)	(94,727)	(94,727)	-
Total other financing sources and uses	<u>(16,415)</u>	<u>(17,418)</u>	<u>(17,418)</u>	<u>-</u>
Net change in fund balance	<u>(124,246)</u>	<u>(51,412)</u>	<u>(51,412)</u>	<u>-</u>
Fund Balances - Beginning	<u>-</u>	<u>848,921</u>	<u>848,921</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (124,246)</u>	<u>797,509</u>	<u>797,509</u>	<u>-</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 BUDGETARY COMPARASION SCHEDULE-
 BUDGET AND ACTUAL (NON-GAAP BASIS)
 COUNTY WIDE ROAD FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,821,900	1,476,920	1,476,920	-
Road & bridge privilege tax	-	125,854	125,854	-
Intergovernmental revenues	545,000	827,594	827,594	-
Interest income	8,000	53,403	53,403	-
Miscellaneous	2,000	456	456	-
Total Revenues	<u>2,376,900</u>	<u>2,484,227</u>	<u>2,484,227</u>	-
EXPENDITURES				
Public works	2,196,389	2,378,659	2,378,659	-
Debt service	560,449	877,869	877,869	-
Total Expenditures	<u>2,756,838</u>	<u>3,256,528</u>	<u>3,256,528</u>	-
Excess (deficiency) of Revenues over (under) expenditures	<u>(379,938)</u>	<u>(772,301)</u>	<u>(772,301)</u>	-
Other financing sources (uses)				
Proceeds of Loans	-	125,000	125,000	-
Sale of Property	-	472,098	472,098	-
Total other financing sources (uses)	<u>(379,938)</u>	<u>597,098</u>	<u>597,098</u>	-
Net change in fund balance	<u>(379,938)</u>	<u>(175,203)</u>	<u>(175,203)</u>	-
Fund Balances - Beginning	<u>1,160,858</u>	<u>1,160,858</u>	<u>1,160,858</u>	-
Fund Balances - Ending	<u>\$ 780,920</u>	<u>985,655</u>	<u>985,655</u>	-

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Notes to the Required Supplementary Information

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 investments balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

Budget/GAAP Reconciliation - continued

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

	Governmental Fund Types	
	General Fund	County Wide Road Fund
Budget (Cash Basis)	\$ (51,412)	(175,203)
Increase (Decrease)		
Net adjustments for revenue accruals	(60,178)	742,728
Net adjustments for expenditures accruals	(60,515)	(1,139,977)
Net adjustment for other financing sources (uses)	105,668	493,554
GAAP Basis	\$ (66,437)	(78,898)



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

Members of the Board of Supervisors
Tallahatchie County, Mississippi

We have audited the government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tallahatchie 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 October 30, 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.

Our report includes a qualified opinion on the General Fund and Governmental Activities because the County did not have a detailed listing documenting the amounts of Circuit Court fines receivable in the amount of \$88,372. Therefore, the adequacy of these amounts and the allowance for bad debts could not be determined. The amount by which this departure would affect the assets and revenues of the General Fund and Governmental Activities could not be reasonably determined.

Our report includes a qualified opinion on the Solid Waste Proprietary Fund and Business Type Activities because all monthly reports for solid waste revenue could not be located and some had to be reprinted. The aging of receivables at the end of the year did not agree with the last printout, therefore the validity of receivables could not be determined. Therefore, the adequacy of these amounts and the allowance for bad debts could not be determined. The amount by which this departure would affect the assets and revenues of the Solid Waste Proprietary Fund and the Business Type Activities could not be reasonably determined.

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 Tallahatchie County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control 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 responses 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 2007-1, 2007-2 and 2007-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tallahatchie 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 *Governmental Auditing Standards*.

However, we noted certain immaterial instances of noncompliance which we have reported to the management of Tallahatchie County, Mississippi, in the Independent Auditor's Report on Limited Internal Control and Compliance Review Management Report dated October 30, 2009, included within this document.

Tallahatchie County's responses to the findings identified in our audit are described in the accompanying Schedule of Finding's and Responses. We did not audit Tallahatchie County's responses and accordingly express no opinion on them.

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

Brauer, Sanstey & Co. P.A.

October 30, 2009
Booneville, Mississippi



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INDEPENDENT AUDITORS' 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
Tallahatchie County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Tallahatchie 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 Tallahatchie County, Mississippi, is responsible for establishing and maintaining a central purchasing system and an 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 Tallahatchie County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

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

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

Brawner Vanstory + Co. P.A.

October 30, 2009
Booneville, Mississippi

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES NOT MADE
FROM THE LOWEST BIDDER
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF EMERGENCY PURCHASES
SEPTEMBER 30, 2007

Our test results did not identify any emergency purchases.

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY
FROM A SOLE SOURCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tallahatchie County, Mississippi

In planning and performing our audit of the financial statements of Tallahatchie County, Mississippi for the year ended September 30, 2007, we considered Tallahatchie 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 Tallahatchie 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 October 30, 2009, on the financial statements of Tallahatchie County, Mississippi.

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

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Tax Collector

1. Finding

A. The Tax Collector was unable to rerun tax settlements that would agree with the original print outs.

B. At the time cash was counted, there was a cash shortage of \$3,963. This was a finding of the prior year and the shortage has increased by \$816.

Recommendation:

A. Software needs to be obtained that will perform properly.

Response:

The settlement reports have been reported and discussed with Data Systems time after time. Data Systems told several of us at the convention last summer that they did not have the problem worked out, but were working on it.

The amount of \$3,963 has not been resolved. I am trying to determine what has happened.

Circuit Clerk

2. Finding

Several months settlements from the Criminal and Civil Cash Journal were not made by the 20th of the month as required by law.

The clerk did not record two months of clerks fees on the 2007 fee journal until January 2008. This caused the Circuit Clerk to exceed the cap by \$1,127.

Recommendation:

Settlements should be made each month by the 20th as required by law. Postings should be made currently to the fee journal to avoid omissions.

Response:

County and state elections were being conducted during this time and paperwork got behind due to the fact that we had new voting machines. We will stay current in the future.

Auditors Comment:

The excess fee was repaid to the county on 12-31-08.

Chancery Clerk

3. Finding

The Chancery Clerk omitted \$656. of land redemption commission from the fee journal. The clerk also had \$721 of disallowed expenses on the fee journal. This caused the Chancery Clerk to exceed the fee cap by an additional \$1,377.

Court Fees are not being settled on a monthly basis.

Recommendation:

Postings should be made currently to the fee journal to avoid omissions. Court settlements should be made monthly as required.

Response:

Land redemption commission was just an oversight deposited in the wrong account. I will check expenses more closely in the future. I repaid the county for additional amount over the cap.

Auditors Comment:

The excess fees were repaid to the county on December 31, 2008.

Sheriff

4. Finding

Bank statements are not being reconciled.

Recommendation:

All bank statements should be reconciled monthly.

Response:

None

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.

Brauner, Vanstacy + Co. P.A.

October 30, 2009
Booneville, Mississippi

TALLAHATCHIE COUNTY
SCHEDULE OF FINDINGS
YEAR ENDING 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 | Qualified |
| Business-type Activities | Qualified |
| Aggregate Discretely Presented Component Units | Adverse |
| General Fund | Qualified |
| County Wide Road Fund | Unqualified |
| Aggregate Remaining Fund Information | Unqualified |
| Solid Waste Proprietary Fund | Qualified |
| 2. Material noncompliance related to the government financial statements? | No |
| 3. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified that is not considered to be a material weakness? | No |

Circuit Clerk

2007-1 Finding - Material Weakness

The computer system for the Circuit court Fines does not produce a list of outstanding fines or an aging of fines.

Recommendation:

We recommend a system be put in place that will provide the required documentation.

Response:

There is now a system in place that will provide this for the next audit.

County Administrator

2007-2 Finding - Material Weakness

The county collects solid waste revenues at two locations, Tallahatchie County Tax Collector's Office and mailed to Three Rivers Planning and Development District, where receipts are posted and billing is prepared and mailed to the customers. The cut off is not the end of the month for Three Rivers. The collections continue through the end of the month at the Tax Collector's office. These various collections are not reconciled to insure that all are properly deposited and recorded.

Additionally, all monthly computer print-outs could not be located for audit. Several of these monthly records had to be reprinted. A year-end aged report could not be located. This was reprinted but, had a difference between the monthly and year-end figures.

2007-2 Finding (continued)

We recommend that someone reconcile the collections from all locations and balance to the billing and collection report.

Response:

The County collected solid waste revenues at the Tallahatchie County Tax Collectors office and mailed to Three Rivers Planning and Development, where receipts were posted , billing is prepared and mailed to customers.

The cutoff is not the end of the month, but collections from other locations were remitted to the County on a monthly basis.

Tallahatchie County has been doing its own collections and billing since July 2008. The Tax Collectors office collects money, but does not do any posting. All receipts are posted in the Solid Waste Office.

We will have the aging in the future.

Board of Supervisors

2007-3 Finding - Material Weakness

The financial statements of the County do not include the financial data of the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data to be included in the financial data of the County 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.

Recommendation:

In order for the County to comply with accounting principles generally accepted in the United States of America, the County should include the County's component units.

Response:

Tallahatchie County Hospital issues a separate audited financial statement. The County did not choose to include the component units in the County financial statements. The Board does not believe the financial statements are misleading without the component units included.

