

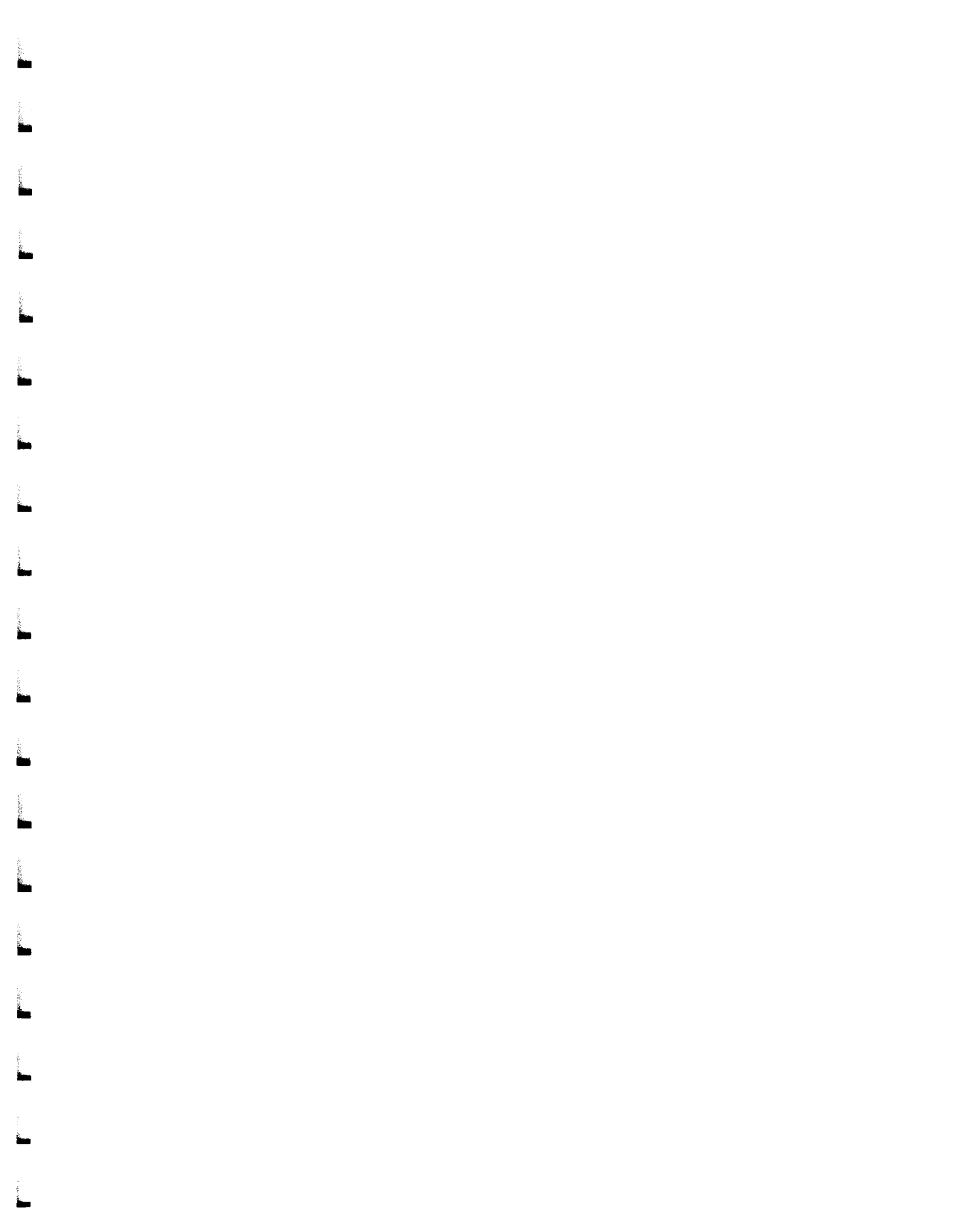


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Tate County
Financial Statements
September 30, 2007

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi







TATE COUNTY
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TATE COUNTY

FINANCIAL SECTION

TATE COUNTY

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INDEPENDENT AUDITORS' REPORT
ON THE BASIC FINANCIAL STATEMENTS ACCOMPANIED BY
THE REQUIRED SUPPLEMENTAL INFORMATION

Members of the Board of Supervisors
Tate 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 Tate County, Mississippi, as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2009, on our consideration of Tate County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting 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.

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

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

Ellis + Harber CPA PLLC

February 18, 2009

TATE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

TATE COUNTY

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TATE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

INTRODUCTION

The discussion and analysis of Tate County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2007. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is qualified by more detailed information contained elsewhere in the County's financial statements, notes to the financial statements and accompanying materials, to the extent this discussion contains any forward looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is a new element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" issued June 1999.

Tate County is located in northwestern Mississippi. The population, according to the 2000 census, is 25,370. The local economic base is driven mainly by agriculture.

FINANCIAL HIGHLIGHTS

Tate County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Tate County continues to grow both economically and in population. Increased services required to meet that growth resulted in a millage increase to 122.67 mills from 119.15.

Total net assets increased \$2,088,949, which represents a 7% increase from the prior year. The County's ending cash balance increased by \$339,594, which represents an 8% increase from the prior fiscal year.

The County had \$14,961,942 in total revenues. Tax revenues account for \$7,965,110 or 53% of total revenues. State revenues in the form of reimbursements, shared revenue or grants, account for \$1,030,428 or 7% of total revenues.

The County had \$12,872,993 in total expenses, which represents an increase of \$47,004 or .4% increase from the prior fiscal year. Expenses in the amount of \$5,121,385 were offset by charges for services, grants, outside contributions or debt being issued. General revenues of \$9,840,557 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$7,614,686 in revenues and \$6,804,264 in expenditures. The General Fund's balance increased \$580,612 over the prior year. The increase was caused in part by an increase in taxes and a 4% decrease in expenses. In the prior year expenses exceeded revenues.

The BMW GO Bond Fund collected \$79,812 in interest income and \$225,000 in principal payments on a capital lease of the BMW building. The fund in turn paid off debt on the building of \$225,000 and interest of \$79,388.

Capital assets, net of accumulated depreciation, increased by \$994,534. The increase was caused primarily by acquisitions of new equipment.

Long-term debt decreased by \$688,201. The decrease resulted from payoffs exceeding borrowings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

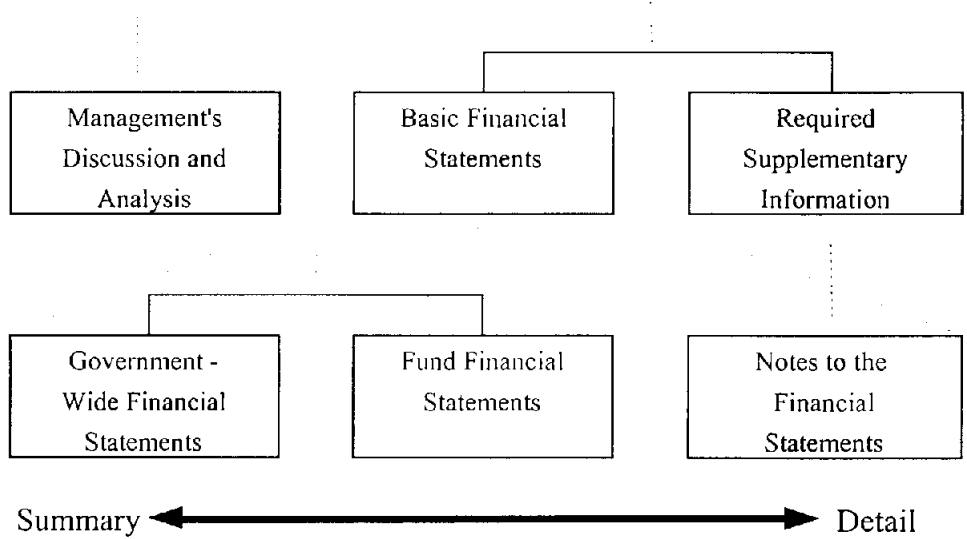


Figure 1 shows how required parts of this annual report are arranged and related to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 - Major Features of the County's Government-Wide and Fund Financial Statements.

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or Fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	a. Statement of net assets b. Statement of activities	a. Balance sheet b. Statement of revenues, expenditures and changes in fund balances	a. Statement of net assets b. Statement of revenues, expenses and changes in net assets c. Statement of cash flows	a. Statement of fiduciary net assets b. Statement of changes in net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net assets** presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; economic development; and interest on long-term debt. The business-type activities of the County include solid waste management and garbage collection.

The Government-wide Financial Statements can be found on pages 16, 17, 18 and 19 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 21 and 24, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual* issued by the Mississippi Office of the State Auditor. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 20 through 24 of this report.

Proprietary funds are maintained to account for enterprise activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The County uses enterprise funds to account for the solid waste management and garbage disposal. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The solid waste management is considered to be a major fund of the County. Data from the other enterprise fund is combined into a single, aggregated presentation. The proprietary funds financial statements can be found on pages 25 through 27 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary financial statement can be found on page 28 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 29 through 44 of this report.

In addition to the basic financial statements and accompanying notes, this report also presented **Required Supplementary Information** concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 49 through 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets - Net assets may serve over time as a useful indicator of government's financial position. In the case of Tate County, assets exceeded liabilities by \$31,264,374 as of September 30, 2007.

By far, the largest portion of the County's net assets (77%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net assets for the fiscal years ended September 30, 2007 and 2006.

	<u>2007</u>		<u>2006</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Current Assets	\$ 12,575,343	958,342	12,326,139	816,925
Other assets	3,533,137		3,875,753	
Capital assets, net	<u>32,822,653</u>	<u>201,997</u>	<u>31,808,770</u>	<u>221,346</u>
Total assets	<u>\$ 48,931,133</u>	<u>1,160,339</u>	<u>48,010,662</u>	<u>1,038,271</u>
Current liabilities	\$ 11,809,813	127,150	12,096,493	112,925
Long-term debt outstanding	<u>6,878,408</u>	<u>11,727</u>	<u>7,590,695</u>	<u>5,237</u>
Total liabilities	<u>\$ 18,688,221</u>	<u>138,877</u>	<u>19,687,188</u>	<u>118,162</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 23,867,784	201,997	22,075,142	221,346
Unrestricted	<u>6,375,128</u>	<u>819,465</u>	<u>6,248,332</u>	<u>698,763</u>
Total net assets	<u>\$ 30,242,912</u>	<u>1,021,462</u>	<u>28,323,474</u>	<u>920,109</u>

Note: The business-type activities consist of garbage collections and solid waste management operations.

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The County incurred capital debt obligations of \$734,800 for a Health Department building and a fire truck.

Changes in Net Assets - Tate County's total revenues for the fiscal year ended September 30, 2007 was \$13,923,866. The total cost for all services provided was \$11,942,696. The increase in net assets was \$1,981,170. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2007.

	2007 <u>Amount</u>	2006 <u>Amount</u>
Revenues:		
Program revenues		
Charges for services	\$ 1,612,725	\$ 1,890,721
State grants	1,030,428	442,050
Capital Grants & Contribution	1,464,254	584,862
General revenues		
Property taxes	7,965,110	7,503,179
Other	<u>1,851,349</u>	<u>1,786,602</u>
Total Revenues	<u>13,923,866</u>	<u>12,207,414</u>
Expenses:		
General government	3,418,878	4,033,537
Public safety	3,812,549	2,338,773
Public works	3,750,396	4,763,429
Health and welfare	134,722	86,809
Culture and Recreation	425	13,125
Other expenses	484,472	293,102
Interest and other expense on long-term debt	<u>341,254</u>	<u>388,799</u>
Total Expenses	<u>11,942,696</u>	<u>11,917,574</u>
Increase (Decrease) in Net Assets	\$ <u>1,981,170</u>	\$ <u>289,840</u>

Property taxes increased due to an increase in assessed values and millage rates. Other increases are due to general price increases. There are some differences in classifications between years.

Expenses increased because of additional road and bridge repairs, utility increases and general inflationary causes.

Governmental Activities - The following table presents the cost of eight major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Education, Conservation, and Economic Development.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Tate County's taxpayers by each of these functions.

	<u>2007</u>		<u>2006</u>	
	<u>Total Costs</u>	<u>Net Costs</u>	<u>Total Costs</u>	<u>Net Costs</u>
General government	\$ 3,418,878	2,564,128	\$ 4,033,537	2,555,520
Public safety	3,812,549	2,392,207	2,338,773	1,657,188
Public works	3,750,396	2,751,316	4,763,429	4,031,349

Health and welfare	134,722	(622,798)	86,809	64,358
Economic development	236,150	160,435	99,438	95,398
Culture and recreation	425	425	13,125	13,125
Education	157,500	157,500	157,500	157,500
Conservation	90,822	90,822	36,164	36,164
Interest and other expense on long-term debt	341,254	341,254	388,799	388,799

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds - At the close of the fiscal year, Tate County's governmental funds reported a combined fund balance of \$3,905,465, an increase of \$531,128. The primary reasons for this increase are highlighted in the analysis of governmental activities.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$580,612. This increase was primarily due to an increase in taxes as discussed above.

Business-type funds - The Enterprise Funds showed a gain for the year of \$107,779.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Tate County revised its annual operating budget on several occasions. Significant budget amendments are explained as follows:

The budget amendments were made to more closely reflect actual results.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2007, Tate County's total capital assets were \$92,253,692. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$1,734,565. The majority of this increase is due to purchases of mobile equipment and construction of new buildings.

Total accumulated depreciation as of September 30, 2007 was \$59,229,042, including \$880,223 of depreciation expense for the year. The balance in total net capital assets was \$33,024,650 at year-end.

Additional information on Tate County's capital assets can be found in Note 6 on page 37 of this report.

Debt Administration - At September 30, 2007 Tate County had \$9,128,806 in long-term debt outstanding. This includes general obligation bonds, loans from Mississippi Development Authority, capital leases, and accrued vacation pay.

In the past year, the County received proceeds from a general obligation bond of \$650,000 to finance construction of a health department building. Also the County received a CAP loan for the purchase of a fire truck for \$84,800.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$23.2 million dollars.

Additional information on Tate County's long-term debt can be found in Note 11 on page 40 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

Tate County and the City of Senatobia, Mississippi agreed to build a jointly owned animal shelter. Operating costs will be divided evenly.

Tate County withdrew from the Mississippi Public Entity Employee Benefit Trust and received a check for \$120,864 upon withdrawal from the trust.

Seven of the County's eight Mack gravel trucks were sold on November 1, 2007.

Tate County applied for a \$200,000 CAP loan to buy a new fire truck.

The tax collector retired on August 4, 2008.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P. O. Box 309, Senatobia, MS 38668.

TATE COUNTY

FINANCIAL STATEMENTS

TATE COUNTY
Statement of Net Assets
September 30, 2007

Exhibit I

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	4,218,011	592,687	4,810,698
Property tax receivable	8,129,142		8,129,142
Accounts receivable, net		365,655	365,655
Fines receivable, net	228,190		228,190
Capital leases receivable	3,261,713		3,261,713
Notes receivable	22,138		22,138
Intergovernmental receivables	175,451		175,451
Internal balances	73,835	(73,835)	0
Land and construction in progress	415,590		415,590
Other capital assets, net	32,407,063	201,997	32,609,060
Total Assets	<u>48,931,133</u>	<u>1,086,504</u>	<u>50,017,637</u>
LIABILITIES			
Claims payable	430,049		457,080
Intergovernmental payables	153,921	27,031	153,921
Accrued interest payable	109,052		109,052
Deferred revenue	8,878,680	25,724	8,904,404
Other payables:			
Due within one year:			
Capital related debt	2,229,029		2,229,029
Non-capital debt	9,082	560	9,642
Due in more than one year:			
Capital related debt	6,725,839		6,725,839
Non-capital debt	152,569	11,727	164,296
Total Liabilities	<u>18,688,221</u>	<u>65,042</u>	<u>18,753,263</u>

NET ASSETS			
Invested in capital assets, net of related debt			
Restricted net assets:			
Expendable:			
Debt service	497,176		497,176
Public safety	74,738		74,738
Public works	1,214,575	819,465	2,034,040
Economic development	622,366		622,366
Other purposes	126,121		126,121
Unrestricted	3,840,152		3,840,152
Total Net Assets	<u>\$ 30,242,912</u>	<u>1,021,462</u>	<u>31,264,374</u>
			24,069,781
	23,867,784	201,997	

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,418,878	740,667	114,083		(2,564,128)		(2,564,128)
Public safety	3,812,549	781,638	638,704		(2,392,207)		(2,392,207)
Public works	3,750,396	90,420	281,455	627,205	(2,751,316)		(2,751,316)
Health and welfare	134,722	34,554		722,966	622,798		622,798
Culture and recreation	425				(425)		(425)
Education	157,500				(157,500)		(157,500)
Conservation of natural resources	90,822				(90,822)		(90,822)
Economic development and assistance	236,150		75,715		(160,435)		(160,435)
Interest and other expenses on long-term liabilities	341,254				(341,254)		(341,254)
Total Governmental Activities	11,942,696	1,612,725	1,030,428	1,464,254	(7,835,289)	0	(7,835,289)
Business-type activities:							
Garbage disposal	777,642	829,263				(51,621)	(51,621)
Solid waste disposal	152,655	184,715				(32,060)	(32,060)
Total Business-type Activities	930,297	1,013,978	0	0	0	(83,681)	(83,681)
Total Primary Government	\$ 12,872,993	2,626,703	1,030,428	1,464,254	(7,835,289)	(83,681)	(7,918,970)
General revenues:							
Taxes:							
Property taxes					\$ 7,965,110		7,965,110
Road and bridge privilege taxes					243,973		243,973
Grants and contributions not restricted to specific programs					274,850		274,850
Unrestricted investment income					160,069	23,717	183,786
Miscellaneous					1,172,457	381	1,172,838
Total General Revenues, Special Items & Extraordinary Items					9,816,459	24,098	9,840,557

Changes in Net Assets	<u>1,981,170</u>	<u>107,779</u>	<u>2,088,949</u>
Net Assets - Beginning	28,323,474	920,109	29,243,583
Prior Period Adjustments (Note 3)	<u>(61,732)</u>	<u>(6,426)</u>	<u>(68,158)</u>
Net Assets - Restated	<u>28,261,742</u>	<u>913,683</u>	<u>29,175,425</u>
Net Assets - Ending	<u><u>\$ 30,242,912</u></u>	<u><u>1,021,462</u></u>	<u><u>31,264,374</u></u>

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

TATE COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2007

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	BMW GO Bond Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 1,663,889	23,604	2,530,518	4,218,011
Property tax receivable	5,233,507		2,895,635	8,129,142
Fines receivable, net	228,190			228,190
Capital lease receivable		2,779,272	482,441	3,261,713
Intergovernmental receivables	115,266			115,266
Other receivables	3,470		18,668	22,138
Due from other funds	108,645		46,180	154,825
Advances to other funds	62,903		47,379	110,282
Total Assets	\$ 7,415,870	2,802,876	6,020,821	16,239,567
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 348,921		81,128	430,049
Intergovernment payables	153,921			153,921
Due to other funds	80,847		2,861	83,708
Advances from other funds			47,379	47,379
Deferred revenue	5,461,697	2,779,272	3,378,076	11,619,045
Total Liabilities	6,045,386	2,779,272	3,509,444	12,334,102
Fund Balances:				
Reserved for:				
Advances	62,903		47,379	110,282
Reserve for lease agreement		23,604		23,604
Undesignated, reported in:				
General funds	1,307,581			1,307,581
Special Revenue funds			1,843,574	1,843,574
Debt Service funds			438,952	438,952
Capital Projects funds			181,472	181,472
Total Fund Balances	1,370,484	23,604	2,511,377	3,905,465
Total Liabilities and Fund Balances	\$ 7,415,870	2,802,876	6,020,821	16,239,567

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

TATE COUNTY

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

Exhibit 3-1

	Amount
Total fund balance - governmental funds (Exhibit 3)	\$ 3,905,465
Amounts reported for governmental services in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$58,526,269.	32,822,653
Fines receivable reported as deferred revenue in funds and as revenue on statement of activities	228,190
Deferred revenue - principal for capital lease receivable not future income on statement of activities	2,512,175
Long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.	
Long-term liabilities	\$ (9,116,519)
Accrued interest on bonds	(109,052)
Total net assets - governmental activities (Exhibit 1)	\$ 30,242,912

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

TATE COUNTY

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

Exhibit 4

	<u>Major Funds</u>		Other Governmental Funds	Total Governmental Funds
	General Fund	BMW GO Bond		
REVENUES				
Property taxes	\$ 5,568,481		2,639,942	8,208,423
Licenses, commissions and other revenue	481,518		98,404	579,922
Fines and forfeitures	248,935		63,920	312,855
Intergovernmental revenues	626,984		2,247,391	2,874,375
Charges for services	479,413		248,118	727,531
Interest income	56,057	924	103,097	160,078
Miscellaneous	153,298	78,888	749,093	981,279
Total Revenues	<u>7,614,686</u>	<u>79,812</u>	<u>6,149,965</u>	<u>13,844,463</u>
EXPENDITURES				
Current:				
General government	3,181,745		16,135	3,197,880
Public safety	3,162,902		423,927	3,586,829
Public works	9,612		3,512,823	3,522,435
Health and welfare	134,722			134,722
Culture and recreation	425			425
Education	157,500			157,500
Conservation of natural resources	90,822			90,822
Economic development and assistance	66,536		166,217	232,753
Debt service:				
Principal		225,000	1,288,560	1,513,560
Interest		79,388	307,671	387,059
Capital Outlay			1,516,322	1,516,322
Total Expenditures	<u>6,804,264</u>	<u>304,388</u>	<u>7,231,655</u>	<u>14,340,307</u>
Excess of Revenues over (under) Expenditures	<u>810,422</u>	<u>(224,576)</u>	<u>(1,081,690)</u>	<u>(495,844)</u>
OTHER FINANCING SOURCES (USES)				
Lease principal collection		225,000	67,172	292,172
Long-term debt issued			734,800	734,800
Transfers in	24,212		254,092	278,304
Transfers out	(254,022)		(24,282)	(278,304)
Total Other Financing Sources and Uses	<u>(229,810)</u>	<u>225,000</u>	<u>1,031,782</u>	<u>1,026,972</u>
Net Changes in Fund Balances	580,612	424	(49,908)	531,128
Fund Balance - Beginning	<u>789,872</u>	<u>23,180</u>	<u>2,561,285</u>	<u>3,374,337</u>
Fund Balance - Ending	\$ <u>1,370,484</u>	<u>23,604</u>	<u>2,511,377</u>	<u>3,905,465</u>

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

TATE 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

Net changes in fund balances - total governmental funds (Exhibit 4) \$ 531,128

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 \$1,860,957 exceeded depreciation of \$847,074, in the current period 1,013,883

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 balance by the amount that debt repayments of \$1,513,560 exceeded debt proceeds \$734,800. 778,760

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:

Compensated absences	\$ (21,995)
Accrued interest	(21,499)
Other liabilities	3
Fines receivable	(6,933)
Other adjustments	<u>(5)</u>
	<u>(50,429)</u>

Principal payments on capital lease receivable not considered revenue on statement of activities (292,172)

Change in net assets of governmental activities (Exhibit 2) \$ 1,981,170

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

TATE COUNTY
Statement of Net Assets - Proprietary Funds
September 30, 2007

Exhibit 5

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Funds	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash	\$ 349,281	243,406	592,687
Accounts receivable, net	365,655		365,655
Due from other funds	9,898		9,898
Total Current Assets	<u>724,834</u>	<u>243,406</u>	<u>968,240</u>
Noncurrent Assets:			
Capital assets, net	201,997		201,997
Total Noncurrent Assets	<u>201,997</u>	<u>0</u>	<u>201,997</u>
Total Assets	<u>926,831</u>	<u>243,406</u>	<u>1,170,237</u>
LIABILITIES			
Current Liabilities:			
Claims payable	25,718	1,313	27,031
Due to other funds	20,830		20,830
Advances from other funds	62,903		62,903
Unearned revenue	25,724		25,724
Compensated absences payable - current portion	560		560
Total Current Liabilities	<u>135,735</u>	<u>1,313</u>	<u>137,048</u>
Noncurrent Liabilities			
Compensated absences payable	<u>11,727</u>		<u>11,727</u>
Total Noncurrent Liabilities	<u>11,727</u>	<u>0</u>	<u>11,727</u>
NET ASSETS			
Invested in capital assets, net of related debt	201,997		201,997
Restricted for public workers	<u>577,372</u>	<u>242,093</u>	<u>819,465</u>
Total Net Assets	\$ <u>779,369</u>	<u>242,093</u>	<u>1,021,462</u>

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

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

For the Year Ended September 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>		
	Solid Waste Management Fund	Other Proprietary Fund	Total Proprietary Funds
Operating Revenues			
Solid Waste Fee	\$ 829,263		829,263
Garbage Collection Fee		184,715	184,715
Total Operating Revenues	<u>829,263</u>	<u>184,715</u>	<u>1,013,978</u>
Operating Expenses			
Personnel services	327,274	63,352	390,626
Contractual services	145,657	14,562	160,219
Utilities	3,143	1,246	4,389
Repairs and maintenance	59,705	29,950	89,655
Other supplies and expenses	114,689	23,461	138,150
Insurance expense	94,025	20,084	114,109
Depreciation	33,149		33,149
Total Operating Expenses	<u>777,642</u>	<u>152,655</u>	<u>930,297</u>
Operating Income (Loss)	<u>51,621</u>	<u>32,060</u>	<u>83,681</u>
Nonoperating Revenues (Expenses)			
Interest income	14,093	9,624	23,717
Miscellaneous		381	381
Total Nonoperating Revenue (Expenses)	<u>14,093</u>	<u>10,005</u>	<u>24,098</u>
Income (Loss) Before Contributions and Transfers	<u>65,714</u>	<u>42,065</u>	<u>107,779</u>
Change in Net Assets	<u>65,714</u>	<u>42,065</u>	<u>107,779</u>
Net Assets - Beginning	720,081	200,028	920,109
Prior Period Adjustment (Note 3)	<u>(6,426)</u>		<u>(6,426)</u>
Net Assets - Beginning as adjusted	<u>713,655</u>	<u>200,028</u>	<u>913,683</u>
Net Assets - Ending	<u>\$ 779,369</u>	<u>242,093</u>	<u>1,021,462</u>

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

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

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Fund	Totals
Cash Flows From Operating Activities			
Cash received from customers	\$ 770,128	184,715	954,843
Cash payments to suppliers for goods and services	(398,500)	(88,938)	(487,438)
Cash payments to employees for services	(327,274)	(63,352)	(390,626)
Net Cash Provided (Used) by Operating Activities	<u>44,354</u>	<u>32,425</u>	<u>76,779</u>
Cash Flows From Noncapital Financing Activities			
Cash received from other funds	3,029		3,029
Net Cash Provided (Used) by Noncapital Financing Activities	<u>3,029</u>	<u>0</u>	<u>3,029</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(13,800)		(13,800)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(13,800)</u>	<u>0</u>	<u>(13,800)</u>
Cash Flows From Investing Activities			
Payment of note receivable	30,000		30,000
Interest and dividends on investments	14,093	10,005	24,098
Net Cash Provided (Used) by Investing Activities	<u>44,093</u>	<u>10,005</u>	<u>54,098</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	77,676	42,430	120,106
Cash and Cash Equivalents at Beginning of Year	<u>271,605</u>	<u>200,976</u>	<u>472,581</u>
Cash and Cash Equivalents at End of Year	\$ <u>349,281</u>	<u>243,406</u>	<u>592,687</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ <u>51,621</u>	<u>32,060</u>	<u>83,681</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	33,149		33,149
Provision for uncollectible accounts	12,828		12,828
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(64,139)		(64,139)
Increase (decrease) in compensated absences	406		406
Increase in unearned revenue	5,004		5,004
Increase (decrease) in claims payable	(5,364)	365	(4,999)
Increase (decrease) in advances from other funds	10,849		10,849
Total Adjustments	<u>(7,267)</u>	<u>365</u>	<u>(6,902)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>44,354</u>	<u>32,425</u>	<u>76,779</u>

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

TATE COUNTY
Statement of Fiduciary Assets and Liabilities
For the Year Ended September 30, 2007

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 65,799
Due from Other Funds	39,178
Total Assets	\$ <u><u>104,977</u></u>
LIABILITIES	
Other liabilities	\$ 5,614
Due to other funds	99,363
Total Liabilities	\$ <u><u>104,977</u></u>

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

TATE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the 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 non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are generally financed through taxes, intergovernmental revenues and other nonexchange revenues are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

TATE COUNTY

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

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

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

The County reports the following major Governmental 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.

BMW GO Bond Fund - This fund is bond and interest fund. The County collects rent on a building and pays a related note in this fund.

TATE COUNTY

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

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.

TATE COUNTY

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

F. Receivables.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to 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 in the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 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 non-capitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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

TATE COUNTY

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

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

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

I. Long-term liabilities.

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

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

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

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 attributed 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 and regulation 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."

TATE COUNTY

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

Fund Financial Statements:

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

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

K. Property Tax Revenues.

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

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and 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 Adjustments

A summary of the significant fund equity adjustments is as follows:

	<u>Amount</u>
Exhibit 2 - Statement of Activities	\$ 61,732

TATE COUNTY

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

Explanation: Compensated absence expense has been erroneously capped at 120 hours instead of 240 hours for most employees. Law enforcement and emergency workers are entitled to more hours. This amount relates to prior periods.

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balance	-0-
Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Assets	6,426

Explanation: Compensated absence expense has been erroneously capped at 120 hours instead of 240 hours for most employees. Law enforcement and emergency workers are entitled to more hours. This amount relates to prior periods.

Total Prior Period Adjustments	\$ <u>68,158</u>
--------------------------------	------------------

(3) Deposits.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2007, was \$4,876,497, and the bank balance was \$4,949,640. 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.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 90,844
General Fund	Major Enterprise Fund	
	Solid Waste Management	17,801
Nonmajor Governmental Funds	General Fund	44,772
Nonmajor Governmental Funds	Nonmajor Government Funds	1,408
Major Enterprise Fund		
Solid Waste Management	Agency Fund	8,519
Major Enterprise		
Solid Waste Management	General Fund	1,379
Agency Fund	General Fund	34,697

TATE COUNTY

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

Agency Fund	Nonmajor Government Funds	1,452
Agency Fund	Nonmajor Enterprise Fund	
	Solid Waste Management	<u>3,029</u>
Total		\$ <u><u>203,901</u></u>

All interfund loans were made to prevent borrowing from outside sources. All interfund loans are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:	Major Enterprise Fund	
General Fund	Solid Waste Management	* \$ 62,903
Nonmajor Governmental Funds	Nonmajor Governmental Fund	** <u>47,379</u>
Total		\$ <u><u>110,282</u></u>

* These funds represent unpaid indirect cost.

** These funds are loans that were made to prevent borrowing from outside sources.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 254,022
Nonmajor Governmental Funds	Nonmajor Governmental Fund	70
General Fund	Nonmajor Governmental Funds	<u>24,212</u>
Total		\$ <u><u>278,304</u></u>

* All interfund transfers were routine and consistent with the fund making the transfer. These transfers were made to prevent borrowing from an outside source.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$ 113,535
Other	<u>1,731</u>
Total	\$ <u><u>115,266</u></u>

TATE COUNTY

Notes to the 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:

Governmental activities:

	Balance Oct. 1, 2006	Additions	Deletions	Adjustments	Balance Sept. 30, 2007
<u>Non-depreciable capital assets:</u>					
Land	\$ 415,590				415,590
Construction in progress	49,900	996,724		(1,046,624)	0
Total non-depreciable capital assets	<u>465,490</u>	<u>996,724</u>	<u>0</u>	<u>(1,046,624)</u>	<u>415,590</u>
<u>Depreciable capital assets:</u>					
Infrastructure	71,442,049				71,442,049
Buildings	12,493,601	136,400		1,046,624	13,676,625
Improvements other than buildings	66,107	89,210			155,317
Mobile equipment	3,291,524	486,126	32,980		3,744,670
Furniture and equipment	471,674	152,497	70,753		553,418
Leased property under capital leases	1,397,712		36,459		1,361,253
Total depreciable capital assets	<u>89,162,667</u>	<u>864,233</u>	<u>140,192</u>	<u>1,046,624</u>	<u>90,933,332</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	49,170,303	137,686			49,307,989
Buildings	5,756,499	168,328			5,924,827
Improvements other than buildings	10,577	6,213			16,790
Mobile equipment	2,414,861	285,770	32,980		2,667,651
Furniture and equipment	274,246	31,215	70,753		234,708
Leased property under capital leases	192,901	217,862	36,459		374,304
Total accumulated depreciation	<u>57,819,387</u>	<u>847,074</u>	<u>140,192</u>	<u>0</u>	<u>58,526,269</u>
Total depreciable capital assets, net	<u>31,343,280</u>	<u>17,159</u>	<u>0</u>	<u>1,046,624</u>	<u>32,407,063</u>
Governmental activities capital assets, net	\$ <u>31,808,770</u>	<u>1,013,883</u>	<u>0</u>	<u>0</u>	<u>32,822,653</u>

Construction on a new building was completed during the year and the costs were transferred from construction in progress to buildings.

Business-type activities:

	Balance Oct. 1, 2006	Additions	Deletions	Balance Sept. 30, 2007
<u>Depreciable capital assets:</u>				
Mobile equipment	\$ 619,230			619,230
Furniture and equipment	271,740	13,800		285,540
Total depreciable capital assets	<u>890,970</u>	<u>13,800</u>	<u>0</u>	<u>904,770</u>

TATE COUNTY

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

<u>Less accumulated depreciation for:</u>			
Mobile equipment	425,058	31,375	456,433
Furniture and equipment	<u>244,566</u>	<u>1,774</u>	<u>246,340</u>
Total accumulated depreciation	<u>669,624</u>	<u>33,149</u>	<u>0</u>
Total depreciable capital assets, net	\$ <u>221,346</u>	<u>(19,349)</u>	<u>0</u>

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 177,504
Public safety	225,720
Public works	440,453
Economic development	<u>3,397</u>
Total governmental activities depreciation expense	\$ <u>847,074</u>
Business-type activities:	
Solid waste	\$ <u>33,149</u>
Total business-type activities depreciation expense	\$ <u>33,149</u>

The County is committed for an additional \$111,218 in construction funds for economic development project to be paid from the general fund.

(7) Claims and Judgments.

Risk Financing.

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

Until July 1, 2007, the County financed 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 was exposed. Premium payments to the pool were determined on an actuarial basis. The County purchased commercial insurance to cover all claims in excess of premium contributions. Claims expenses and liabilities were reported when it was probable that a loss had occurred and the amount of that loss could be reasonably estimated.

The County had no year end liability because the County terminated their participation in the risk pool on July 1, 2007, and a commercial insurance company began providing coverage.

TATE COUNTY

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

(8) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$88,262 for the year ended September 30, 2007. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2008	\$ 88,262
2009	88,262
2010	88,262
2011	88,262
2012	88,262
2013-2015	<u>41,130</u>
Total Minimum Payments Required	<u>\$ 482,440</u>

(9) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2007:

<u>Classes of Property</u>	<u>Amount</u>
Buildings	\$ <u>4,209,779</u>
<u>Total</u>	<u>\$ 4,209,779</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2007, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 287,104	161,614
2009	304,939	143,299
2010	326,681	123,617
2011	349,134	102,464
2012	371,703	79,835
2013-2017	<u>872,614</u>	<u>138,709</u>
Total	<u>\$ 2,512,175</u>	<u>749,538</u>

TATE COUNTY

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

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	\$ 1,327,218
Other furniture and equipment	<u>34,035</u>
Total	1,361,253
Less: Accumulated depreciation	<u>374,304</u>
Leased Property Under Capital Leases	<u><u>\$ 986,949</u></u>

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	\$ 883,784	24,168
2009	104,687	1,298
2010	<u>54,739</u>	<u>352</u>
Total	<u><u>\$ 1,043,210</u></u>	<u><u>25,818</u></u>

(10) Short-term Debt and Liquidity.

There was no short-term borrowing during the fiscal year.

(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:			
BMW Industrial Development	\$ 2,085,000	6.4 / 7.5	8/01/2014
Refunding bond Series 2002	480,000	3 / 3.75	9/01/2009
Building bond - 2002	533,000	5.2	2/01/2007
Road and bridge - 2004	2,340,000	3.10 / 3.50	10/01/2011
Refunding bond Series 2004	540,000	1.15 / 3.40	4/01/2012
Health Department Bond	<u>650,000</u>	4	10/01/2021
Total General Obligation Bonds	<u><u>\$ 6,628,000</u></u>		

TATE COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Capital Leases:			
8 Mack Dump Trucks	\$ 759,920	3.75	12/15/2007
Caterpillar 140G Motor Grader	28,264	3.90	3/10/2008
Case 5805M Backhoe	21,680	3.48	3/18/2009
Kubota Tractor	24,362	4.16	7/13/2010
John Deere 6715 4WD Tractor	9,626	2.88	7/01/2007
John Deere 6715 2WD Tractor	8,401	2.88	7/01/2007
Volvo Excavator	83,461	3.76	2/01/2010
2006 Mack Transport Truck	57,087	3.25	5/01/2009
2006 Ford Ambulance	<u>50,409</u>	3.79	2/01/2010
Total Capital Leases	\$ <u>1,043,210</u>		
C. Other Loans:			
MPI CAP Loan *	\$ 584,640	4.65	7/01/2015
BMW CAP Loan	427,175	4.65	7/01/2015
Fire Truck Loan	83,061	3	6/01/2017
MPI CAP Loan - Coldwater	<u>188,782</u>	3	7/24/2027
Total Other Loans	\$ <u>1,283,658</u>		

* MPI elected to pay the balance that was owed over the life of the lease in current year, however, the County has elected to amortize the debt.

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2008	\$ 1,226,000	317,996	119,245	48,046
2009	1,280,000	255,030	130,826	46,689
2010	1,088,000	202,876	136,765	40,750
2011	1,131,000	156,077	142,978	34,536
2012	545,000	105,571	149,478	28,036
2013 - 2017	1,088,000	173,020	500,433	52,369
2018 - 2022	270,000	28,000	56,650	11,518
2023 - 2027			<u>47,283</u>	<u>2,706</u>
Total	\$ <u>6,628,000</u>	<u>1,238,570</u>	<u>1,283,658</u>	<u>264,650</u>

TATE COUNTY

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

Legal Debt Margin - The amount of debt, excluding specific exempted debt, which 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 5.79% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2007, \$305,000 of bonds outstanding were considered defeased.

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	\$ 77,924	21,995		61,732	161,651	9,082
General obligation bonds	7,132,000	650,000	1,154,000		6,628,000	1,226,000
Capital leases	1,189,567		146,357		1,043,210	883,784
Other loans	1,412,061	84,800	213,203		1,283,658	119,245
Total	\$ 9,811,552	756,795	1,513,560	61,732	9,116,519	2,238,111
Business-type Activities:						
Compensated absences	\$ 5,455	406		6,426	12,287	560
Total	\$ 5,455	406	0	6,426	12,287	560

(12) Deficit Fund Balances of Individual Funds.

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

Fund	Deficit Amount
Special Revenue Funds:	
E-911	\$ 5,045
1997 County GO Bond	20,190
Total	\$ 25,235

(13) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provisions for any liability that may result has been recognized in the County's financial statements.

TATE COUNTY

Notes to the 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.

(14) Related Organizations.

The Tate County Board of Supervisors is responsible for appointing a voting majority of members of the board of the Industrial Development Authority of Tate County, but the County's accountability for this organization does not extend beyond making appointments. During the year, the County appropriated \$40,000 to this organization.

(15) Joint Venture.

The County participates in the following joint venture:

Tate County is a participant with DeSoto, Lafayette, Panola and Tunica Counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free public library services to the citizens of the respective counties. The First Regional Library is governed by a five-member board appointed by the Boards of Supervisors of the participating counties. Each member of the board represents one of the participating counties. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$157,500. Complete financial statements for the First Regional Library can be obtained from the main library office in Hernando or from the Tate County Chancery Clerk's office.

(16) 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 Tate County Board of Supervisors appoints two of the 23 members of the college board of trustees. The County appropriated \$743,866 for support and maintenance of the college in the 2007 fiscal year.

North Delta Planning and Development District operates in a district composed of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tate County Board of Supervisors appoints four of the 30 members of the board of directors, with two being appointed from the business community. The County appropriated \$33,170 for support of the district in the 2007 fiscal year.

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 Tate County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County levied a .61 mill tax for the maintenance and support of the district in the 2007 fiscal year.

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

TATE COUNTY

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

Communicare operates in a district composed of the Counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Tate County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$27,720 for support of the district in the 2007 fiscal year.

(17) Defined Benefit Pension Plan.

Plan Description. Tate 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 \$519,970, \$478,725, and \$416,491, respectively, equal to the required contributions for each year.

(18) Subsequent Events.

- A. The State Auditor's office has an investigation going on in the Tate County Justice Court office and also in the controller's office and circuit clerk's office.
- B. The taxes remained at 122.67 mills.
- C. The County is to join with the City of Senatobia to build an animal shelter. After the shelter is built, both governments will share the operating cost.
- D. The County dropped out of the Mississippi Public Entity Employee Benefit Trust and purchased private insurance. In the process the trust returned \$120,864.
- E. The County sold seven dump trucks and paid off the leases on these trucks, approximately \$665,000.
- F. The County plans to issue \$6.5 million in bonds to increase the weight capacity of Highway 4 to facilitate a new industry, PK-USA.
- G. The County plans to apply for \$200,000 in CAP loans to purchase a new fire truck.
- H. On August 4, 2008 the tax collector retired.

TATE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

TATE COUNTY

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TATE 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	\$ 5,146,895	5,206,883	5,562,010	355,127
Licenses, commissions and other revenue	520,550	599,075	480,867	(118,208)
Fines and forfeitures	206,000	246,355	248,555	2,200
Intergovernmental revenues	485,000	696,521	598,089	(98,432)
Charges for services	492,000	513,576	431,393	(82,183)
Interest income	23,750	54,036	54,038	2
Miscellaneous	152,050	183,686	125,184	(58,502)
Total Revenues	<u>7,026,245</u>	<u>7,500,132</u>	<u>7,500,136</u>	<u>4</u>
EXPENDITURES				
Current:				
General government	4,243,490	3,454,577	3,334,758	119,819
Public safety	2,930,652	2,909,747	2,909,746	1
Health and welfare	138,560	133,622	132,121	1,501
Education	160,000	160,000	157,500	2,500
Conservation of natural resources	89,174	88,780	88,779	1
Economic development and assistance	66,536	73,170	73,170	0
Capital outlay	32,500	3,213		3,213
Total Expenditures	<u>7,660,912</u>	<u>6,823,109</u>	<u>6,696,074</u>	<u>127,035</u>
Excess of Revenues over (under) Expenditures	<u>(634,667)</u>	<u>677,023</u>	<u>804,062</u>	<u>127,039</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	320,000	24,212	24,212	0
Transfers out		(161,775)	(161,776)	(1)
Total Other Financing Sources and Uses	<u>320,000</u>	<u>(137,563)</u>	<u>(137,564)</u>	<u>(1)</u>
Net Change in Fund Balance	(314,667)	539,460	666,498	127,038
Beginning fund balance	<u>257,745</u>	<u>607,925</u>	<u>820,646</u>	<u>212,721</u>
Ending fund balance	\$ <u>(56,922)</u>	<u>1,147,385</u>	<u>1,487,144</u>	<u>339,759</u>

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

TATE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 BMW General Obligation Bond
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$	916	924	8
Miscellaneous	383,275	303,888	303,888	0
Total Revenues	<u>383,275</u>	<u>304,804</u>	<u>304,812</u>	<u>8</u>
EXPENDITURES				
Debt service:				
Paying Agent Fees	500	500	500	0
Principal	225,000	225,000	225,000	0
Interest	157,775	78,887	78,888	(1)
Total Expenditures	<u>383,275</u>	<u>304,387</u>	<u>304,388</u>	<u>(1)</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>417</u>	<u>424</u>	<u>7</u>
Net Change in Fund Balance	0	417	424	7
Beginning fund balance	<u>100</u>	<u>23,181</u>	<u>23,180</u>	<u>(1)</u>
Ending fund balance	\$ <u>100</u>	<u>23,598</u>	<u>23,604</u>	<u>6</u>

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

TATE COUNTY

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

TATE COUNTY

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

	Governmental Fund Types	
	General Fund	BMW GO Fund
Budget (Cash Basis)	\$ 666,498	424
Increase (Decrease)		
Net adjustments for revenue accruals	114,550	
Net adjustments for expenditure accruals	(200,436)	
GAAP Basis	\$ <u>580,612</u>	<u>424</u>

D. Unbudgeted Funds.

None.

TATE COUNTY

SUPPLEMENTARY INFORMATION

TATE COUNTY

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TATE 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			
Community Development Block Grant	14.228	112205069PF01	\$ 446,500
Community Development Block Grant	14.228	112205069EP01	<u>276,556</u>
Total Expenditures of Major Federal Awards			<u>723,056</u>
OTHER FEDERAL AWARDS			
Homeland Security Cluster:			
State Domestic Assistance Preparedness Support Program	97.004	N/A	2,154
Homeland Security Grant Program	97.067	N/A	<u>5,594</u>
Total Expenditures of Other Federal Awards			<u>7,748</u>
Total Expenditures of Federal Awards			<u><u>\$ 730,804</u></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.

TATE COUNTY

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TATE COUNTY

SPECIAL REPORTS

TATE COUNTY

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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
GOVERNMENTAL FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Tate County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tate 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 February 18, 2009. The auditors' report on the financial statements is unqualified. 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 Tate County, Mississippi's internal control over financial reporting as a basis for designing our audit 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 Tate 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, authorized, 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. However, of the deficiencies described in the accompanying schedule of findings and responses, we consider items 07-1 through 07-7 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 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, 07-3 and 07-5 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tate 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 Tate County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 18, 2009, included within this document.

Tate County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Tate County's response and, accordingly, we express no opinion on it.

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

Ellis & Hirsberg, CPA, PLLC

February 18, 2009

INDEPENDENT AUDITORS' 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
Tate County, Mississippi

Compliance

We have audited the compliance of Tate 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 its major federal program for the year ended September 30, 2007. Tate County, Mississippi's major federal program is 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 its major federal program is the responsibility of Tate County, Mississippi's management. Our responsibility is to express an opinion on Tate 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 Tate 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 Tate County, Mississippi's compliance with those requirements.

In our opinion, Tate County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to major federal program for the year ended September 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-8.

Internal Control Over Compliance

The management of Tate 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 Tate 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 and others that we consider to be material weaknesses.

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 07-8 and 07-9 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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 07-9 to be a material weakness.

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

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

Ellis + Hirsberg, CPA, PLLC

February 18, 2009

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
Tate County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Tate 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 Tate 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 Tate 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, Tate 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 Tate 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.

Ellis & Hirsberg, CPA, PLLC

February 18, 2009

TATE 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>
-------------	---------------------------	-------------------------	---------------	-----------------------	---

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

TATE 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>
-------------	---------------------------	------------------------	---------------	--

Our test results did not identify any emergency purchases.

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

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
-------------	---------------------------	------------------------	---------------

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

INDEPENDENT AUDITORS' REPORT ON LIMITED INTERNAL CONTROL AND
COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tate County, Mississippi

In planning and performing our audit of the financial statements of Tate County, Mississippi for the year ended September 30, 2007, we considered Tate 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 Tate 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 February 18, 2009, on the financial statements of Tate 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:

County Administrator.

1. Finding

Section 19-11-23, Miss. Code Ann. (1972), requires a monthly report of expenditures and liabilities incurred against each budget item for the preceding month and fiscal year to date, together with the unexpended balance of each budget item in each fund, to be submitted to the Board of Supervisors. As reported in each of the four prior year audit reports, the County Administrator did not submit the monthly report to the Board of Supervisors.

Recommendation

The County Administrator should submit the required monthly report.

County Administrator's Response

I will present this report to the supervisors each month with the cash balance reports that I give them.

2. Finding

Pursuant to Section 7-7-211 Miss. Code Ann. (1972), the Office of the State Auditor has recommended a chart of accounts to be used to record transactions on the County's records. This chart of accounts is not being used.

Recommendation

Implement the current chart of accounts.

County Administrator's Response

We are in the process of doing this.

Circuit Clerk.

3. Finding

Section 9-7-135, 9-13-21, and 11-7-217, Miss. Code Ann. (1972), require the Circuit Clerk to promptly settle all collections of fines and court costs into the County treasury after the end of each court term. As reported in every audit report since 1999, there is a backlog of settlements. While the current Circuit Clerk has worked towards disbursing these funds, the issue has not yet been resolved. All current collections of fines and court costs are settled on a timely basis.

Recommendation

The Circuit Clerk should settle all collections when required. Since this situation has been going on for nine years and the amount has been reduced from \$106,000 to \$14,000, the balance should be settled to the County.

Circuit Clerk's Response

We will consider this option.

Tax Collector

4. Finding

Section 25-3-3, Miss. Code Ann. (1972), allows the tax collector to earn a salary of \$54,000 per year. The tax collector was paid \$54,500.

Recommendation

Initiate collection procedures to recover the over payment of \$500.

County Administrator's Response

The tax collector has chosen to retire. The \$500 was withheld from her final paycheck.

Board of Supervisors

5. Finding

Sections 19-3-33 and 19-3-35 require a statement of allowances and a recap of all expenditures by district and also the County as a whole be published within fifteen days of adjournment.

Recommendation

The County should comply with this code section.

Board of Supervisors' Response

We will implement procedures to accomplish this task.

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 specified party; however, this report is a matter of public record and its distribution is not limited.

Ellis & Hirsberg, CPA, PLLC

February 18, 2009

TATE COUNTY

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TATE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TATE COUNTY

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TATE COUNTY

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

Section 1: Summary of Auditors' Results

Financial Statements:

- | | |
|---|-------------|
| 1. Type of auditor's report issued on the financial statements: | 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 relating to the financial statements? | No |

Federal Awards:

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

Section 2: Financial Statement Findings

07-1 Finding - Material Weakness

Presently the County does not draft its own financial statements nor notes. The process of drafting the financial statements includes making the necessary adjustments to bring the County's records from strictly cash receipts and disbursements basis to a modified accrual basis of accounting. The modified accrual basis of accounting must then be adjusted to a full accrual basis of accounting to be in accordance with Government Accounting Standards. The County does not presently employ an individual with the above abilities. The effect of this situation could result in financial statements which are materially misstated.

TATE COUNTY

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

Recommendation

The County should either have someone or contract with a CPA firm to prepare its financial statements.

County Administrator.

07-2 Finding - Significant Deficiency

- a. As reported in the last three years audits, there is no separation of duties related to payments received, recorded or deposited by the Planning Commission. All duties are performed by one person.
- b. Funds received by the County are not always promptly receipted and deposited. The Planning Commission payments are deposited sporadically instead of daily.

Recommendation

- a. The County Administrator should implement a system of internal control in which no one employee has the responsibilities of receiving payments, recording them, and then making the bank deposit.
- b. All funds received should be promptly deposited.

County Administrator's Response

We are working on ways to separate the duties of this department.

07-3 Finding - Material Weakness

Some bank statements are not being reconciled on a timely basis. Also there is no indication that the quarterly reports showing the number of bank accounts collateralized through a pool administered by the State Treasurer is being reviewed.

Recommendation

The bank accounts should be reconciled on a timely basis and adjustments, if any, should be made timely. When the reports from the State Treasurer are reviewed, the employee making the review should indicate that review on the report.

County Administrator's Response

We will work on correcting these findings.

07-4 Finding - Significant Deficiency

Section 7 of the Federal Fair Labor Standards Act limits non-emergency response employees to accruing 240 hours of compensatory time. Any additional hours are to be paid to the employee. Three employees have been allowed to accrue compensatory time in excess of the statutory limit. This appears to be a violation of the Federal Fair Labor Standards Act.

Recommendation

County employees should either be compensated for any hours over the 240 hour limit or given the time off from work.

TATE COUNTY

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

County Administrator's Response

We will work to correct this problem.

07-5 Finding - Material Weakness

The County is doing a good job of tracking and accounting for its equipment but the computer reports that the system is generating are not sufficient. In some cases the beginning balances in the fixed asset ledger summary report do not agree with the 2006 ending balances. The summary report did not take into account any sales and dispositions of assets. In some cases compilations of disposals included disposals from a prior year in the current year.

Recommendation

The County should contact the fixed asset software company and determine if the problem is with the program or lack of understanding as to how to use the program.

County Administrator's Response

The County will investigate the cause of this problem.

07-6 Finding - Significant Deficiency

Payments received for solid waste haul bills are not always promptly and deposited. Solid waste payments are deposited sporadically instead of daily. This situation is not completely resolved, but improvements have been made.

Recommendation

Continue to work toward promptly depositing all receipts.

County Administrator's Response

We will work to correct this problem.

County Tax Collector

07-7 Finding - Significant Deficiency

There is no procedure in place to guide the cashiers in a situation where a taxpayer moves from one location to another and wants to purchase his tag at the new location.

Recommendation

Provide guidance on what proof the taxpayer needs to provide with buying tags at a new address within the County.

County Tax Collector's Response

We will check and see how other counties handle this situation.

TATE COUNTY

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

Section 3: Federal Award Findings and Questioned Costs

Immaterial Noncompliance and Significant Internal Control Conditions

07-8 Finding

<u>Name</u>	<u>CFDA #</u>	<u>Grantor/ Pass-through Grantor</u>
Program: Community Development Grant	14.288	Mississippi Development Authority

Compliance Requirement: Cash Management

Federal programs should have only enough cash for its immediate needs. In three cases the County took thirteen days or more to pay bills after the reimbursement was received. The amounts involved were \$22,650, \$127,340 and \$2,500. Internal controls over this procedure were insufficient to prevent this situation. This situation, if not corrected, could affect future funding.

Questioned Cost - None

Recommendation

Institute controls over cash draws of federal funds and better communications with the funding agency so that the money can be spent in a more timely manner.

Reportable Condition that is a Material Weakness

07-9 Finding

Program Name: Community Development Block Grant

CFDA#

14.288

Grantor/
Pass through
Grantor

Mississippi Development Authority

There were approximately \$150,000 of unbooked revenues and expenses relating to the Community Development Block Grant. The funds were received electronically into the bank account set up to receive these funds. Offline checks were written to pay the related bills. At the end of the month the bank balance showed no change. The effect of this error is to understate both the revenue and expense related to this program.

Questioned Cost - None

Recommendation

All federal money should be transferred to the general fund account or the accounts payable account. Then the bills should be paid in the normal course of doing business.

TATE COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

TATE COUNTY

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Supervisors:
James B. Sowell
President

William T. Burford
Vice President

Cecil G. Howell
Mike Campbell
Cam Walker

Tate County Board of Supervisors

201 WARD STREET
SENATOBIA, MS 38668
PHONE: 662-562-5661 * FAX: 662-560-6205

John T. Lamar, Jr.
Attorney

Rufus Warren
County Administrator

Wayne Crockett
Clerk

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section .315 of OMB Circular A-133, Tate County has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2007.

<u>Finding</u>	<u>Corrective Action Plan Detail</u>
07-1	<p>a. Name of contact person responsible for corrective action: E. Rufus Warren</p> <p>b. Corrective Action Planned: We do not believe that we can justify hiring a qualified individual to prepare financial statements.</p> <p>c. Anticipated Completion Date: None</p>
07-2	<p>a. Name of contact person responsible for corrective action: E. Rufus Warren</p> <p>b. Corrective Action Planned: We are working on ways to separate these duties.</p> <p>c. Anticipated Completion Date: These controls will be implemented by March 1, 2009</p>
07-3	<p>a. Name of contact person responsible for corrective action: E. Rufus Warren</p> <p>b. Corrective Action Planned: We continue to work on correcting this situation.</p> <p>c. Anticipated Completion Date: This situation will be corrected by March 1, 2009</p>

- 07-4
- a. Name of contact person responsible for corrective action:
E. Rufus Warren
 - b. Corrective Action Planned:
We will review this situation and try to monitor it better.
 - c. Anticipated Completion Date:
This situation will be corrected by September 30, 2009.
- 07-5
- a. Name of contact person responsible for corrective action:
E. Rufus Warren
 - b. Corrective Action Planned:
We will investigate the source of this problem.
 - c. Anticipated Completion Date:
This situation will be corrected by September 30, 2009.
- 07-6
- a. Name of contact person responsible for corrective action:
E. Rufus Warren
 - b. Corrective Action Planned:
We are continuing to work on this situation.
 - c. Anticipated Completion Date:
This situation will be corrected by September 30, 2009.
- 07-7
- a. Name of contact person responsible for corrective action:
Linda Weathersby
 - b. Corrective Action Planned:
We will determine the best way to go about this.
 - c. Anticipated Completion Date:
This will be done by September 30, 2009.
- 07-8
- a. Name of contact person responsible for corrective action:
E. Rufus Warren
 - b. Corrective Action Planned:
We do not believe that we can justify the expense of having someone spend the day watching a computer screen to determine when the federal money is transferred.

c. Anticipated Completion Date:

None

07-9

a. Name of contact person responsible for corrective action:

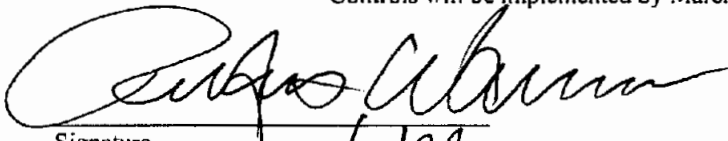
E. Rufus Warren

b. Corrective Action Planned:

We will determine how to best handle this situation.

c. Anticipated Completion Date:

Controls will be implemented by March 31, 2009.



Signature

Date

3/2/09

TATE COUNTY

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