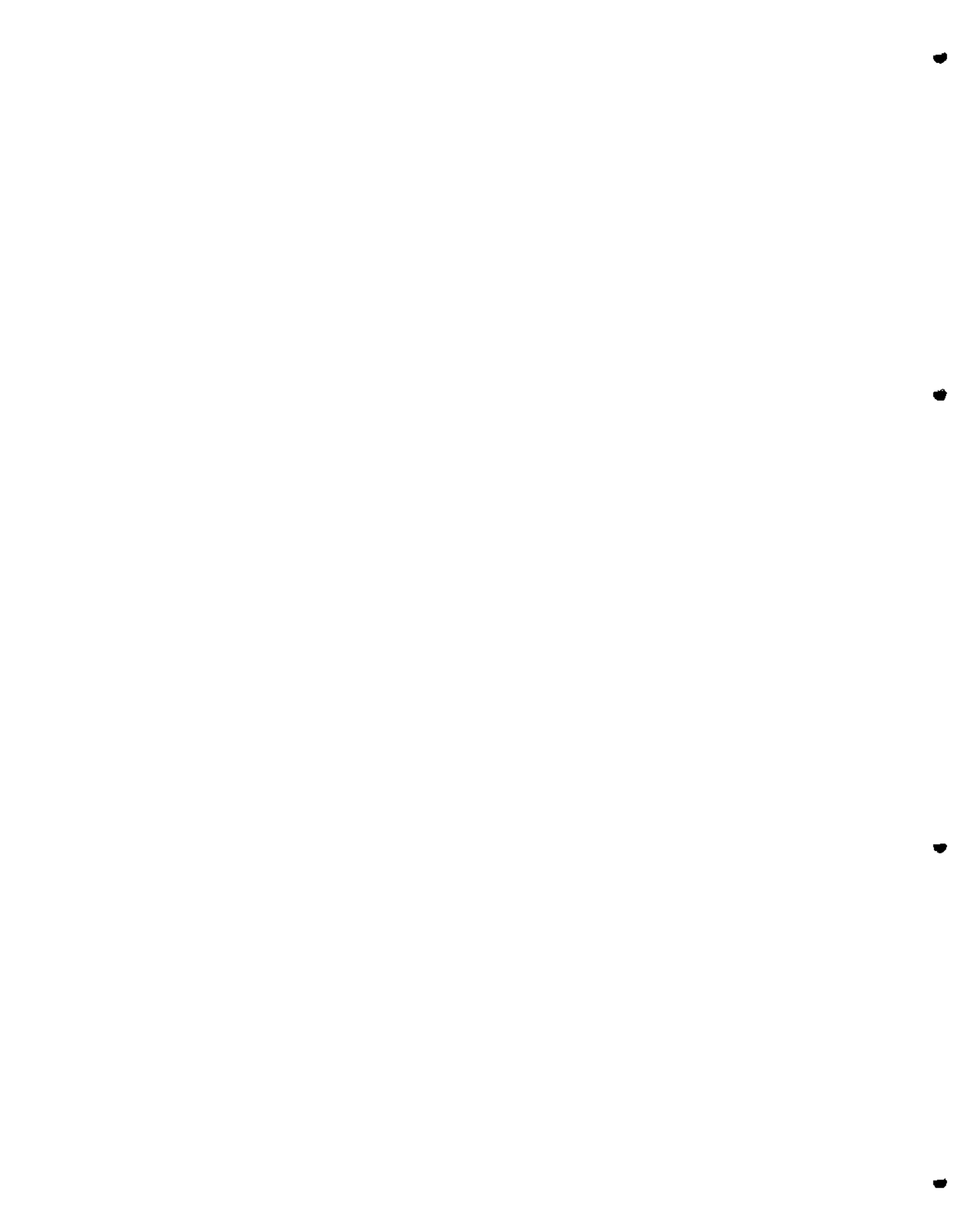




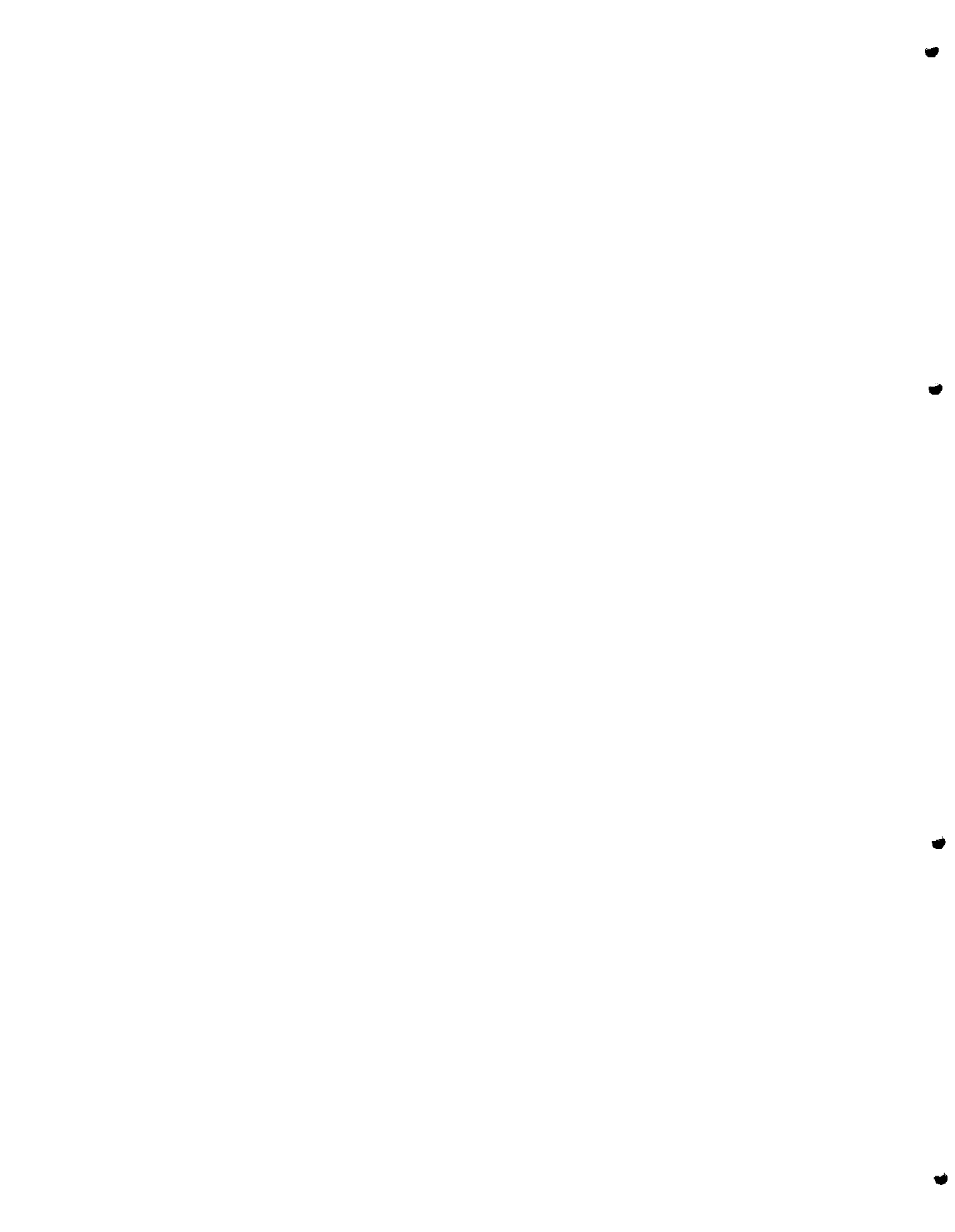
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TALLAHATCHIE COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008



**TALLAHATCHIE COUNTY, MISSISSIPPI
TABLE OF CONTENTS
SEPTEMBER 30, 2008**

	Page
Independent Auditors' Report on the Basic Financial Statements and Supplemental Information	1-2
Financial Statements	
Statement of Net Assets	3
Statement of Activities	4
Balance Sheet – Governmental Funds	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	8
Statement of Net Assets – Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Statement of Fiduciary Assets and Liabilities	12
Notes to Financial Statements Required Supplementary Information	13-29
Budgetary Comparison for Major Funds	30-31
Notes to Budgetary Comparison Schedule	32-33
Compliance and Internal Control Reports	
Independent Auditors' Report on Compliance and Internal Control over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Independent Auditors' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules Required by Section 37-7-115, Miss Code Ann. (1972)	36
Schedule of purchases not made from lowest bidder	37
Schedule of emergency purchases	38
Schedule of purchases made noncompetitively from a sole source	39
Limited Internal Control and Compliance Management Report	40-43
Schedule of Findings	44-45





Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Tallahatchie County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

Additionally, the Solid Waste Fund did not have adequate records regarding billing and collection of Solid Waste charges. The County changed billing systems from an outside vendor to the county handling the billing and collections. The system does not provide adequate information for proper controls.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Tallahatchie County, Mississippi, as of September 30, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the effects, of the matters discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, of Tallahatchie County, Mississippi, as of September 30, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities each major fund and the aggregate remaining fund information of the Tallahatchie County, Mississippi, as of September 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2010, on our consideration of Tallahatchie County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Brewer, Vandenberg & Co. P.A.

October 11, 2010
Booneville, Mississippi

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 2,803,690	105,122	2,908,812
Property tax receivable	4,380,556	-	4,380,556
Fines receivable (net of allowance for bad debt)	621,039	-	621,039
Accounts receivable (net of allowance for bad debt)	-	320,129	320,129
Other receivables	21,796	-	21,796
Loan receivable (net of allowance for bad debt)	981	-	981
Intergovernmental receivables	275,158	-	275,158
Capital assets			
Land and construction in progress	3,156,215	-	3,156,215
Other Capital assets, net	7,760,963	93,976	7,854,939
Total Assets	19,020,398	519,227	19,539,625
LIABILITIES			
Claims payable	308,164	28,655	336,819
Intergovernmental payables	94,582	-	94,582
Funds held in custody	54,228	-	54,228
Accrued interest payable	39,950	1,185	41,135
Deferred revenue	4,380,556	17,245	4,397,801
Internal Balance	(141,332)	141,505	173
Long term liabilities			
Due within one year:			
Capital related debt	488,716	70,432	559,148
Non-capital debt	257,762	-	257,762
Due in more than one year:			
Capital related debt	3,148,002	69,415	3,217,417
Non-capital debt	290,243	4,475	294,718
Total Liabilities	8,920,871	332,912	9,253,783
NET ASSETS			
Invested in capital assets, net of related debt	7,280,460	-	7,280,460
Restricted Net Assets			
Expendable:			
Loans receivable	981	-	981
Public safety	266,493	-	266,493
Public works	1,127,433	186,315	1,313,748
Economic development	97,762	-	97,762
Capital outlay	695	-	695
Debt service	145,150	-	145,150
Unrestricted	1,180,553	-	1,180,553
Total Net Assets	\$ 10,099,527	186,315	10,285,842

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

TALLAHATCHE COUNTY, MISSISSIPPI
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,922,449	154,811	-	-	(2,767,638)	-	(2,767,638)
Public safety	2,903,215	877,595	122,183	-	(1,903,437)	-	(1,903,437)
Public works	2,064,994	-	529,459	931,726	(603,809)	-	(603,809)
Health and welfare	212,856	-	37,904	-	(174,952)	-	(174,952)
Culture and recreation	99,783	-	-	-	(99,783)	-	(99,783)
Conservation of natural resources	64,443	-	-	-	(64,443)	-	(64,443)
Economic development and assistance	85,688	-	-	-	(85,688)	-	(85,688)
Interest on long-term liabilities	152,939	-	-	-	(152,939)	-	(152,939)
Total Governmental Activities	8,506,367	1,032,406	689,546	931,726	(5,852,689)	-	(5,852,689)
Business-type activity							
Solid Waste	487,728	346,710	-	-	-	(141,018)	(141,018)
Total Primary Government	\$ 8,994,095	1,379,116	689,546	931,726	(5,852,689)	(141,018)	(5,993,707)
General Revenues:							
Taxes:							
Property Taxes					5,438,602	-	5,438,602
Road and bridge privilege taxes					123,120	-	123,120
Grants and contributions not restricted to specific programs					173,447	11,169	184,616
Unrestricted investment income					147,132	1,017	148,149
Miscellaneous					930,184	131,033	1,061,217
Total General Revenues					6,812,485	143,219	6,955,704
Transfers					(50,000)	50,000	-
Change in Net Assets					909,796	52,201	961,997
Net Assets-Beginning					8,233,323	134,114	8,367,437
Prior Period Adjustment					956,408	-	956,408
Net Assets-Beginning Restated					9,189,731	134,114	9,323,845
Net Assets-Ending					\$ 10,099,527	186,315	10,285,842

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

TALLAHATCHIE COUNTY, MISSISSIPPI
BALANCE SHEET-GOVERNMENTAL FUNDS
September 30, 2008

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	County Wide Road Fund	Other Governmental Funds	
ASSETS				
Cash	\$1,172,393	1,204,976	426,321	2,803,690
Property tax receivable	3,121,753	1,159,476	99,327	4,380,556
Fines receivable (less allowance for bad debts)	621,039	-	-	621,039
Loans receivable (less allowance for bad debts)	981	-	-	981
Intergovernmental receivables	226,105	23,230	25,823	275,158
Other receivables	12,974	-	8,822	21,796
Due from other funds	-	27,865	29,942	57,807
Advance to other funds	123,964	-	-	123,964
Total Assets	5,279,209	2,415,547	590,235	8,284,991
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	188,679	96,943	22,542	308,164
Funds held in custody	54,228	-	-	54,228
Intergovernmental payables	94,582	-	-	94,582
Due to other funds	32,807	173	-	32,980
Advance from other funds	-	-	7,459	7,459
Deferred revenue	3,742,792	1,159,476	99,327	5,001,595
Total Liabilities	4,113,088	1,256,592	129,328	5,499,008
Fund Balances:				
Reserved for:				
Advances to other funds	123,964	-	-	123,964
Debt service	-	-	92,284	92,284
Loans receivable	981	-	-	981
Unreserved, reported in:				
General funds	1,041,176	-	-	1,041,176
Special revenue funds	-	1,158,955	367,928	1,526,883
Capital project funds	-	-	695	695
Total Funds Balances	1,166,121	1,158,955	460,907	2,785,983
Total Liabilities and Fund Balances	\$ 5,279,209	2,415,547	590,235	8,284,991

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

TALLAHATCHIE COUNTY, MISSISSIPPI
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2008

Exhibit 3-1

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 2,785,983
Amounts reported for governmental services in the statement of net assets (Exhibit 1) are different because:	
Capital assets are used in governmental activities are not financial resources and therefore are not reported in the funds	
Capital assets net of depreciation as of 10-1-07	9,016,412
Plus capital outlay expenditures made during the year	1,944,215
Less depreciation expense recorded during the year	(589,051)
Book value of assets disposed	(410,806)
Prior period adjustment to correct the value of roads	956,408
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Fines receivable	621,039
Long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.	
Long-term liabilities	(4,184,723)
Accrued interest on long term liabilities	(39,950)
Total net assets - governmental activities (Exhibit 1)	<u>\$ 10,099,527</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

Exhibit 4

	Major Funds			Total Governmental Funds
	General	County Wide Road	Other Governmental	
REVENUES				
Property taxes	\$ 3,535,969	1,506,843	395,790	5,438,602
Road and bridge privilege taxes	-	123,120	-	123,120
Licenses, commissions and other revenue	137,378	-	5,281	142,659
Fines and forfeitures	114,080	-	2,922	117,002
Intergovernmental revenues	400,233	1,329,569	144,193	1,873,995
Charges for services	601,036	-	87,387	688,423
Interest income	70,230	57,397	19,505	147,132
Miscellaneous revenue	772,977	-	157,207	930,184
Total Revenues	5,631,903	3,016,929	812,285	9,461,117
EXPENDITURES				
Current:				
General government	2,874,777	-	3,429	2,878,206
Public safety	2,043,197	-	639,724	2,682,921
Public works	-	3,767,375	-	3,767,375
Health and welfare	204,662	-	-	204,662
Culture and recreation	98,252	-	-	98,252
Conservation of natural resources	64,443	-	-	64,443
Economic development	12,000	-	39,818	51,818
Principal	215,255	708,731	371,122	1,295,108
Interest	41,526	91,125	48,456	181,107
Total Expenditures	5,554,112	4,567,231	1,102,549	11,223,892
Excess (deficiency) of Revenues over (under) expenditures	77,791	(1,550,302)	(290,264)	(1,762,775)
OTHER FINANCING SOURCES (USES)				
Long term capital debt issued	207,771	787,045	-	994,816
Sale of property	-	437,895	-	437,895
Compensation for loss of assets	-	30,000	-	30,000
Transfers in	-	-	41,213	41,213
Transfers out	(91,213)	-	-	(91,213)
Total Other Financing Sources (Uses)	116,558	1,254,940	41,213	1,412,711
Net change in fund balance	194,349	(295,362)	(249,051)	(350,064)
Fund Balances - Beginning	971,772	1,454,317	709,958	3,136,047
Fund Balances - Ending	\$ 1,166,121	1,158,955	460,907	2,785,983

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

TALLAHATCHIE COUNTY, MISSISSIPPI
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2008

Exhibit 4-1

Net changes in fund balances - total governmental funds (Exhibit 4) \$ (350,064)

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 \$1,944,215 exceeded depreciation of \$589,051.	1,355,164
In the Statement of Activities only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$57,089 and the proceeds from the sale of \$467,895 in the current period.	(410,806)
Fine revenue recognized on the modified accrual basis in the fund during the current year is reduced because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting.	189,172
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments \$1,295,108 exceeds debt proceeds of \$994,816.	300,292
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
An adjustment to record liability for compensated absences.	(18,004)
An adjustment for a receivable recognized in the Statement of Net Assets in the prior year, but recognized as revenue in the governmental funds in the current year.	(184,126)
Adjustment for difference in accrued interest	28,168
Change in net assets of governmental activities	<u>\$ 909,796</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
 September 30, 2008

Exhibit 5

	Business Type Activities Enterprise Fund Solid Waste Fund
ASSETS	
Cash	\$ 105,122
Accounts receivable, net	320,129
Total Current Assets	425,251
Noncurrent assets:	
Capital assets, net	93,976
Total Noncurrent Assets	93,976
Total Assets	519,227
LIABILITIES	
Claims payable	28,655
Due to other funds	25,000
Advances from other funds	116,505
Accrued interest payable	1,185
Deferred revenue	17,245
Current portions of long-term capital-related debt:	
Mobile equipment notes and leases payable	70,432
Total Current Liabilities	259,022
Noncurrent liabilities:	
Capital-related debt:	
Mobile equipment notes and leases payable	69,415
Non-capital debt:	
Compensated absences payable	4,475
Total Noncurrent Liabilities	73,890
NET ASSETS	
Restricted Net Assets:	
Public Works	186,315
Total Net Assets	\$ 186,315

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

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - PROPRIETARY FUND
For the Year Ended September 30, 2008

Exhibit 6

	Business Type Activities <u>Enterprise Fund</u> Solid Waste <u>Fund</u>
Operating Revenues	
Charges for services	\$ 346,710
Total Operating Revenues	<u>346,710</u>
Operating Expenses	
Personal services	160,929
Contractual services	153,143
Materials and supplies	128,043
Depreciation expense	37,486
Total Operating Expense	<u>479,601</u>
Operating Income (Loss)	<u>(132,891)</u>
Nonoperating Revenues (Expenses)	
Intergovernmental revenue	11,169
Interest income	1,017
Miscellaneous non-operating revenues	131,033
Interest expense	<u>(8,127)</u>
Net Nonoperating Revenue (Expense)	<u>135,092</u>
Operating transfer in	<u>50,000</u>
Changes in Net Assets	<u>52,201</u>
Net Assets - Beginning	<u>134,114</u>
Net Assets - Ending	<u>\$ 186,315</u>

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

**TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Exhibit 7

	<u>Business Type Activities Enterprise Fund Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 367,471
Payments to suppliers	(128,631)
Payments to employees	(160,037)
Payments for contractual	(141,200)
Net Cash Provided (Used) by Operating Activities	<u>(62,397)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	19,300
Principal paid on long-term debt	(75,224)
Interest paid on debt	(8,127)
Interfund loan	25,000
Intergovernmental revenue	11,169
Purchase of capital assets	(19,300)
Other financing sources	181,033
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>133,851</u>
Cash Flows From Investing Activities	
Interest and dividends on Investments	1,016
Net Cash Provided (Used) by Investing Activities	<u>1,016</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>72,470</u>
Cash and Cash Equivalents at Beginning of Year	<u>32,652</u>
Cash and Cash Equivalents at End of Year	<u>105,122</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>(132,891)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	37,486
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	20,812
(Increase)decrease in interfund receivables	7,299
Increase (decrease) in claims payable	7,772
Increase (decrease) in compensated absences payable	1,051
Increase(decrease) in accrued interest	(3,926)
Total Adjustments	<u>70,494</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (62,397)</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2008

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 12,846
Due from other funds	<u>173</u>
Total Assets	<u>13,019</u>
LIABILITIES	
Intergovernmental payables	<u>13,019</u>
Total Liabilities	<u>\$ 13,019</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. Significant Accounting Policies

A. Financial Reporting Entity

Tallahatchie County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Tallahatchie County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

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

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

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

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

B. Basis of Presentation

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

Government-wide Financial Statements:

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. Summary of Significant Accounting Policies – continued

C. Measurement Focus and Basis of Accounting – continued

The county reports the following major Governmental Funds:

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

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

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.

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.

Capital Project 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.

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

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

D. Account Classifications

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

E. Deposits and Investments

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

I. Summary of Significant Accounting Policies - continued

F. Receivables

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

G. Interfund Transactions and Balances

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

H. Capital Assets

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

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

I. Summary of Significant Accounting Policies - continued

H. Capital Assets - continued

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

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

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

I. Long-term Liabilities

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

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

J. Equity Classifications

Government-wide Financial Statements:

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

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. Summary of Significant Accounting Policies - continued

J. Equity Classifications - continued

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

Fund Financial Statements:

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

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

K. Property tax Revenues

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

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

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

L. Intergovernmental Revenues in Governmental Funds

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. Summary of Significant Accounting Policies – continued

M. Compensated Absences

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

2. Prior Period Adjustment:

Exhibit 2 - Statement of Activities

Explanation:	Amount
A prior period adjustment was made for construction costs for bridges paid directly by Department of Transportation.	\$ 1,292,459
Costs were removed from Roads and Bridges, net of depreciation, that had been capitalized and were repairs.	(336,051)
	\$ 956,408

3. Deposits

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2008, was \$2,921,658 and the bank balance was \$3,196,370. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

4. Interfund Transactions and Balances:

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
Governmental Funds:			
County Wide Road Fund	General Fund	\$ 27,865	Unsettled Funds, Outer Offices
Other Governmental Funds	General Fund	4,942	Unsettled Funds, Outer Offices
Other Governmental Funds	Solid Waste	25,000	Loan
		<u>57,807</u>	
Agency Fund	County Wide Road Fund	173	Overpayment of Payroll Taxes
Total		<u>\$ 57,980</u>	

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Other Governmental	\$ 7,459	Funds loaned for expenses
General Fund	Other Enterprise Fund	116,505	Indirect cost due General Funds
Total		<u>\$ 123,964</u>	

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	
Other Governmental Funds			
Civil Defense	General Fund	\$ 41,213	Support
Proprietary Fund			
Solid Waste	General Fund	50,000	Support
Total		<u>\$ 91,213</u>	

5. Intergovernmental Receivables

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

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislature Tax Credit	\$ 51,351
State of Mississippi	121,969
Other	101,838
Total Governmental Activities	<u>\$ 275,158</u>

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

6. Capital Assets

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

	October 1, 2007	Additions	Deletions	Adjustments	Sept 30, 2008
Non-depreciable capital assets:					
Land	\$ 450,719	-	-	-	450,719
Construction in Progress	916,268	716,604	-	1,072,624	2,705,496
Total non-depreciable assets	1,366,987	716,604	-	1,072,624	3,156,215
Depreciable capital assets					
Buildings	5,301,185	-	-	-	5,301,185
Mobile equipment	1,410,420	183,301	196,667	-	1,397,054
Furniture and equipment	311,154	23,359	126,639	-	207,874
Leased property under capital leases	1,830,220	1,020,951	544,884	-	2,306,287
Roads and bridges	3,189,755	-	-	(133,154)	3,056,601
Total depreciable capital assets	12,042,734	1,227,611	868,190	(133,154)	12,269,001
Less accumulated depreciation for:					
Buildings	2,414,478	87,428	-	-	2,501,906
Mobile equipment	1,125,515	98,174	221,725	-	1,001,964
Furniture and equipment	247,128	18,018	125,373	-	139,773
Leased property under capital leases	336,645	298,729	110,286	-	525,088
Roads and bridges	269,543	86,702	-	(16,938)	339,307
Total accumulated depreciation	4,393,309	589,051	457,384	(16,938)	4,508,038
Total depreciable capital assets, net	7,649,425	638,560	410,806	(116,216)	7,760,963
Governmental activities capital assets, net	\$ 9,016,412	1,355,164	410,806	956,408	10,917,178
Business Type Activities:					
Mobile equipment	142,550	-	-	-	142,550
Leased property under capital leases	188,953	19,300	-	-	208,253
Total depreciable capital assets	331,503	19,300	-	-	350,803
Less accumulated depreciation for:					
Mobile equipment	128,295	-	-	-	128,295
Leased property under capital lease	91,046	37,486	-	-	128,532
Total accumulated depreciation	219,341	37,486	-	-	256,827
Business type capital assets, net	\$ 112,162	(18,186)	-	-	93,976

An adjustment was made in the amount of \$1,292,459 for construction in progress that had been paid directly by Department of Transportation. Additionally \$336,051 of road and bridge cost less depreciation was removed, because it was repairs and not additional capital assets.

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

6. Capital Assets - continued

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 60,710
Public safety	77,981
Public works	406,765
Culture and Recreation	1,531
Health and welfare	8,194
Economic development	33,870
Total governmental activities depreciation expense	\$ 589,051
Business Type Activities:	
Public works	
Total business type activities	\$ 37,486

Commitments with respect to unfinished capital projects at September 30, 2008, consisted of the following:

	Financial Commitment	Expected Date of Completion	
Sumner Courthouse	\$ 35,225	Unknown	1
Shelly Road Bridge	80,266	May, 2009	2
Beaver & Melton Dam Bridge	372,990	December, 2009	2
	\$ 488,481		

1. Architect Fees Only.
2. Construction costs are paid directly by State Aid Road.

7. Risk Financing

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

8. Loans Receivable

Loan receivable balances are as follows:

	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Kirkland Boats	4/1/2003	3.00%	4/1/2013	\$ 135,884
Tallahatchie Wood Products, Inc.	4/26/2004	3.00%	9/30/2014	<u>244,422</u>
				380,306
Less Allowance for Bad Debts				<u>379,325</u>
Total Loans Receivable				<u>\$ 981</u>

9. Operating Leases

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$102,792 for the year ended September 30, 2008. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2009	\$ 138,382
2010	118,610
2011	118,610
2012	118,610
2013	90,521
2014-2018	79,089
2019	<u>10,545</u>
Total	<u>\$ 674,367</u>

10. Capital Leases

As Lessee:

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

<u>Class of Property</u>	<u>Governmental Activities</u>
Mobile Equipment	\$ 2,198,177
Furniture and equipment	<u>108,110</u>
Total	2,306,287
Less: Accumulated depreciation	<u>(525,088)</u>
Leased Property Under Capital Leases	<u>1,781,199</u>
	<u>Enterprise Activities</u>
Mobile Equipment	208,253
Less: Accumulated depreciation	<u>(128,532)</u>
Leased Property Under Capital Leases	<u>\$ 79,721</u>

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

10. Capital Leases (continued)

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

Year Ending September 30, 2008	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2009	\$ 384,161	80,130	35,432	4,228
2010	348,444	68,474	36,862	2,703
2011	347,081	53,530	24,440	1,214
2012	875,061	13,548	3,988	279
2013	147,768	4,856	4,125	142
Total	<u>\$ 2,102,515</u>	<u>220,538</u>	<u>104,847</u>	<u>8,566</u>

11. Long-Term Debt

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities			
Capital Leases:			
2007 Ford Ranger	\$ 7,607	4.19	4/10
2007 Ford F150 Truck	10,438	4.49	4/10
JD 2350 Tractor	8,168	4.31	6/10
3 2006 Crown Victorias	15,848	3.95	3/9
Case 580 M Backhoe	19,675	4.22	3/9
3 Backhoes	53,654	4.22	6/11
6 Road Graders	954,871	4.14	6/11
29 Voting Machines	60,886	3.61	6/11
2007 GMC Van	9,568	4.49	4/12
2 Trucks	32,983	4.07	6/9
Sterling Truck	19,500	3.17	6/11
2000 Mack Truck	24,995	3.17	6/11
2008 Chip Spreader	160,800	3.29	9/13
2001 Bruce Sweeper	24,250	3.17	6/9
5 Mack Dump Trucks	532,500	3.27	4/13
1999 Holland Backhoe	25,500	3.59	2/11
2007 Ambulance	33,162	4.23	1/12
Imaging Equipment	108,110	3.23	8/12
Total Capital Leases	<u>\$ 2,102,515</u>		
Business Activities			
Capital Leases:			
2005 Garbage Truck	28,161	3.24	10/10
2 - 1999 Garbage Trucks	26,082	4.39	8/11
2004 Garbage Truck	31,304	4.35	8/11
2008 Ford F150 Crew Cab	19,300	3.39	7/13
Total Capital Leases	<u>\$ 104,847</u>		

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

11- Long-Term Debt (Continued)

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
Other Loans:			
Capital Improvements	\$ 104,711	4.55%	8/15
Hancock Bank, Road Fund	101,871	3.89%	12/11
Industrial Development	311,652	3.99%	4/11
CAP Loan - Due West	151,517	4.00%	10/11
CAP Loan - Due West	265,295	5.66%	5/15
CAP Loan-Cascilla Addition	10,741	3.00%	1/12
Roscbloom Fire Truck	1,710	2.00%	7/9
CAP Loan - Due West	340,032	5.00%	7/22
Industrial Development	81,000	3.00%	4/13
Industrial Development	163,562	3.00%	7/20
Industrial Development	250,988	3.00%	9/14
Fire Department Note	31,595	2.66%	4/9
Capital Project Note	195,884	4.60%	8/14
Storm Shelters Note	9,600	5.73%	4/10
Total Loans	<u>\$ 2,020,158</u>		
Business Type Activities:			
Equipment Loan	35,000	4.50%	9/9
	<u>\$ 35,000</u>		

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

11. Long-Term Debt – continued

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

Year Ending September 30,	Other Loans	
	Principal	Interest
2009	\$ 362,217	76,898
2010	358,401	61,565
2011	369,538	46,897
2012	215,368	29,999
2013	195,782	24,664
2014-2018	382,912	43,123
2019-2022	135,940	7,191
Total	\$ 2,020,158	290,337
Business Type Activities:		
Year Ending September 30,		
2009	\$ 35,000	1,014
Total	\$ 35,000	1,014

Legal Debt Margin – The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2008, the amount of outstanding debt was equal to 2.41 % of the latest property assessment.

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

11. Long-Term Debt – Continued

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

	Balance 10-01-07	Additions	Reductions	Adjustments	Balance 9-30-08	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 44,046	18,004	-	-	62,050	-
Capital leases	1,771,951	994,816	664,252	-	2,102,515	384,161
Other loans	2,651,014	-	630,856	-	2,020,158	362,217
Total	<u>4,467,011</u>	<u>1,012,820</u>	<u>1,295,108</u>	<u>-</u>	<u>4,184,723</u>	<u>746,378</u>
Business Type Activities:						
Compensated absences	\$ 3,424	1,051	-	-	4,475	-
Capital leases	127,771	19,300	42,224	-	104,847	35,432
Other loans	68,000	-	33,000	-	35,000	35,000
Total	<u>\$ 199,195</u>	<u>20,351</u>	<u>75,224</u>	<u>-</u>	<u>144,322</u>	<u>70,432</u>

12. Contingencies

Federal Grants – The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance by the grantor agency could result in a liability of the county, but ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the county's financial statements.

Litigation – The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

13. Jointly Governed Organizations

The county participates in the following jointly governed organizations:

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, Desoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Tallahatchie County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated \$95,456 for maintenance and support of the college in fiscal year 2008.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the 12 members of the college board of trustees. The county appropriated \$78,900 for the maintenance and support of the district in fiscal year 2008.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Tallahatchie County Board of Supervisors appoints one of the 21 members of the board of commissioners. The county appropriated \$31,483 to help finance the operations of the district in fiscal year 2008.

Mid-State Opportunity, Inc. operates in a district composed of the Counties of Desoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tallahatchie County Board of Supervisors appoints two of the 30 board members. The county did not appropriate any funds for support of the agency in fiscal year 2008.

The Region 1 Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the four members of the board of commissioners. The county appropriated \$18,700 for support of the center in fiscal year 2008.

North Delta Planning and Development District is composed of the Counties of Coahoma, Desoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tallahatchie County Board of Supervisors appoints four of the 30 members of the board of directors. The county appropriated \$12,000 for the operation of the district in fiscal year 2008.

14. Defined Benefit Pension Plan

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

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The current rate is 11.85% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2008, 2007, and 2006, were \$306,230, \$275,865 and \$250,531, respectively, equal to the required contributions for each year.

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

(15) Subsequent Events

Subsequent to September 30, 2008, the county issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/8/2008	3.70%	\$ 69,500	Note	Hancock Bank
12/4/2008	3.90%	125,900	Lease Purchase	Hancock Bank
1/8/2009	3.28%	100,000	Lease Purchase	Hancock Bank
1/28/2009	3.26%	31,000	Lease Purchase	Hancock Bank
2/12/2009	3.19%	82,511	Lease Purchase	Hancock Bank
3/13/2009	3.19%	47,380	Lease Purchase	Hancock Bank
4/17/2009	3.34%	170,958	Lease Purchase	Bancorpsouth
4/21/2009	3.19%	74,703	Lease Purchase	Hancock Bank

TALLAHATCHIE COUNTY, MISSISSIPPI
 BUDGETARY COMPARASION SCHEDULE-
 BUDGET AND ACTUAL (NON-GAAP BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,941,292	3,535,995	3,535,995	-
Licenses, commissions and other revenue	123,500	132,108	132,108	-
Fines and forfeitures	88,000	111,721	111,721	-
Intergovernmental revenues	395,300	418,957	418,957	-
Charges for services	335,000	512,477	512,477	-
Interest Income	36,909	66,190	66,190	-
Miscellaneous	529,200	747,576	747,576	-
Total Revenues	5,449,201	5,525,024	5,525,024	-
EXPENDITURES				
Current:				
General government	2,663,032	2,773,708	2,773,708	-
Public safety	1,758,264	1,959,064	1,965,814	(6,750)
Health and welfare	207,669	201,838	201,838	-
Culture and recreation	75,575	92,981	92,981	-
Conservation of natural resources	67,492	63,988	63,988	-
Economic development and assistance	18,500	12,000	12,000	-
Debt service	225,001	171,836	171,836	-
Total Expenditures	5,015,533	5,275,415	5,282,165	(6,750)
Excess (deficiency) of Revenues over (under) expenditures	433,668	249,609	242,859	(6,750)
OTHER FINANCING SOURCES (USES)				
Other sources	1,500	-	-	-
Transfers in	-	79,445	79,445	-
Transfers out	(128,932)	(170,658)	(170,658)	-
Total other financing sources and uses	(127,432)	(91,213)	(91,213)	-
Net change in fund balance	306,236	158,396	151,646	(6,750)
Fund Balances - Beginning	-	797,509	797,509	-
Fund Balances - Ending	-	955,905	949,155	-

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 BUDGETARY COMPARASION SCHEDULE-
 BUDGET AND ACTUAL (NON-GAAP BASIS)
 COUNTY WIDE ROAD FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,819,700	1,506,864	1,506,864	-
Road & bridge privilege tax	-	122,539	122,539	-
Intergovernmental revenues	626,100	721,555	721,555	-
Interest income	40,000	57,397	57,397	-
Miscellaneous	456,800	-	-	-
Total Revenues	<u>2,942,600</u>	<u>2,408,355</u>	<u>2,408,355</u>	-
EXPENDITURES				
Public works	2,335,143	2,357,247	2,357,247	-
Debt service	437,272	799,856	799,856	-
Total Expenditures	<u>2,772,415</u>	<u>3,157,103</u>	<u>3,157,103</u>	-
Excess (deficiency) of Revenues over (under) expenditures	<u>170,185</u>	<u>(748,748)</u>	<u>(748,748)</u>	-
Other financing sources (uses)				
Insurances recoveries	-	30,000	30,000	-
Sale of Property	-	437,895	437,895	-
Total other financing sources (uses)	<u>-</u>	<u>467,895</u>	<u>467,895</u>	-
Net change in fund balance	<u>170,185</u>	<u>(280,853)</u>	<u>(280,853)</u>	-
Fund Balances - Beginning	<u>-</u>	<u>985,655</u>	<u>985,655</u>	-
Fund Balances - Ending	<u>\$ -</u>	<u>704,802</u>	<u>704,802</u>	-

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

TALLAHATCHIE COUNTY, MISSISSIPPI
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

Notes to the Required Supplementary Information

A. Budgetary Information

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

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

Budget/GAAP Reconciliation

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

	Governmental Fund Types	
	General Fund	County Wide Road Fund
Budget (Cash Basis)	\$ 151,646	(280,853)
Increase (Decrease)		
Net adjustments for revenue accruals	106,879	608,574
Net adjustments for expenditures accruals	(271,947)	(1,410,128)
Net adjustment for other financing sources (uses)	207,771	787,045
GAAP Basis	\$ 194,349	(295,362)

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Notes to Required Budgetary Information – Continued

D. Excess of Actual Expenditures over Budget in Individual Funds.

The following fund had an excess of actual expenditures over budget for the year ended September 30, 2008

<u>Fund</u>	<u>Excess</u>
General Fund	<u>\$ 6,750</u>

The fund listed above is a violation of Section 19-11-17, Miss. Code Ann. (1972). However, the County has no liability associated with this violation.



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

Christopher D. Murphy, CPA
Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA

106 South First Street
Post Office Box 340
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

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

Members of the Board of Supervisors
Tallahatchie County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the county's basic financial statements and have issued our report thereon dated October 11, 2010. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented units which are required by accounting principles generally accepted in the United States of America to be reported with the reporting entity that include the financial data of the county's component units. The report is qualified on the Proprietary Fund Solid Waste because the software does not provide all of the components of collections to determine that collections are properly balanced and recorded. Except for the limitation referred to above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2008-1 and 2008-2 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 a 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 item 2008-1 and 2008-2 to be material weaknesses.

Compliance and Other Matters

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

However, we noted certain matters which we have reported to the management of Tallahatchie County, Mississippi, in the Limited Internal Control and Compliance Review Management Reported dated October 11, 2010, included within this document.

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

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

Raymond Versteeg & Co. P.A.

October 11, 2010
Booneville, Mississippi



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

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

Members of the Board of Supervisors
Tallahatchie County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Tallahatchie County, Mississippi, as of and for the year ended September 30, 2008. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures, as we considered necessary in the circumstances.

The Board of Supervisors of Tallahatchie County, Mississippi, is responsible for establishing and maintaining a central purchasing system and an inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Tallahatchie County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

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

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

Brawner Vanstory & Co. P.A.

October 11, 2010
Booneville, Mississippi

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES NOT MADE
FROM THE LOWEST BIDDER
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF EMERGENCY PURCHASES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/12/2008	2 Tank Cars	\$ 23,300	Diversified Railear	Bridge collapse

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY
FROM A SOLE SOURCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA
Christopher D. Murphy, CPA

106 South First Street
Post Office Box 540
Booneville, Mississippi 38829
Telephone (662) 728-6172
Fax (662) 728-6176

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors Tallahatchie County, Mississippi

In planning and performing our audit of the financial statements of Tallahatchie County, Mississippi for the year ended September 30, 2008, we considered Tallahatchie County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Tallahatchie County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 11, 2010, on the financial statements of Tallahatchie County, Mississippi.

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

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

Tax Collector

1. Finding

Criteria:

The Tax Collector should be able to rerun tax settlements that would agree with the original tax settlement:

Condition:

The Tax Collector was not able to rerun tax settlements that agree to the original tax settlement. This is a repeat of prior years.

Cause:

The software that the Tax Collector uses would not properly perform this function.

Effect:

This could result in the Tax Collector improperly settling tax collections.

Recommendation:

We recommend this be corrected so that reports can be reprinted that agrees with the original data.

Response:

The problem with the settlement report have been reported and discussed with Data Systems time after time. Data Systems told several Tax Collectors at a meeting they did not have the problem solved, but were working on the problem.

2. Finding

Criteria:

The Tax Collector should have sufficient cash on hand to settle all tax collections.

Condition:

At the time cash was counted, there was a cash shortage of \$3,526.

Cause:

The cause of the shortage has not been determined.

Effect:

This could result in a shortage of funds required to settle to the county and other entities.

Recommendation:

This shortage should be resolved by determining where the shortage is and collecting this amount.

Response:

This amount of \$3,526 has not been resolved. I am trying to determine what has happened.

Auditors response: This has still not been resolved.

Sheriff

3. Finding

Criteria:

Bank statements are to be reconciled on a monthly basis.

Condition:

The bank statements are not being reconciled to see if cash on hand agrees with the cash journals.

Cause:

The bank statements are not being reconciled by the sheriff department personnel.

Effect:

Not reconciling the bank accounts and agreeing bank balances to the cash journals could result in a loss of funds to the county.

Sheriff (continued)

Recommendation:

All bank statements should be reconciled monthly.

Response:

This will be corrected.

4. Finding

Criteria:

Proper procedures to document the use of informant funds require that the use of such funds be witnessed by two officers.

Condition:

Not all funds used for payments to informants were witnessed by more than one officer.

Cause:

A second officer did not witness the use of informant funds.

Effect:

Failure to follow proper procedures could result in the loss of assets of the county.

Recommendation:

All use of county funds to pay informants should be witnessed by two officers as required to safeguard the assets of the county.

Response:

It will be witnessed by another officer

Chancery Clerk

5. Finding

Criteria:

The Chancery Clerk is required to settle amounts collected in excess of the salary cap of \$90,000 by April 15th of the subsequent year.

Condition:

The excess amount over the salary cap was not settled by April 15th of the subsequent year.

Cause:

Failure to follow the required procedures.

Effect:

The county did not timely receive the excess of funds

Recommendation:

Funds should be settled no later than April 15th of the subsequent year.

Response:

I will settle any amount in excess of the salary cap as required by state law.

Auditors Response: \$16,195 was paid December 30, 2009.

6. Finding

Criteria:

All expenses paid out of the Chancery Clerk fee account should be expenditures as allowed by state law.

Chancery Clerk

6. Finding (continued)

Condition:

Unallowable expenses were paid out of the Chancery Clerk fee account in the amount of \$577.80.

Cause:

Failure to review allowable expenditures.

Effect:

Failure to repay the amount of the unallowable expense to the county.

Recommendation:

The Chancery Clerk should review allowable expenses from the fee account and spend funds for only the allowable expenses.

Response:

Funds will be remitted for the unallowable expenses.

Auditors Response: This amount was repaid October 11, 2010.

Circuit Clerk

7. Finding

Criteria:

All funds collected by the Circuit Clerk are to be settled to the county by the 20th of the subsequent month as required by state statute.

Condition:

All settlements were not made to the county by the 20th of the subsequent month.

Cause:

Failure to timely settle the collected funds.

Recommendation:

Funds should be settled to the county by the 20th of the month as required by state law.

Response:

I will make settlements as required.

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

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

Parsons, Versteeg & Co. P.A

October 11, 2010
Booneville, Mississippi

TALLAHATCHIE COUNTY
 SCHEDULE OF FINDINGS AND RESPONSES
 YEAR ENDING SEPTEMBER 30, 2008

Section 1: Summary of Auditor's Results

Financial Statements:

Section 1: Summary of Auditor's results

Financial Statements:

1 Type of auditor's report issued on the financial statements.

Governmental Activities	Unqualified
Business-type Activities	Qualified
General Fund	Unqualified
County Wide Road	Unqualified
Aggregate remaining fund information	Unqualified
Proprietary -Solid Waste Fund	Qualified
Aggregate discretely presented Component Units	Adverse

2 Internal control over financial reporting:

a. Material weakness identified?

Yes

b. Significant deficiency identified that is not considered to be a material weakness?

None Reported

3 Noncompliance material to the financial statements:

None

Section 2: Financial Statement Findings:

County Administrator

2008-1 Finding - Material Weakness

The county discontinued the use of an outside party for the billing and collection of Solid Waste accounts. The county is using the software company that provides the accounting software. At the time the county made the transfer to the new software, there was not a print out of the beginning balances on the new system reconciled to the ending balance on the old system. Additionally the deposits are not made timely. There has been a delay in deposits from three to seven days. Further, the new system does not produce a separate balance of prepaid accounts.

One person does the billing, collects the payments, and makes the deposit. With one person handling all these functions, there are no controls.

Recommendation:

We recommend that controls be implemented to separate some of these duties. Additionally, the software should have changes made that provides all of the necessary components of collections, including prepaid accounts.

Response:

We have requested the software company make the requested changes. We will make bank deposits more timely. We will work on separating some of the duties.

Board of Supervisors

Finding 2008-2 – Material Weakness

The financial statements of the County do not include the financial data of the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data to be included in the financial data of the County unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements.

Recommendation:

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

Response:

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

