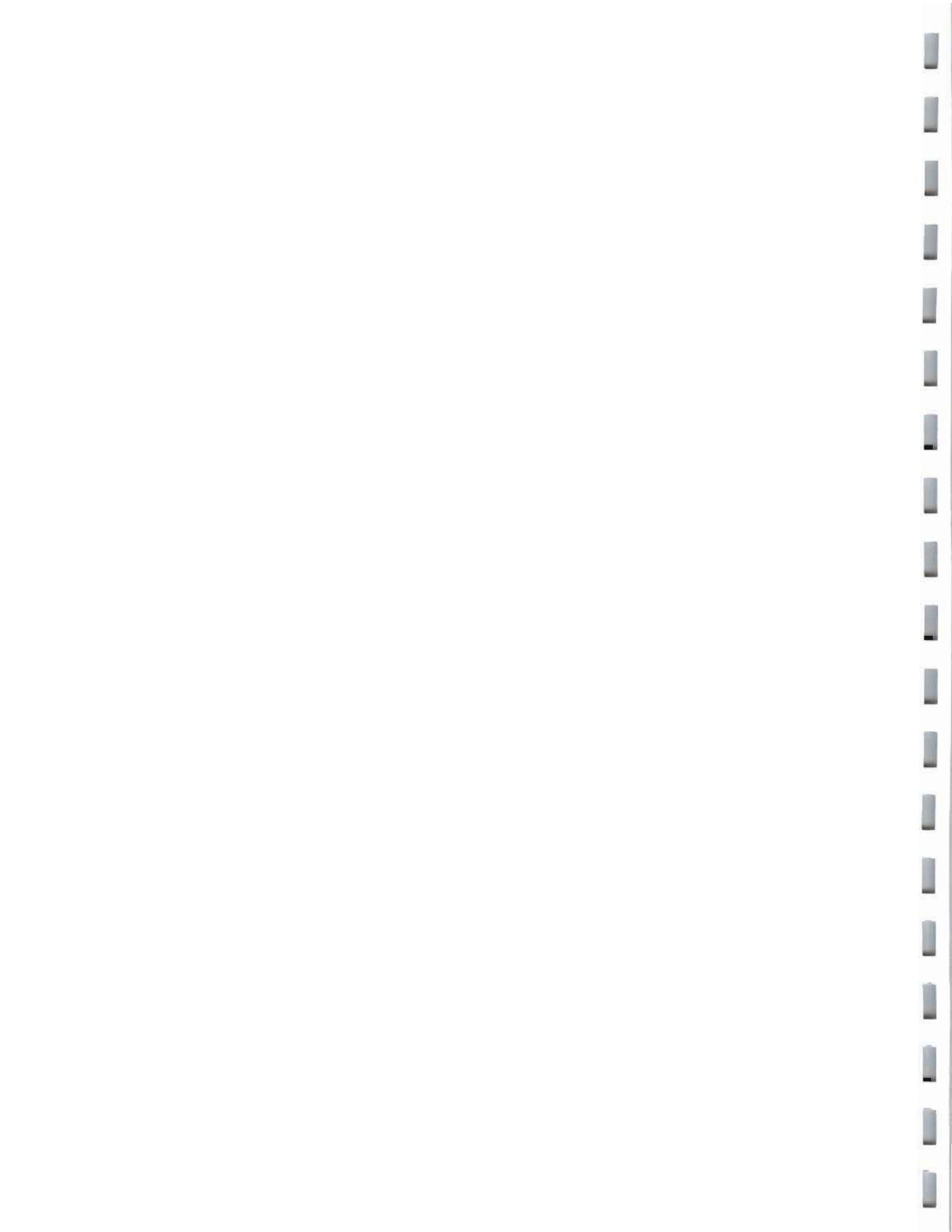


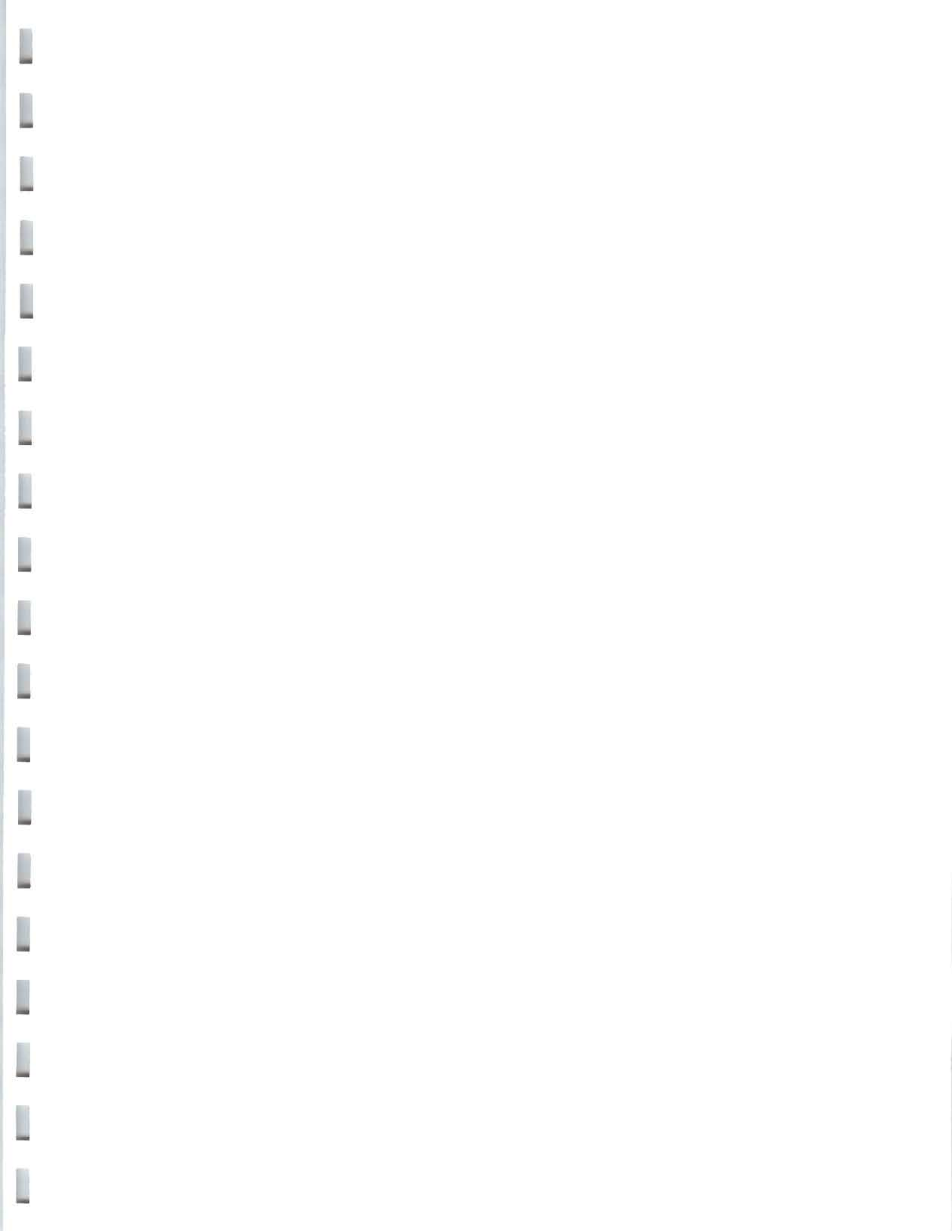


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Tate County
Financial Statements
September 30, 2009

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi







TATE COUNTY
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TATE COUNTY

FINANCIAL SECTION

TATE COUNTY

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

Members of the Board of Supervisors
Tate County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tate County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tate County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tate County, Mississippi, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2011, on our consideration of Tate County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 7 through 14 and the Budgetary Comparison Schedules on pages 47 through 50 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.

February 24, 2011

Ellis + Hirsberg CPA PLLC

TATE COUNTY

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TATE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

TATE COUNTY

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TATE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

INTRODUCTION

The discussion and analysis of Tate County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2009. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is qualified by more detailed information contained elsewhere in the County's financial statements, notes to the financial statements and accompanying materials, to the extent this discussion contains any forward looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

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

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

FINANCIAL HIGHLIGHTS

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

Tate County continues to grow both economically and in population. The property tax millage was 130.24 mills up from 122.67 mills.

Total net assets increased \$711,526, which represents a 2% increase over the prior year. The County's ending cash balance increased by \$3,324,265, which represents a 67.61% increase over the prior fiscal year. This was caused in part by a debt issue that was not fully expended at year end.

The County had \$13,363,461 in total revenues. Tax revenues account for \$8,680,128 or 65% of total revenues. State revenues in the form of reimbursements, shared revenue or grants, account for \$348,895 or 2% of total revenues.

The County had \$12,651,935 in total expenses, which represents an increase of \$720,061 or 6% increase over the prior fiscal year. Expenses in the amount of \$2,996,543 were offset by charges for services, grants, outside contributions or debt being issued. General revenues of \$10,366,917 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$7,919,925 in revenues and \$9,406,903 in expenditures. The General Fund's balance increased \$3,597,543 over the prior year. The increase was caused mainly by increases in charges for services, miscellaneous income, interest income and issuance of long term debt. In the prior year revenues exceeded expenses.

The BMW GO Bond Fund collected \$382,344 rent on the capital lease of the BMW building. The fund in turn paid off debt on the building of \$255,000 and interest of \$127,344.

Capital assets, net of accumulated depreciation, increased by \$949,689. The increase was caused primarily by starting construction on the jail.

Long-term debt increased by \$3,206,473. The increase resulted from new borrowing for jail construction.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

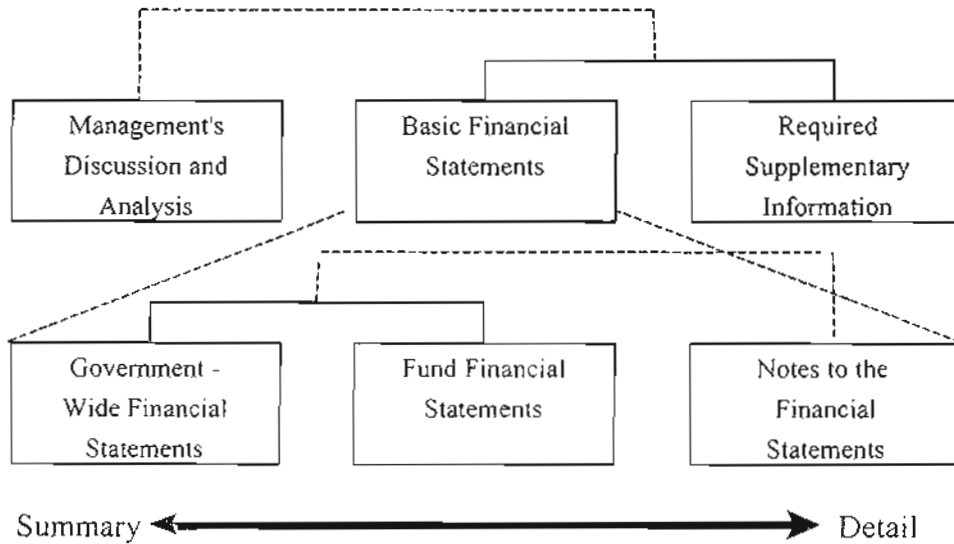


Figure 1 shows how required parts of this annual report are arranged and related to one another.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 47 through 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets - Net assets may serve over time as a useful indicator of government's financial position. In the case of Tate County, assets exceeded liabilities by \$33,414,275 as of September 30, 2009.

By far, the largest portion of the County's net assets (69%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net assets for the fiscal years ended September 30, 2009 and 2008

	2009		2008	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Current Assets	\$ 18,005,165	566,744	13,699,176	629,786
Other assets	2,176,960		3,060,417	
Capital assets, net	<u>32,951,070</u>	<u>237,628</u>	<u>32,001,381</u>	<u>364,938</u>
Total assets	<u>\$ 53,133,195</u>	<u>804,372</u>	<u>48,760,974</u>	<u>994,724</u>
Current liabilities	\$ 10,212,203	167,742	11,567,787	147,984
Long-term debt outstanding	<u>10,128,544</u>	<u>14,804</u>	<u>5,319,859</u>	<u>17,319</u>
Total liabilities	<u>\$ 20,340,747</u>	<u>182,546</u>	<u>16,887,646</u>	<u>165,303</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 22,978,402	237,628	25,224,998	364,938
Unrestricted	<u>9,814,046</u>	<u>384,198</u>	<u>6,648,330</u>	<u>464,483</u>
Total net assets	<u>\$ 32,792,448</u>	<u>621,826</u>	<u>31,873,328</u>	<u>829,421</u>

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

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

The County borrowed \$5,080,000 for jail construction and \$141,000 for the purchase of a fire truck. \$1,322,351 has been spent on the jail construction.

Changes in Net Assets - Tate County's total revenues for the fiscal year ended September 30, 2009 was \$12,387,048. The total cost for all services provided was \$11,467,927. The increase in net assets was \$919,121. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2009.

	2009 <u>Amount</u>	2008 <u>Amount</u>
Revenues:		
Program revenues		
Charges for services	\$ 1,177,850	\$ 1,540,634
State grants	348,895	330,173
Capital Grants & Contribution	514,107	641,556
General revenues		
Property taxes	8,680,128	8,101,919
Other	<u>1,666,067</u>	<u>1,787,584</u>
Total Revenues	<u>12,387,047</u>	<u>12,401,866</u>
Expenses:		
General government	3,649,878	3,668,114
Public safety	3,987,145	3,677,713
Public works	2,342,003	2,486,751
Health and welfare	245,901	125,471
Culture and Recreation	179,673	450
Other expenses	639,306	461,188
Interest and other expense on long-term debt	<u>424,021</u>	<u>351,763</u>
Total Expenses	<u>11,467,927</u>	<u>10,771,450</u>
Increase (Decrease) in Net Assets	<u>\$ 919,120</u>	<u>\$ 1,630,416</u>

Property taxes increased due to an increase in millage. Mills had remained constant since 2007 and had not kept up with operating costs.

Expenses increased in part due to the purchase of a fire truck and several other public safety vehicles.

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

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

	<u>2009</u>		<u>2008</u>	
	<u>Total Costs</u>	<u>Net Costs</u>	<u>Total Costs</u>	<u>Net Costs</u>
General government	\$ 3,649,878	2,931,442	\$ 3,668,114	2,690,710
Public safety	3,987,145	3,305,021	3,677,713	2,926,695
Public works	2,342,003	1,715,871	2,486,751	1,804,873

Health and welfare	245,901	239,618	125,471	121,854
Economic development	384,849	383,826	206,570	115,073
Culture and recreation	179,673	175,083	450	(3,847)
Education	165,852	165,852	162,600	162,600
Conservation	88,605	86,341	92,018	89,365
Interest on long-term debt	424,021	424,021	351,763	351,763

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds - At the close of the fiscal year, Tate County's governmental funds reported a combined fund balance of \$7,821,226, an increase of \$3,395,888. The primary reasons for this increase are highlighted in the analysis of governmental activities.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$3,597,543. This increase was primarily due to debt issuance for a jail of \$5,080,000 and expenditures for the jail of \$1,322,351.

Business-type funds - The Enterprise Funds showed a loss for the year of \$201,989.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2009, Tate County's total capital assets were \$92,887,770. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, and leased property under capital lease. This amount represents an increase from the previous year of \$1,175,165. The majority of this increase represents construction in progress for a new jail.

Total accumulated depreciation as of September 30, 2009 was \$59,699,072, including \$789,768 of depreciation expense for the year. The balance in total net capital assets was \$33,188,698 at year-end.

Additional information on Tate County's capital assets can be found in Note 5 on page 36 of this report.

Debt Administration - At September 30, 2009 Tate County had \$10,144,655 in long-term debt outstanding. This includes general obligation bonds, loans from Mississippi Development Authority, capital leases, and accrued vacation pay.

In the past year, the County added debt to build a jail and purchase a fire truck totaling \$5,221,000.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$24.3 million dollars.

Additional information on Tate County's long-term debt can be found in Note 11 on page 39 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

The County has agreed to hire an additional public defender. The County has purchased a backhoe for \$66,500. Two home rehabilitation grants have been obtained for \$136,000.

A community development block grant of approximately \$72,470 has been secured for paving an access road to Leggett and Plate.

A bridge contract has been let for \$149,500.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

TATE COUNTY

FINANCIAL STATEMENTS

TATE COUNTY

Statement of Net Assets

September 30, 2009

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,638,707	151,776	4,790,483
Cash with agent	3,450,311		3,450,311
Property tax receivable	9,211,592		9,211,592
Accrued interest receivable	393,475		393,475
Accounts receivable, net of allowance for uncollectible accounts (\$102,370)		409,478	409,478
Fines receivable, net of allowance for uncollectible accounts (\$251,210)	311,080		311,080
Capital leases receivable	1,912,846		1,912,846
Intergovernmental receivables	154,815		154,815
Other receivables	419	5,490	5,909
Internal balances	108,880	(108,880)	0
Capital Assets:			
Land and construction in progress	1,724,975		1,724,975
Other capital assets, net	31,226,095	237,628	31,463,723
Total Assets	53,133,195	695,492	53,828,687
LIABILITIES			
Claims payable	324,335	26,019	350,354
Intergovernmental payables	202,502		202,502
Accrued interest payable	74,809		74,809
Deferred revenue	9,605,067		9,605,067
Unearned revenue		31,536	31,536
Other payables	5,490		5,490
Long-term liabilities:			
Due within one year:			
Capital related debt	1,237,285		1,237,285
Non-capital debt	12,170	1,307	13,477

Due in more than one year:			
Capital related debt	8,735,383	14,804	8,735,383
Non-capital debt	143,706	73,666	158,510
Total Liabilities	<u>20,340,747</u>	<u>73,666</u>	<u>20,414,413</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,978,402	237,628	23,216,030
Restricted net assets:			
Expendable:			
Debt service	285,869		285,869
Public safety	158,979		158,979
Public works	1,637,774	384,198	2,021,972
Economic development	477,438		477,438
Other purposes	128,647		128,647
Unrestricted	7,125,339		7,125,339
Total Net Assets	<u>32,792,448</u>	<u>621,826</u>	<u>33,414,274</u>
\$			

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			
				Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 3,649,878	610,316	105,800	2,320	(2,931,442)	(82,928)	(2,931,442)
Public safety	3,987,145	547,705	132,099	2,320	(3,305,021)	(156,785)	(3,305,021)
Public works	2,342,003	19,829	97,176	509,127	(1,715,871)	(239,713)	(1,715,871)
Health and welfare	245,901		6,132	151	(239,618)		(239,618)
Culture and recreation	179,673		4,480	110	(175,083)		(175,083)
Education	165,852				(165,852)		(165,852)
Conservation of natural resources	88,605		2,210	54	(86,341)		(86,341)
Economic development and assistance	384,849		998	25	(383,826)		(383,826)
Interest and other expenses on long-term liabilities	424,021				(424,021)		(424,021)
Total Governmental Activities	<u>11,467,927</u>	<u>1,177,850</u>	<u>348,895</u>	<u>514,107</u>	<u>(9,427,075)</u>	<u>0</u>	<u>(9,427,075)</u>
Business-type activities:							
Solid waste disposal	943,137	860,209				(82,928)	(82,928)
Garbage disposal	240,871	84,086				(156,785)	(156,785)
Total Business-type Activities	<u>1,184,008</u>	<u>944,295</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(239,713)</u>	<u>(239,713)</u>
Total Primary Government	<u>\$ 12,651,935</u>	<u>2,122,145</u>	<u>348,895</u>	<u>514,107</u>	<u>(9,427,075)</u>	<u>(239,713)</u>	<u>(9,666,788)</u>
General revenues							
Taxes:							
Property taxes				\$	8,680,128		8,680,128
Road and bridge privilege taxes					264,417		264,417
Grants and contributions not restricted to specific programs					745,161		745,161
Unrestricted investment income					201,248	9,386	210,634
Miscellaneous					531,567	11,336	542,903
Loss on sale of capital assets					(76,326)		(76,326)
Total General Revenues, Special Items & Extraordinary Items					<u>10,346,195</u>	<u>20,722</u>	<u>10,366,917</u>

Changes in Net Assets	<u>919,120</u>	<u>(207,595)</u>	<u>711,525</u>
Net Assets - Beginning	<u>31,873,328</u>	<u>829,421</u>	<u>32,702,749</u>
Net Assets - Ending	<u>\$ 32,792,448</u>	<u>621,826</u>	<u>33,414,274</u>

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

TATE COUNTY
 Balance Sheet - Governmental Funds
 For the Year Ended September 30, 2009

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	BMW GO Bond Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 2,404,612	24,364	2,209,731	4,638,707
Cash with agent	3,450,311			3,450,311
Accrued interest receivable		345,615	47,860	393,475
Property tax receivable	6,034,159		3,177,433	9,211,592
Fines receivable, net of allowance for uncollectibles of \$251,210	311,080			311,080
Capital lease receivable		1,590,000	322,846	1,912,846
Intergovernmental receivables	91,562			91,562
Other receivables	420			420
Due from other funds	143,628		53,481	197,109
Advances to other funds	92,458			92,458
Total Assets	\$ <u>12,528,230</u>	<u>1,959,979</u>	<u>5,811,351</u>	<u>20,299,560</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 251,201		73,135	324,336
Intergovernment payables	202,501		1	202,502
Due to other funds	121,051		1,452	122,503
Deferred revenue	6,345,239	1,935,615	3,548,139	11,828,993
Total Liabilities	<u>6,919,992</u>	<u>1,935,615</u>	<u>3,622,727</u>	<u>12,478,334</u>
Fund Balances:				
Reserved for:				
Advances	92,458			92,458
Reserve for lease agreement		24,364		24,364
Undesignated, reported in:				
General funds	5,515,780			5,515,780
Special Revenue funds			1,681,334	1,681,334
Debt Service funds			285,869	285,869
Capital Projects funds			221,421	221,421
Total Fund Balances	<u>5,608,238</u>	<u>24,364</u>	<u>2,188,624</u>	<u>7,821,226</u>
Total Liabilities and Fund Balances	\$ <u>12,528,230</u>	<u>1,959,979</u>	<u>5,811,351</u>	<u>20,299,560</u>

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

TATE COUNTY

Exhibit 3-1

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

	Amount
Total Fund Balance - Governmental Funds	\$ 7,821,226
Amounts reported for governmental services in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$59,140,205.	32,951,070
Adjustments to fines receivable reported as deferred revenue in funds and as revenue on statement of activities	311,080
Deferred revenue - principal for capital lease receivable not future income on statement of activities	1,912,425
Long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.	
Long-term liabilities	\$ (10,128,544)
Accrued interest on bonds	(74,809)
	(10,203,353)
Total net assets - governmental activities	\$ 32,792,448

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

TATE COUNTY

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

Exhibit 1

	<u>Major Funds</u>			Total Governmental Funds
	General Fund	BMW GO Bond	Other Governmental Funds	
REVENUES				
Property taxes	\$ 5,747,807		2,932,322	8,680,129
Road and bridge privilege taxes	259,385			259,385
Licenses, commissions and other revenue	449,047		27,955	477,002
Fines and forfeitures	248,999		2,400	251,399
Intergovernmental revenues	772,879		839,744	1,612,623
Charges for services	176,366		273,655	450,021
Interest income	103,491	833	96,924	201,248
Miscellaneous	161,951	127,618	50,885	340,454
Total Revenues	<u>7,919,925</u>	<u>128,451</u>	<u>4,223,885</u>	<u>12,272,261</u>
EXPENDITURES				
Current:				
General government	3,333,702		10,093	3,343,795
Public safety	3,256,703		506,220	3,762,923
Public works	4,409		2,055,921	2,060,330
Health and welfare	245,901			245,901
Culture and recreation	179,673			179,673
Education	165,852			165,852
Conservation of natural resources	88,605			88,605
Economic development and assistance	39,999		344,850	384,849
Debt service:				
Principal	30,392	255,000	1,739,323	2,024,715
Interest	146,478	127,344	175,523	449,345
Capital outlay	<u>1,915,189</u>			<u>1,915,189</u>
Total Expenditures	<u>9,406,903</u>	<u>382,344</u>	<u>4,831,930</u>	<u>14,621,177</u>
Excess of Revenues over (under) Expenditures	<u>(1,486,978)</u>	<u>(253,893)</u>	<u>(608,045)</u>	<u>(2,348,916)</u>
OTHER FINANCING SOURCES (USES)				
Lease principal collection		254,227	50,112	304,339
Long-term debt issued	5,080,000		141,000	5,221,000
Proceeds from sale of capital assets	219,465			219,465
Transfers in	15,056		230,000	245,056
Transfers out	<u>(230,000)</u>		<u>(15,056)</u>	<u>(245,056)</u>
Total Other Financing Sources and Uses	<u>5,084,521</u>	<u>254,227</u>	<u>406,056</u>	<u>5,744,804</u>
Net Changes in Fund Balances	3,597,543	334	(201,989)	3,395,888
Fund Balance - Beginning	<u>2,010,695</u>	<u>24,030</u>	<u>2,390,613</u>	<u>4,425,338</u>
Fund Balance - Ending	\$ <u>5,608,238</u>	<u>24,364</u>	<u>2,188,624</u>	<u>7,821,226</u>

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

TATE COUNTY
 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

Net Changes in Fund Balances - Total Governmental Funds \$ 3,395,888

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 \$1,322,351 for construction and \$592,838 for depreciable capital assets exceeded depreciation of \$669,708, in the current period

1,245,481

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 loss of \$76,326 and the proceeds from the sale of \$219,465 in the current period.

(295,791)

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balance by the amount that debt proceeds of \$5,221,000 exceeded debt payments \$2,024,715

(3,196,285)

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

Compensated absences	\$ (10,188)
Other accrued items	139
Change in accrued interest	6,511
Increase in fines receivable	<u>77,704</u>
	74,166

In the Statement of Activities, only interest income from payments received on capital leases are reported, where as in the Government Funds, both principal and interest payments received increased financial resources. Thus, the change in net assets differs from change in fund balances by the principal collections on the capital leases

(304,339)

Change in Net Assets of Governmental Activities \$ 919,120

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

TATE COUNTY
Statement of Net Assets - Proprietary Funds
For the Year Ended September 30, 2009

Exhibit 5

	<u>Business-type Activities - Enterprise Funds</u>		
	Solid Waste Management	Other Proprietary	Total Proprietary
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS			
Current Assets:			
Cash	\$ 81,928	69,848	151,776
Accounts receivable, net of allowance for uncollectibles of \$102,370	409,478		409,478
Due from other funds	<u>17,899</u>		<u>17,899</u>
Total Current Assets	<u>509,305</u>	<u>69,848</u>	<u>579,153</u>
Noncurrent Assets:			
Capital assets, net	<u>233,428</u>	<u>4,200</u>	<u>237,628</u>
Total Noncurrent Assets	<u>233,428</u>	<u>4,200</u>	<u>237,628</u>
Total Assets	<u>742,733</u>	<u>74,048</u>	<u>816,781</u>
LIABILITIES			
Current Liabilities:			
Claims payable	17,818	8,201	26,019
Due to other funds	20,830	8,001	28,831
Advances from other funds	92,458		92,458
Unearned revenue	31,536		31,536
Non-capital debt			
Compensated absences payable - current portion	<u>1,307</u>		<u>1,307</u>
Total Current Liabilities	<u>163,949</u>	<u>16,202</u>	<u>180,151</u>
Noncurrent Liabilities:			
Noncapital debt			
Compensated absences payable	<u>14,804</u>		<u>14,804</u>
Total Noncurrent Liabilities	<u>14,804</u>	<u>0</u>	<u>14,804</u>
NET ASSETS			
Invested in capital assets, net of related debt	233,428	4,200	237,628
Restricted for public works	<u>330,552</u>	<u>53,646</u>	<u>384,198</u>
Total Net Assets	<u>\$ 563,980</u>	<u>57,846</u>	<u>621,826</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds
For the Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Fund	Total Proprietary Funds
Operating Revenues			
Charges for sales	\$	84,086	84,086
Charges for services	860,209		860,209
Total Operating Revenues	860,209	84,086	944,295
Operating Expenses			
Personnel services	461,560	119,316	580,876
Contractual services	172,132	81,204	253,336
Utilities	3,355	1,300	4,655
Repairs and maintenance	90,383	22,383	112,766
Other supplies and expenses	88,005	11,684	99,689
Insurance expense	9,286	3,340	12,626
Depreciation	118,416	1,644	120,060
Total Operating Expenses	943,137	240,871	1,184,008
Operating Income (Loss)	(82,928)	(156,785)	(239,713)
Nonoperating Revenues (Expenses)			
Intergovernmental revenue	11,396		11,396
Interest income	4,081	5,305	9,386
Gain on sale of fixed assets	4,251	7,085	11,336
Net Nonoperating Revenue (Expenses)	19,728	12,390	32,118
Change in Net Assets	(63,200)	(144,395)	(207,595)
Net Assets - Beginning	627,180	202,241	829,421
Net Assets - Ending	\$ 563,980	57,846	621,826

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

TATE COUNTY
Statement of Cash Flows - Proprietary Fund Type
For the Year Ended September 30, 2009

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Fund	Totals
Cash Flows From Operating Activities			
Cash received from customers	\$ 819,676	86,862	906,538
Cash payments to suppliers for goods and services	(357,235)	(113,439)	(470,674)
Cash payments to employees for services	(461,423)	(114,605)	(576,028)
Net Cash Provided (Used) by Operating Activities	<u>1,018</u>	<u>(141,182)</u>	<u>(140,164)</u>
Cash Flows From Noncapital Financing Activities			
State grants	11,396		11,396
Net Cash Provided (Used) by Noncapital Financing Activities	<u>11,396</u>	<u>0</u>	<u>11,396</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from the sale of capital assets	8,001	12,310	20,311
Acquisition of capital assets		(1,725)	(1,725)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>8,001</u>	<u>10,585</u>	<u>18,586</u>
Cash Flows From Investing Activities			
Interest and dividends on investments	4,081	5,305	9,386
Net Cash Provided (Used) by Investing Activities	<u>4,081</u>	<u>5,305</u>	<u>9,386</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	24,496	(125,292)	(100,796)
Cash and Cash Equivalents at Beginning of Year	57,432	195,140	252,572
Cash and Cash Equivalents at End of Year	<u>\$ 81,928</u>	<u>69,848</u>	<u>151,776</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (82,928)	(156,785)	(239,713)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	118,416	1,644	120,060
Provision for uncollectible accounts	8,066		8,066
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(40,330)		(40,330)
Increase (decrease) in proprietary compensated absences	(3,258)		(3,258)
Increase in unearned revenue	3,547		3,547
Increase (decrease) in claims payable	(9,422)	5,958	(3,464)
(Increase) decrease in due from other funds	(8,001)	8,001	0
Increase (decrease) in advances from other funds	14,928		14,928
Total Adjustments	<u>83,946</u>	<u>15,603</u>	<u>99,549</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,018</u>	<u>(141,182)</u>	<u>(140,164)</u>

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

TATE COUNTY
 Statement of Fiduciary Assets and Liabilities
 For the Year Ended September 30, 2009

Exhibit 8

		Agency Funds
		<u> </u>
ASSETS		
Cash	\$	116,758
Due from Other Funds		<u>70,672</u>
Total Assets	\$	<u><u>187,430</u></u>
LIABILITIES		
Other Liabilities	\$	53,084
Due to other funds		<u>134,346</u>
Total Liabilities	\$	<u><u>187,430</u></u>

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

TATE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Tate County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Tate County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

TATE COUNTY

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

fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting.

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

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

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. 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 non-operating.

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

The County reports the following major Governmental Funds:

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

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

TATE COUNTY

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

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances

TATE COUNTY

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

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

H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980 are reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

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

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

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

TATE COUNTY

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

I. Long-term liabilities.

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

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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.

TATE COUNTY

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

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

(2) Deposits.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2009, was \$8,357,552, and the bank balance was \$8,155,303. 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.

(3) 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 Fund	Agency Fund	\$ 125,827
General Fund	Major Enterprise Fund	
	Solid Waste Management	17,801
Nonmajor Governmental Funds	General Fund	53,481

TATE COUNTY

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

Major Enterprise Fund			
Solid Waste Management	Agency Fund		8,519
Major Enterprise Fund	Nonmajor Enterprise Fund		
Solid Waste Management	Garbage Disposal Fund		8,001
Major Enterprise			
Solid Waste Management	General Fund		1,379
Agency Fund	General Fund		66,191
Agency Fund	Nonmajor Government Funds		1,452
Agency Fund	Solid Waste Management		<u>3,029</u>
Total		\$	<u><u>285,680</u></u>

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

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:	Major Enterprise Fund	
General Fund	Solid Waste Management	* \$ <u>92,458</u>
Total		\$ <u><u>92,458</u></u>

* These funds represent unpaid indirect cost.

C. Transfers In/Transfers Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 230,000
General Funds	Nonmajor Governmental Fund	<u>15,056</u>
Total		\$ <u><u>245,056</u></u>

All interfund transfers were made to prevent borrowing from an outside source.

(4) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$ 87,978
State Aid Road Funds	<u>3,584</u>
Total	\$ <u><u>91,562</u></u>

TATE COUNTY

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

(5) 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	Balance Sept. 30, 2009
<u>Non-depreciable capital assets:</u>				
Land	\$ 422,624		20,000	402,624
Construction in progress		1,322,351		1,322,351
Total non-depreciable capital assets	<u>422,624</u>	<u>1,322,351</u>	<u>20,000</u>	<u>1,724,975</u>
<u>Depreciable capital assets:</u>				
Infrastructure	71,442,049	86,400		71,528,449
Buildings	13,676,625	110,258	339,000	13,447,883
Improvements other than buildings	155,317			155,317
Mobile equipment	4,106,875	521,716	334,410	4,294,181
Furniture and equipment	488,207	43,515	7,339	524,383
Leased property under capital leases	585,138		169,051	416,087
Total depreciable capital assets	<u>90,454,211</u>	<u>761,889</u>	<u>849,800</u>	<u>90,366,300</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	49,443,947	138,982	196,620	49,386,309
Buildings	6,089,758	163,758		6,253,516
Improvements other than buildings	23,003	6,213		29,216
Mobile equipment	2,955,683	348,911	208,337	3,096,257
Furniture and equipment	258,578	25,318		283,896
Leased property under capital leases	104,485	58,071	71,545	91,011
Total accumulated depreciation	<u>58,875,454</u>	<u>741,253</u>	<u>476,502</u>	<u>59,140,205</u>
Total depreciable capital assets, net	<u>31,578,757</u>	<u>20,636</u>	<u>373,298</u>	<u>31,226,095</u>
Governmental activities capital assets, net	<u>\$ 32,001,381</u>	<u>1,342,987</u>	<u>393,298</u>	<u>32,951,070</u>

TATE COUNTY

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

Business-type activities.

	Balance Oct 1, 2008	Additions	Deletions	Balance Sept 30, 2009
<u>Depreciable capital assets:</u>				
Mobile equipment	\$ 551,050	900	41,000	510,950
Furniture and equipment	284,720	825		285,545
Total depreciable capital assets	<u>835,770</u>	<u>1,725</u>	<u>41,000</u>	<u>796,495</u>
<u>Less accumulated depreciation for:</u>				
Mobile equipment	222,718	116,642	32,025	307,335
Furniture and equipment	248,114	3,418		251,532
Total accumulated depreciation	<u>470,832</u>	<u>120,060</u>	<u>32,025</u>	<u>558,867</u>
Total depreciable capital assets, net	\$ <u>364,938</u>	<u>(118,335)</u>	<u>8,975</u>	<u>237,628</u>

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 173,818
Public safety	209,188
Public works	<u>286,702</u>
Total governmental activities depreciation expense	\$ <u>669,708</u>
<u>Business-type activities:</u>	
Solid waste fund	\$ 118,416
Other proprietary fund	<u>1,644</u>
Total business-type activities depreciation expense	\$ <u>120,060</u>

The jail is being purchased on a turn key basis. The County has placed money with a trustee to pay off jail construction as work is completed.

Commitments with respect to unfinished capital projects at September 30, 2009, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
New Jail	2,931,302	7/15/2011

(6) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-

TATE COUNTY

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

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.

(7) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$88,262 for the year ended September 30, 2009. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2010	\$ 88,262
2011	88,262
2012	88,262
2013	<u>41,130</u>
Total Minimum Payments Required	<u>\$ 305,916</u>

(8) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2009:

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

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2009, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 326,681	123,617
2011	349,134	102,464
2012	371,703	79,835
2013	399,394	55,409
2014	427,213	29,130
2015	<u>38,721</u>	<u>3,020</u>
Total	<u>\$ 1,912,846</u>	<u>393,475</u>

As Lessee:

TATE COUNTY

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

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 515,341
Other furniture and equipment	<u>69,797</u>
Total	585,138
Less: Accumulated depreciation	<u>162,566</u>
Leased Property Under Capital Leases	<u>\$ 422,572</u>

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

Year Ending September 30	Principal	Interest
2010	\$ 69,533	3,593
2011	15,233	1,086
2012	<u>11,586</u>	<u>370</u>
Total	<u>\$ 96,352</u>	<u>5,049</u>

(9) Short-term Debt and Liquidity.

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

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
BMW Industrial Development	\$ 1,590,000	6.40 / 7.50	8/01/2014
Building bond - 2002	397,000	5.20	2/01/2007
Road and bridge - 2004	1,210,000	3.10 / 3.50	10/01/2011
Refunding bond Series 2004	335,000	1.15 / 3.40	4/01/2012
Health Department Bond	<u>555,000</u>	4.00	10/01/2021
Total General Obligation Bonds	<u>\$ 4,087,000</u>		

TATE COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Capital Leases:			
2008 Ford Ranger	\$ 7,431	3.15	8/01/2012
Kubota Tractor	8,454	4.16	7/13/2010
John Deere 5425 Tractor	18,432	3.15	8/01/2012
1999 Mack Transport Truck	15,750	3.23	8/04/2012
Volvo Excavator	28,853	3.76	2/01/2010
2006 Ford Ambulance	<u>17,432</u>	3.79	2/01/2010
Total Capital Leases	\$ <u>96,352</u>		
C. Other Loans:			
Jail Loan	\$ 5,080,000	4.65	7/01/2015
BMW CAP Loan	322,426	4.65	7/01/2015
Fire Truck Loan	141,000	3.00	9/21/2019
Fire Truck Loan	68,000	3.00	6/01/2017
MPI CAP Loan - Coldwater	<u>177,890</u>	3.00	7/24/2027
Total Other Loans	\$ <u>5,789,316</u>		

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

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2010	\$ 1,088,000	201,476	79,752	225,053
2011	1,131,000	154,677	269,020	259,632
2012	550,000	104,071	277,365	247,317
2013	412,000	73,914	290,851	234,549
2014	442,000	47,090	299,488	220,160
2015 - 2019	349,000	56,716	1,330,010	930,655
2020 - 2024	115,000	4,700	1,456,380	658,835
2025 - 2029			<u>1,786,450</u>	<u>282,660</u>
Total	\$ <u>4,087,000</u>	<u>642,644</u>	<u>5,789,316</u>	<u>3,058,861</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, which can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2009, the amount of outstanding debt was equal to 2.52% of the latest property assessments.

TATE COUNTY

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

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	Balance Sept. 30, 2009	Amount due within one year
Governmental Activities					
Compensated absences	\$ 145,688	10,188		155,876	12,170
General obligation bonds	5,372,000		1,285,000	4,087,000	1,088,000
Capital leases	261,711		165,359	96,352	69,533
Other loans	1,142,672	5,221,000	574,356	5,789,316	79,752
Total	\$ 6,922,071	5,231,188	2,024,715	10,128,544	1,249,455
Business-type Activities:					
Compensated absences	\$ 19,369		3,258	16,111	1,307
Total	\$ 19,369	0	3,258	16,111	1,307

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, each District Road Maintenance Fund, and the Solid Waste Fund.

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2009:

Fund	Deficit Amount
Special Revenue Funds:	
MPI CAP Loan E-911	\$ 10,123
2002 Refunding Bond	5,888
1997 County GO Bond	20,199
Total	\$ 36,210

(12) Contingencies.

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

TATE COUNTY

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

(13) Related Organizations.

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

(14) Joint Venture.

The County participates in the following joint venture:

Tate County is a participant with DeSoto, Lafayette, Panola and Tunica Counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free public library services to the citizens of the respective counties. The First Regional Library is governed by a five-member board appointed by the Boards of Supervisors of the participating counties. Each member of the board represents one of the participating counties. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$165,852. Complete financial statements for the First Regional Library can be obtained from the main library office in Hernando or from the Tate County Chancery Clerk's office.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Tate County Board of Supervisors appoints two of the 23 members of the college board of trustees. The County appropriated \$763,400 for support and maintenance of the college in the 2009 fiscal year.

North Delta Planning and Development District operates in a district composed of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tate County Board of Supervisors appoints four of the 30 members of the board of directors, with two being appointed from the business community. The County appropriated \$6,750 for support of the district in the 2009 fiscal year.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Tate County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County levied a .61 mill tax for the maintenance and support of the district in the 2009 fiscal year.

Mid-State Opportunity, Inc. operates in a district composed of the Counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tate County Board of Supervisors appoints one of the 30 members of the governing board. The County did not appropriate funds for support of the agency in the 2009 fiscal year.

Communicare operates in a district composed of the Counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Tate County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$29,106 for support of the district in the 2009 fiscal year.

(16) Defined Benefit Pension Plan.

Plan Description. Tate County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established

TATE COUNTY

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

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 12% 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 \$565,428, \$553,943, and \$519,970, respectively, equal to the required contributions for each year.

(17) Subsequent Events.

- A. The Board of Supervisors agreed to hire an additional public defender starting October 1, 2010.
- B. The Board of Supervisors purchased a New Holland B95 backhoe for \$66,494.50.
- C. The state aid road funds have been cut by \$63,000 due to budget constraints.
- D. Home rehabilitation grants of \$136,000 were received from the Mississippi Home Corporation.
- E. The Board of Supervisors awarded a bridge contract of \$149,450.
- F. The Board of Supervisors accepted the bid \$72,470 for paving of an access road to Leggette & Platte for a Community Development Block Grant.

TATE COUNTY

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TATE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

TATE COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,454,955	5,445,185	5,524,858	79,673
Licenses, commissions and other revenue	727,000	666,438	642,170	(24,268)
Fines and forfeitures	340,000	444,886	248,428	(196,458)
Intergovernmental revenues	577,300	914,844	772,879	(141,965)
Charges for services	20,000		249,972	249,972
Interest income	104,000	132,781	11,273	(121,508)
Miscellaneous	85,200	354,727	358,703	3,976
Total Revenues	7,308,455	7,958,861	7,808,283	(150,578)
EXPENDITURES				
Current				
General government	3,957,540	3,659,978	3,659,953	25
Public safety	2,935,100	3,427,096	3,427,091	5
Health and welfare	239,938	240,931	240,928	3
Culture and recreation	185,852	165,852	165,852	0
Conservation of natural resources	96,883	87,631	87,631	0
Economic development and assistance	67,000	46,750	46,749	1
Total Expenditures	7,482,313	7,628,238	7,628,204	34
Excess of Revenues over (under) Expenditures	(173,858)	330,623	180,079	(150,544)
OTHER FINANCING SOURCES (USES)				
Transfers in		15,056	15,056	0
Transfers out	(160,000)	(230,000)	(230,000)	0
Total Other Financing Sources and Uses	(160,000)	(214,944)	(214,944)	0
Net Change in Fund Balance	(333,858)	115,679	(34,865)	(150,544)
Beginning fund balance	1,000,000	1,525,035	2,155,388	630,353
Ending fund balance	\$ 666,142	1,640,714	2,120,523	479,809

The accompanying notes are an integral part of the financial statement

TATE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 BMW General Obligation Bond
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$	833	833	0
Miscellaneous	385,500	381,846	381,845	(1)
Total Revenues	<u>385,500</u>	<u>382,679</u>	<u>382,678</u>	<u>(1)</u>
EXPENDITURES				
Debt service:				
Paying Agent Fees	500	500	500	0
Principal	255,000	255,000	255,000	0
Interest	130,000	126,845	126,844	1
Total Expenditures	<u>385,500</u>	<u>382,345</u>	<u>382,344</u>	<u>1</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>334</u>	<u>334</u>	<u>0</u>
Net Change in Fund Balance	0	334	334	0
Beginning fund balance	<u>100</u>	<u>24,031</u>	<u>24,030</u>	<u>(1)</u>
Ending fund balance	<u>\$ 100</u>	<u>24,365</u>	<u>24,364</u>	<u>(1)</u>

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

TATE COUNTY

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

Notes to the Required Supplementary Information

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

TATE COUNTY

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

	Governmental Fund Types	
	General Fund	BMW GO Fund
Budget (Cash Basis)	\$ (34,865)	334
Increase (Decrease)		
Net adjustments for revenue accruals	5,538,952	
Net adjustments for expenditure accruals	<u>(1,906,544)</u>	
GAAP Basis	<u>\$ 3,597,543</u>	<u>334</u>

D. Unbudgeted Funds.

None.

TATE COUNTY

SPECIAL REPORTS

TATE COUNTY

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

Members of the Board of Supervisors
Tate County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tate County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 24, 2011. The auditors' report on the financial statements is unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, 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. However, of the deficiencies described in the accompanying schedule of findings and responses, we consider items 09-1 through 09-9 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-1 through 09-5 to be material weaknesses.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Tate County, Mississippi, in the Independent Auditors' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated February 24, 2011, included within this document.

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

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

Ellis + Harbary CPA PLLC

February 24, 2011

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

Members of the Board of Supervisors
Tate County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Tate County, Mississippi, as of and for the year ended September 30, 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 Tate County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Tate County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

The results of our audit procedures disclosed an instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your responses are disclosed below:

Finding

The County purchased an item designated as a sole source item by the grantor agency. The purchase was not approved by the Board of Supervisors and recorded on the minutes of the Board of Supervisors as a sole source item.

Recommendation

In the future, have the Board of Supervisors approve all sole source purchases and record their decision in the minutes.

Purchase Clerk's Response

I will attempt to do this.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Tate County, Mississippi, complied, in all material respects, with state laws governing 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.

Tate County's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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

February 24, 2011

Ellis & Hurlberg CPA PLLC

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

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
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Our test results did not identify any purchases not made from the lowest bidder.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
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Our test results did not identify any emergency purchases.

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

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
August 10, 2009	Security System	\$ 28,075	Global Security Systems

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

Members of the Board of Supervisors
Tate County, Mississippi

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

In addition, for areas not considered material to Tate County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated February 24, 2011, on the financial statements of Tate County, Mississippi.

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

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

County Administrator

1. Finding

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

Recommendation

The County Administrator should submit the required monthly report.

County Administrator's Response

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

2. Finding

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

Recommendation

Implement the current chart of accounts.

County Administrator's Response

We are in the process of doing this.

3. Finding

Pursuant to Section 27-105-5 Miss. Code Ann. (1972), the County is required to reconcile reports of bank deposits received from the State Treasurer's Office to the County's records. We did not find any evidence that this was being done.

Recommendation

The reports from the State Treasurer's Office are sent to the County on a quarterly basis. The administrator or a designated employee should prepare a reconciliation of bank deposits or initial the report as being correct.

County Administrator's Response

We will develop a procedure to do this.

Board of Supervisors

4. Finding

The Miss. Code Ann. (1972), Sections 19-3-33 and 19-3-35 require the County to publish a statement of allowances and a recap of all expenditures by district and also the County as a whole within fifteen days of adjournment. This has been a finding since 2007.

Recommendation

The County should comply with this code section.

Board of Supervisors' Response

We will implement procedures to accomplish this task.

5. Finding

According to section 25-11-127 of the Miss. Code Ann. (1972) the Public Employees Retirement System (PERS) requires that it be notified when any current retiree receiving retirement benefits from PERS is hired by the County as either an employee or an independent contractor.

If the PERS beneficiary is an employee, PERS must be notified by Form 4B, "Certification/Acknowledgment of Re-employment of Retiree" within five days of employment.

No rehired retirees have filled out this form.

Recommendation

All rehired retirees should fill out PERS Form 4B as soon as possible.

County Administrator's Response

We will work to correct this problem.

Tate County's response to the findings included in this report was not audited and, accordingly, we express no opinion on them.

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

Ellis + Heiberg CPA LLC

February 24, 2011

TATE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

TATE COUNTY

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TATE COUNTY

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

Section 1: Summary of Auditors' Results

Financial Statements:

- | | |
|---|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material relating to the financial statements? | No |

Section 2: Financial Statement Findings

Material Weaknesses

09-1 Finding

Criteria

A material weakness is a significant deficiency or a combination of significant deficiencies that result 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.

Condition

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

Cause

The County's administrative staff is relatively small and to pull staff from their regular positions to prepare financial statements would cause other work to go undone. Financial conditions prevent the staff from expanding.

Effect

The effect of this situation could result in financial statements that are materially misstated.

Recommendation

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

TATE COUNTY

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

County Administrator's Response

We are studying the best way to cure this situation.

09-2 Finding

Criteria

A material weakness is a significant deficiency or a combination of significant deficiencies that result 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.

Condition

As reported in the 2008 audit, some bank statements are not being reconciled on a timely basis. Also there is no indication that the quarterly reports showing the number of bank accounts collateralized through a pool administered by the State Treasurer is being reviewed.

Cause

Financial restraints prevent the County from hiring sufficient staff to handle this job.

Effect

Over time, errors could occur in the bank account that would cause checks to be rejected by the bank for lack of funds. Not reviewing the reports from the State Treasurer could cause some accounts to be uninsured.

Recommendation

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

County Administrator's Response

We will work on correcting these findings.

09-3 Finding

Criteria

A material weakness is a significant deficiency or a combination of significant deficiencies that result 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.

Condition

The County is doing a good job of tracking and accounting for its equipment but the computer reports that the system is generating are not sufficient. In some cases the beginning balances in the fixed asset ledger summary report do not agree with the prior year ending balances. The fixed asset software removes assets at net book value not at their original costs.

TATE COUNTY

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

Cause

It appears that the commercially prepared fixed asset system is not working properly.

Effect

Over time the system could become so corrupted that it would be difficult to get useful information from it.

Recommendation

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

County Administrator's Response

The County will discuss this situation with the software company.

09-4 Finding

Criteria

A material weakness is a significant deficiency or a combination of significant deficiencies that result 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.

Condition

The same individual handles payroll from start to finish. There is no separation of duties between check preparation, running the checks through the signing machine, and preparing the checks for delivery to department heads.

Cause

Limited staffing prevents having enough people to divide the duties of the payroll clerk.

Effect

This condition could lead to improper payments of wages.

Recommendation

There should be a different person running the checks through the machine and preparing them for delivery to the department heads.

County Administrator's Response

We have begun training an additional person.

TATE COUNTY

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

09-5 Finding

Criteria

A material weakness is a significant deficiency or a combination of significant deficiencies that result 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.

Condition

Solid waste transactions are handled almost entirely by one individual. This individual prepares bills and mails them out. This same individual also records cash receipts, mails receipts, posts the customer's accounts, and prepares the bank deposits. Bank deposits are not being made on a daily basis.

Cause

The limited staffing of the administrator's office due to funding restraints prevents having people to divide the routines or to make daily bank deposits.

Effect

One person has complete control over solid waste activities. This could cause the County to lose assets.

Recommendation

There needs to be a second person involved in the process to create some separation of duties.

County Administrator's Response

We will work on correcting this condition.

Significant Deficiencies

09-6 Finding

Criteria

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 a 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 a more than remote likelihood that a misstatement of the County's financial statements will not be prevented or detected by the County's internal control.

Condition

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

TATE COUNTY

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

Cause

The financial restraints on the County prevent the administrator from hiring enough staff to properly segregate these duties or to take cash to the bank daily.

Effect

The condition if left unchecked could cause the County to lose cash.

Recommendation

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

County Administrator's Response

Given the limited resources of the commission, we feel the cost of separating duties would exceed any benefits received.

09-7 Finding

Criteria

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 a 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 a more than remote likelihood that a misstatement of the County's financial statements will not be prevented or detected by the County's internal control.

Condition

The debt service fund for the 2001 Road Bond maintains a cash balance of \$106,400.57 even though the bond has been paid off in prior years.

Cause

The bond was paid off. However, the funding was not converted to another outstanding bond.

Effect

A cash balance is building in a fund that has no expenditures.

Recommendation

These funds should be transferred to the 2004 Road and Bridge Bond.

County Administrator's Response

We have taken steps to correct this condition.

TATE COUNTY

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

09-8 Finding

Criteria

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 a 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 a more than remote likelihood that a misstatement of the County's financial statements will not be prevented or detected by the County's internal control.

Condition

While it is good that each supervisor reviews a list of disbursements each month for his district and the board president reviews the general county disbursements before any checks are written, the supervisors do not either sign and date or initial and date these printouts to indicate the approval.

Cause

The supervisors fail to take the final step in their review disbursements by indicating their approval in writing.

Effect

Failure to indicate the review of the disbursements in writing weakens the internal control system.

09-9 Finding

Criteria

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 a 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 a more than remote likelihood that a misstatement of the County's financial statements will not be prevented or detected by the County's internal control.

Condition

It was noted that 17 percent of the vendor invoices tested were not cancelled when paid.

Cause

The accounts payable clerk failed to cancel invoices as they were paid.

Effect

Not cancelling invoices provides the possibility that it can be paid more than one time.

TATE COUNTY

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

Recommendation

All invoices should be cancelled when paid.

County Administrator's Response

We will work to correct this condition.

TATE COUNTY

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