



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

GRENADA COUNTY

AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

GRENADA COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	4
Statement of Net Assets	5
Statement of Activities	6
Balance Sheet - Governmental Funds	7
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Fiduciary Net Assets	11
Statement of Changes in Fiduciary Net Assets.....	12
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION	30
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	31
Notes to the Required Supplementary Information.....	32
SUPPLEMENTAL INFORMATION.....	34
Reconciliation of Operating Costs of Solid Waste	35
SPECIAL REPORTS	36
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))	39
Limited Internal Control and Compliance Review Management Report	44
SCHEDULE OF FINDINGS AND RESPONSES.....	45

GRENADA COUNTY

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

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

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Grenada County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2009, 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 these component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Grenada County, Mississippi, as of September 30, 2009, or the changes in financial position thereof for the year then ended.


In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010 on our consideration of Grenada County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grenada County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Windham & Lacey, PLLC
December 21, 2010

GRENADA COUNTY

FINANCIAL STATEMENTS

GRENADA COUNTY
Statement of Net Assets
September 30, 2009

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 6,418,711
Property tax receivable	7,634,310
Accounts receivable (net of allowance for uncollectibles of \$158,393)	77,304
Fines receivable (net of allowance for uncollectibles of \$626,307)	112,657
Loans receivable	540,167
Intergovernmental receivables	357,420
Other receivables	20,337
Deferred charge - issuance cost	140,506
Capital assets:	
Land and construction in progress	1,749,478
Capital assets, net	<u>39,620,697</u>
Total Assets	<u>56,671,587</u>
LIABILITIES	
Claims payable	218,469
Amounts held in custody for others	122,992
Intergovernmental payables	188,205
Accrued interest payable	31,592
Deferred revenue	7,634,310
Long-term liabilities	
Due within one year:	
Capital debt	1,190,685
Non-capital debt	298,463
Due in more than one year:	
Capital debt	8,037,803
Non-capital debt	<u>640,373</u>
Total Liabilities	<u>18,362,892</u>
NET ASSETS	
Invested in capital assets, net of related debt	32,141,687
Restricted:	
Expendable:	
General Government	91,566
Debt Service	955,332
Public Safety	268,363
Public Works	1,295,991
Economic Development	558,699
Capital Projects	382,934
Unrestricted	<u>2,614,123</u>
Total Net Assets	<u>\$ 38,308,695</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 3,271,127	552,474	170,932	70,000	(2,648,653)
Public Safety	3,860,860	831,277	703,881	40,001	(2,818,650)
Public Works	3,387,641	647,594	99,714	247,915	(1,788,251)
Health and Welfare	223,132				(123,418)
Culture and Recreation	109,543				(109,543)
Conservation of Natural Resources	74,908				(74,908)
Economic Development and Assistance	656,455		255,370		(401,085)
Interest on Long-term Debt	489,547				(489,547)
Total Governmental Activities	\$ 12,073,213	2,031,345	1,229,897	357,916	(8,454,055)

General Revenues:	\$
Property taxes	7,383,461
Road & bridge privilege taxes	234,682
Grants and contributions not restricted to specific programs	1,867,663
Unrestricted interest income	99,081
Miscellaneous	970,641
Total General Revenues	10,555,528
Changes in Net Assets	2,101,473
Net Assets - Beginning	36,253,230
Prior period adjustment	(46,008)
Net Assets - Beginning, as restated	36,207,222
Net Assets - Ending	\$ 38,308,695

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

GRENADA COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2009

Exhibit 3

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
ASSETS			
Cash	\$ 3,561,639	2,857,072	6,418,711
Property Tax Receivable	4,647,690	2,986,620	7,634,310
Accounts Receivable (net of allowance for uncollectibles, \$158,393)		77,304	77,304
Fines Receivable (net of allowance for uncollectibles, \$626,307)	112,657		112,657
Loans Receivable		540,167	540,167
Intergovernmental Receivables	240,982	116,438	357,420
Other Receivables	17,798	2,539	20,337
Due From Other Funds	50,000	100,211	150,211
Advances to Other Funds	178,400		178,400
Total Assets	\$ <u>8,809,166</u>	<u>6,680,351</u>	<u>15,489,517</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims Payable	142,111	76,358	218,469
Intergovernmental Payables	182,645	3,535	186,180
Due to Other Funds	62,235	90,001	152,236
Advances from Other Funds		178,400	178,400
Amounts Held in Custody for Others	122,992		122,992
Deferred Revenue	4,760,347	3,063,924	7,824,271
Total Liabilities	<u>5,270,330</u>	<u>3,412,218</u>	<u>8,682,548</u>
Fund Balances:			
Reserved for:			
Debt Service	\$	859,777	859,777
Loans Receivable		540,167	540,167
Advances	178,400		178,400
Unreserved - Undesignated, reported in:			
General Fund	3,360,436		3,360,436
Special Revenue Funds		1,485,255	1,485,255
Capital Projects		382,934	382,934
Total Fund Balances	<u>3,538,836</u>	<u>3,268,133</u>	<u>6,806,969</u>
Total Liabilities and Fund Balances	\$ <u>8,809,166</u>	<u>6,680,351</u>	<u>15,489,517</u>

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

GRENADA COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2009

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 6,806,969
Amounts reported for governmental services in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$48,899,994.	41,370,175
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	189,961
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,167,324)
Amortization of issuance cost on refunding bond issue.	140,506
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(31,592)</u>
Total Net Assets - Governmental Activities	\$ <u><u>38,308,695</u></u>

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

GRENADA COUNTY

Exhibit 4

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

	<u>Major Fund</u>		Total Governmental Funds
	General Fund	Other Governmental Funds	
REVENUES			
Property Taxes	\$ 4,555,062	2,828,399	7,383,461
Road and bridge privilege taxes		234,682	234,682
Licenses, commissions and other revenue	228,668	50,002	278,670
Fines and forfeitures	338,225	2,795	341,020
Intergovernmental revenues	1,285,680	2,166,391	3,452,071
Charges for services	667,205	730,044	1,397,249
Interest income	64,690	34,391	99,081
Miscellaneous revenues	158,071	800,752	958,823
Total Revenues	<u>7,297,601</u>	<u>6,847,456</u>	<u>14,145,057</u>
EXPENDITURES			
Current:			
General government	2,834,045	401,814	3,235,859
Public safety	2,987,776	1,136,768	4,124,544
Public works	2,770	3,069,742	3,072,512
Health and welfare	197,190	18,000	215,190
Culture and recreation	109,543		109,543
Conservation of natural resources	74,908		74,908
Economic development and assistance	125,000	600,622	725,622
Debt Service:			
Principal	13,170	1,859,962	1,873,132
Interest	1,258	493,475	494,733
Total Expenditures	<u>6,345,660</u>	<u>7,580,383</u>	<u>13,926,043</u>
Excess of Revenues over (under) Expenditures	<u>951,941</u>	<u>(732,927)</u>	<u>219,014</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		164,885	164,885
Proceeds from sale of capital assets		29,425	29,425
Transfers in	3,708	1,471,213	1,474,921
Transfers out	(1,051,524)	(423,397)	(1,474,921)
Total Other Financing Sources and Uses	<u>(1,047,816)</u>	<u>1,242,126</u>	<u>194,310</u>
Net Changes in Fund Balances	(95,875)	509,199	413,324
Fund Balance - Beginning	<u>3,634,711</u>	<u>2,758,934</u>	<u>6,393,645</u>
Fund Balances - Ending	<u>\$ 3,538,836</u>	<u>3,268,133</u>	<u>6,806,969</u>

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

GRENADA COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 413,324
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 depreciation of \$1,113,612 exceeded capital outlays of \$1,104,047 in the current period.	(9,565)
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 and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in the fund balances by the amount of the gain of \$11,618 and the proceeds from the sale of \$29,425 in the current period.	(17,807)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(16,064)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	34,075
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 of \$1,873,132 exceeded debt proceeds of \$164,885.	1,708,247
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable.	5,186
The amortization of issuance cost on bond.	<u>(15,923)</u>
Change in Net Assets of Governmental Activities	\$ <u>2,101,473</u>

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

GRENADA COUNTY
Statement of Fiduciary Net Assets
September 30, 2009

Exhibit 5

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash	\$ 121,965	26,036
Due from Other Funds		2,025
Total Assets	<u>121,965</u>	<u>28,061</u>
LIABILITIES		
Other Liabilities		22,458
Intergovernmental Payables		5,603
Total Liabilities	<u>0</u>	<u>28,061</u>
NET ASSETS		
Held in trust for:		
Individuals, organizations and other governments	\$ <u>121,965</u>	<u>0</u>

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

GRENADA COUNTY
Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2009

Exhibit 6

	<u>Private-Purpose Trust Fund</u>
Addition	
Unclaimed Assets	\$ <u> 200</u>
Changes in Net Assets	200
Net Assets - Beginning	<u> 121,765</u>
Net Assets - Ending	\$ <u><u> 121,965</u></u>

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

GRENADA COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Elizabeth Jones Library
- Grenada Lake Medical Center
- Grenada County Economic Development 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.

GRENADA COUNTY

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

GRENADA COUNTY

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

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.

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.

FIDUCIARY FUND TYPES

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

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

GRENADA COUNTY

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

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.

H. Capital Assets.

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

Governmental accounting and financial reporting standards 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 on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

GRENADA COUNTY

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

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

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

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

I. Long-term Liabilities.

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

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

GRENADA COUNTY

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

Fund Financial Statements:

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

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

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.

GRENADA COUNTY

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

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
To correct errors in capital assets, net of accumulated depreciation	\$ <u>46,008</u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$6,566,712, and the bank balance was \$6,922,478. 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, 2009:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 50,000
Other Governmental Funds	General	60,210
Other Governmental Funds	Other Governmental Funds	40,001
Agency Funds	General	<u>2,025</u>
Total		\$ <u>152,236</u>

GRENADA COUNTY

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

The amount payable from General Fund to Other Governmental Funds represents funds needed to meet obligations timely. The Other Governmental Funds receivables from General Fund represent the tax revenue collected but not settled until October, 2009. The amount payable to/from Other Governmental Funds represents funds needed to meet obligations timely. The amount payable from General Fund to Agency Funds represents court settlements to General Fund due to Agency Fund. All interfund balances 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>
General	Other Governmental Funds	\$ <u>178,400</u>

The amount payable from the Other Governmental Funds to the General Fund represents funds needed to meet obligations timely.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,708
Other Governmental Funds	General Fund	1,051,524
Other Governmental Funds	Other Governmental Funds	<u>419,689</u>
Total		\$ <u>1,474,921</u>

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

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 84,919
Reimbursement for housing state prisoners	118,208
Garbage fees	39,437
Welfare payments	5,380
Overload taxes	8,981

GRENADA COUNTY

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

<u>Description</u>	<u>Amount</u>
Timber severance tax	21
MDOT reimbursements	661
Motor fuel tax	18,363
Truck & bus privilege tax	9,175
Harvest permits	1,115
State aid project	44,417
Overweight Fines	3,270
Reimbursement for victim's assistance coordinator salary	13,042
Waste tire grant	3,734
Homeland security grant	2,276
Youth court reimbursement	4,196
Liquor privilege license	<u>225</u>
Total Governmental Activities	<u>\$ 357,420</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2009, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
Grenada Manufacturing	08/02/2003	3%	08/01/2015	\$ 334,517
Grenada Manufacturing	06/02/2003	3%	06/01/2013	179,243
Grenada Manufacturing	09/01/2003	3%	09/01/2013	<u>26,407</u>
Total				<u>\$ 540,167</u>

GRENADA COUNTY

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

(7) Capital Assets.

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

Governmental Activities:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments *	Balance Sept. 30, 2009
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,101,835	58,950		(16,500)	1,144,285
Construction in progress	569,377	455,646		(419,830)	605,193
Total non-depreciable capital assets	<u>1,671,212</u>	<u>514,596</u>	<u>0</u>	<u>(436,330)</u>	<u>1,749,478</u>
<u>Depreciable capital assets:</u>					
Infrastructure	60,658,441				60,658,441
Buildings	21,465,243			410,826	21,876,069
Mobile equipment	4,299,991	407,950	(178,098)	461,626	4,991,469
Furniture and equipment	297,903				297,903
Leased property under capital leases	1,029,074	181,501		(513,766)	696,809
Total depreciable capital assets	<u>87,750,652</u>	<u>589,451</u>	<u>(178,098)</u>	<u>358,686</u>	<u>88,520,691</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	37,451,409	321,682			37,773,091
Buildings	6,617,863	365,325		(3,480)	6,979,708
Mobile equipment	3,272,126	303,909	(160,291)	215,103	3,630,847
Furniture and equipment	155,087	24,897			179,984
Leased property under capital leases	481,824	97,799		(243,259)	336,364
Total accumulated depreciation	<u>47,978,309</u>	<u>1,113,612</u>	<u>(160,291)</u>	<u>(31,636)</u>	<u>48,899,994</u>
Total depreciable capital assets, net	<u>39,772,343</u>	<u>(524,161)</u>	<u>(17,807)</u>	<u>390,322</u>	<u>39,620,697</u>
Governmental activities capital assets, net	<u>\$ 41,443,555</u>	<u>(9,565)</u>	<u>(17,807)</u>	<u>(46,008)</u>	<u>41,370,175</u>

* Adjustments are to correct prior year errors and to reclassify paid out lease purchases to their proper classification.

GRENADA COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 78,295
Public safety	244,760
Public works	596,202
Health and welfare	7,942
Economic Development	<u>186,413</u>
Total governmental activities depreciation expense	<u>\$ 1,113,612</u>

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreements 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, 2009, to January 1, 2010. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Until December 1, 2008, 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 expense 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 December 1, 2008, and a commercial insurance company began providing coverage.

GRENADA COUNTY

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

(9) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$705,734 for the year ended September 30, 2009. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2010	\$ 827,596
2011	689,165
2012	695,548
2013	700,464
2014	706,590
2015 - 2019	<u>977,131</u>
Total Minimum Payments Required	<u>\$ 4,596,494</u>

(10) Capital Leases.

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 683,509
Furniture and equipment	<u>13,300</u>
Total	696,809
Less: Accumulated depreciation	<u>336,364</u>
Leased Property Under Capital Leases	<u>\$ 360,445</u>

GRENADA COUNTY

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

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

<u>Year ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 139,155	12,138
2011	96,219	7,432
2012	69,585	4,198
2013	51,330	1,974
2014	<u>30,594</u>	<u>1,660</u>
Total	<u>\$ 386,883</u>	<u>27,402</u>

(11) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Jail refunding bonds 2001B	\$ 2,500,000	3.70/4.60%	04/16
Holmes Community College refunding bonds 2001A	390,000	3.70/4.10%	03/11
Heatcraft refunding bonds 2004	3,685,000	3.36/5.46%	12/15
Grenada County public improvement bonds 2005	<u>2,165,000</u>	3.75/5.00%	04/25
Total General Obligation Bonds	<u>\$ 8,740,000</u>		
B. Capital Leases:			
2005 Ford F150 pickup	\$ 1,290	3.25%	12/09
2006 Ford dump truck	9,345	3.99%	08/10
2006 Ford F750 dump truck	9,345	3.99%	08/10
Tractor with bushhog	6,047	3.41%	05/10
Imagepro scan system	24,348	3.99%	06/11
2006 Ford F750 dump truck	9,345	3.99%	08/10
2006 Ford F250 truck	8,138	3.99%	02/11
Alamo boom mover AB 202	10,332	4.24%	05/11

GRENADA COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
2006 Palmer dump trailer	9,049	4.24%	04/11
John Deere tractor with cutter	21,426	4.34%	06/12
Caterpillar backhoe	43,812	4.34%	06/12
2005 Caterpillar 4160 backhoe	30,864	5.25%	06/13
2009 Ford 750 dump truck	42,585	3.27%	08/13
John Deere front end loader	47,832	3.40%	06/14
2008 Cat excavator	113,125	3.39%	08/14
Total Capital Leases	\$ 386,883		

C. Other Loans:

Heatcraft CAP loan	\$ 182,305	4.00%	10/12
Grenada Manufacturing CAP loan	309,300	4.65%	08/19
Grenada Manufacturing CDBG loan	338,885	3.00%	08/15
Grenada Manufacturing CAP loan	183,023	3.00%	06/13
Grenada Manufacturing CAP loan	26,928	3.00%	09/13

Total Other Loans \$ 1,040,441

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2010	\$ 1,150,000	375,330	199,993	34,583
2011	1,080,000	328,426	194,542	27,850
2012	910,000	284,429	201,031	20,872
2013	965,000	241,029	132,835	14,843
2014	1,010,000	194,248	89,858	11,156
2015 - 2019	2,620,000	391,562	192,182	20,550
2020 - 2024	820,000	147,230		
2025 - 2029	185,000	8,093		
Total	\$ 8,740,000	1,970,347	1,010,441	129,854

GRENADA COUNTY

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

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2009, the amount of outstanding debt was equal to 5.14% of the latest property assessments.

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

	Balance Oct. 1, 2008	Additions	Reductions	Adjustments	Balance Sept. 30, 2009	Amount due within one year
Governmental Activities:						
General obligation bonds \$	10,130,000		1,390,000		8,740,000	1,150,000
Capital leases	525,227	164,885	303,229		386,883	139,155
Other loans	1,220,344		179,903		1,040,441	199,993
Total	\$ 11,875,571	164,885	1,873,132	0	10,167,324	1,489,148

(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. 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.

GRENADA COUNTY

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

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

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

<u>Description</u>	<u>Balance at September 30, 2009</u>
Industrial revenue bonds	\$ <u>1,000,000</u>

(14) Related Organization.

The Grenada County Board of Supervisors is responsible for appointing a voting majority of the board members of GT&Y Utility District, but the county's accountability for this organization does not exceed beyond making the appointments. The county did not appropriate any funds for the maintenance and support of the district in fiscal year 2009.

(15) Joint Venture.

The county participates in the following joint venture:

Grenada County entered into an interlocal agreement with Claiborne, Holmes, Humphreys and Leflore Counties and the Cities of Itta Bena, Greenwood and Grenada to provide a multi-jurisdictional drug enforcement task force known as North Central Narcotics Task Force. Most of the funding is provided by a federal grant, with the local entities contributing a minimum of 25 percent. Grenada County contributed \$6,880 to the task force in fiscal year 2009.

(16) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Grenada County Board of Supervisors appoints one of the nine members of the board of commissioners. The county did not appropriate for maintenance and support of the authority in fiscal year 2009.

GRENADA COUNTY

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

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Grenada County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$35,881 for maintenance and support of the center in fiscal year 2009.

The North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Grenada County Board of Supervisors appoints four of the twenty-eight members of the district board of directors. The county appropriated \$43,000 for maintenance and support of the district in fiscal year 2009.

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Grenada County Board of Supervisors appoints two of the 22 members of the college's board of trustees. The county levied \$322,273 in taxes for maintenance and support of the college in fiscal year 2009.

(17) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12.0% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2009, 2008 and 2007 were \$408,374, \$392,665, and \$364,312, respectively, equal to the required contributions for each year.

GRENADA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,537,112	4,537,112	4,564,951	27,839
Licenses, commissions and other revenue	210,750	210,750	229,523	18,773
Fines and forfeitures	345,000	345,000	346,330	1,330
Special assessments	1,000	1,000	3,605	2,605
Intergovernmental revenues	1,397,703	1,397,703	1,279,351	(118,352)
Charges for services	495,000	495,000	672,857	177,857
Interest income	76,770	76,770	65,567	(11,203)
Miscellaneous revenues	80,900	80,900	220,560	139,660
Total Revenues	<u>7,144,235</u>	<u>7,144,235</u>	<u>7,382,744</u>	<u>238,509</u>
EXPENDITURES				
Current:				
General government	3,841,848	3,662,960	3,005,443	657,517
Public Safety	2,920,695	3,099,354	2,995,827	103,527
Public Works	6,000	6,000	2,770	3,230
Health and welfare	238,186	238,415	197,280	41,135
Culture and recreation	85,500	85,500	85,000	500
Education	25,000	25,000	25,000	
Conservation of natural resources	82,094	82,094	74,908	7,186
Economic development and assistance	425,000	425,000	425,000	
Total Expenditures	<u>7,624,323</u>	<u>7,624,323</u>	<u>6,811,228</u>	<u>813,095</u>
Excess of Revenues over (under) Expenditures	<u>(480,088)</u>	<u>(480,088)</u>	<u>571,516</u>	<u>1,051,604</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			3,708	3,708
Other financing uses	(164,382)	(164,382)	(803,390)	(639,008)
Total Other Financing Sources and Uses	<u>(164,382)</u>	<u>(164,382)</u>	<u>(799,682)</u>	<u>(635,300)</u>
Net Change in Fund Balance	(644,470)	(644,470)	(228,166)	416,304
Fund Balances - Beginning	<u>3,204,970</u>	<u>3,204,970</u>	<u>3,412,862</u>	<u>207,892</u>
Fund Balances - Ending	<u>\$ 2,560,500</u>	<u>2,560,500</u>	<u>3,184,696</u>	<u>624,196</u>

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

GRENADA COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

GRENADA COUNTY

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

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

	Governmental Fund Type
	<u>General Fund</u>
Budget (Cash Basis)	\$ (228,166)
Increase (Decrease)	
Net adjustments for revenue accruals	(85,143)
Net adjustments for expenditure accruals	<u>217,434</u>
GAAP Basis	<u>\$ (95,875)</u>

GRENADA COUNTY

SUPPLEMENTAL INFORMATION

GRENADA COUNTY
 Reconciliation of Operating Costs of Solid Waste
 For Year Ended September 30, 2009

Operating Expenditures, Cash Basis:

Personal	\$ 50,345
Expendable Commodities:	
Gasoline and petroleum products	6,555
Repair parts	8,541
Professional services	8,662
Insurance	4,194
Solid waste disposal fee	470,303
Supplies (including equipment under capitalization thresholds)	<u>6,272</u>
Solid Waste Cash Basis Operating Expenditures	554,872
Full Cost Expenses:	
Indirect administrative costs	13,294
Depreciation on equipment	23,229
Net effect of other accrued expenses	<u>(36,705)</u>
Solid Waste Full Cost Operating Expenses	<u>\$ 554,690</u>

GRENADA COUNTY

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

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

Members:
American Institute of CPAs
Mississippi Society of CPAs

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

Members of the Board of Supervisors
Grenada County, Mississippi

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 21, 2010. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 09-1 to be a significant deficiency in internal control over financial reporting.

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

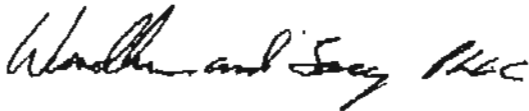
Our consideration of the internal control over financial reporting was for limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 09-1 to be a material weakness.

Compliance and Other Matters

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

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

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



Windham and Lacey, PLLC
December 21, 2010

Windham and Lacey, PLLC

Certified Public Accountants

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

Members:
American Institute of CPAs
Mississippi Society of CPAs

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

Members of the Board of Supervisors
Grenada County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Grenada County, Mississippi, as of and for the year ended September 30, 2009. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

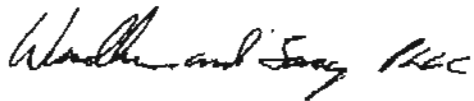
The Board of Supervisors of Grenada County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing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

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

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

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

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

A handwritten signature in black ink that reads "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC
December 21, 2010

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

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

Windham and Lacey, PLLC

Certified Public Accountants

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

Members:
American Institute of CPAs
Mississippi Society of CPAs

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

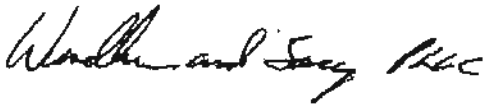
Members of the Board of Supervisors
Grenada County, Mississippi

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

In addition, for areas not considered material to Grenada County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 21, 2010, on the financial statements of Grenada County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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



Windham and Lacey, PLLC
December 21, 2010

GRENADA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

GRENADA COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unqualified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

Significant Deficiency – Material Weakness

09-1. Finding

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

Recommendation

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

Response

As you are aware, management has always chosen to omit component units from the financial statements. We believe the inclusion of component units would exceed the benefit derived.