



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

**PHIL BRYANT
State Auditor**

**RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division**

JASPER COUNTY, MISSISSIPPI

**Audited Primary Government Financial Statements and Special Reports
For the Year Ended September 30, 2003**

JASPER COUNTY

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JASPER COUNTY

FINANCIAL SECTION

JASPER COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT
ON
THE PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

Members of the Board of Supervisors
Jasper 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 Jasper County, Mississippi, as of and for the year ended September 30, 2003, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements referred to above include only the primary government of Jasper County, Mississippi, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the county's legal entity. The financial statements do not include financial data for the county's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the county's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Jasper County, Mississippi, as of September 30, 2003, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the primary government of Jasper County, Mississippi, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, Jasper County, Mississippi, implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, effective October 1, 2002.

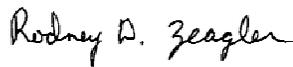
In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2004, on our consideration of Jasper County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The Budgetary Comparison Schedules and corresponding notes on pages 36 through 39 is not a required part of the basic financial statements but is 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.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

July 14, 2004

[Except for Note 18, as to which the date is January 14, 2005]

JASPER COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

JASPER COUNTY
Statement of Net Assets
September 30, 2003

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 3,558,962	49,588	3,608,550
Property tax receivable	4,338,832		4,338,832
Accounts receivable (net of allowance for uncollectibles of \$120,367)		136,143	136,143
Fines receivable (net of allowance for uncollectibles of \$734,869)	116,176		116,176
Loans receivable	553,080		553,080
Capital leases receivable	641,432		641,432
Intergovernmental receivables	250,665		250,665
Other receivables	1,557		1,557
Internal balances	63,875	(63,875)	
Capital assets, net	7,086,018	135,870	7,221,888
Total Assets	16,610,597	257,726	16,868,323
LIABILITIES			
Claims payable	265,114	13,247	278,361
Intergovernmental payables	128,769		128,769
Deferred revenue	4,980,264		4,980,264
Other payables	27,085		27,085
Long-term liabilities			
Due within one year:			
Capital related debt	1,133,652	39,960	1,173,612
Non-capital debt	102,720		102,720
Due in more than one year:			
Capital related debt	4,393,760	97,057	4,490,817
Non-capital debt	475,189	2,584	477,773
Total Liabilities	11,506,553	152,848	11,659,401
NET ASSETS			
Invested in capital assets, net of related debt	1,558,606	(1,147)	1,557,459
Restricted:			
Expendable:			
General government	51,445		51,445
Debt service	64,428		64,428
Public safety	48,028		48,028
Public works	1,029,985		1,029,985
Health and welfare	3,018		3,018
Conservation of natural resources	6,987		6,987
Economic development	874,421		874,421
Unemployment compensation	9,362		9,362
Other purposes	553,080		553,080
Unrestricted	904,684	106,025	1,010,709
Total Net Assets	\$ 5,104,044	104,878	5,208,922

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

JASPER COUNTY
Statement of Activities
For the Year Ended September 30, 2003

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,427,897	377,064	5,689		(2,045,144)		(2,045,144)
Public safety	1,479,864	290,154	207,320	7,734	(974,656)		(974,656)
Public works	3,130,687		576,019	71,651	(2,483,017)		(2,483,017)
Health and welfare	271,680		25,423		(246,257)		(246,257)
Culture and recreation	31,840				(31,840)		(31,840)
Conservation of natural resources	28,469				(28,469)		(28,469)
Economic development and assistance	334,558		147,196	9,364	(177,998)		(177,998)
Interest on long-term debt	263,692				(263,692)		(263,692)
Total Governmental Activities	<u>7,968,687</u>	<u>667,218</u>	<u>961,647</u>	<u>88,749</u>	<u>(6,251,073)</u>		<u>(6,251,073)</u>
Business-type activities:							
Solid Waste	449,697	458,074	37,025			45,402	45,402
Total	<u>\$ 8,418,384</u>	<u>1,125,292</u>	<u>998,672</u>	<u>88,749</u>	<u>(6,251,073)</u>	<u>45,402</u>	<u>(6,205,671)</u>
General revenues:							
Property taxes					\$ 4,305,463		4,305,463
Road & bridge privilege taxes					199,901		199,901
Grants and contributions not restricted to specific programs					1,387,081		1,387,081
Unrestricted investment income					86,877	248	87,125
Miscellaneous					332,791		332,791
Transfers					(6,010)	6,010	
Total General Revenues and Transfers					<u>6,306,103</u>	<u>6,258</u>	<u>6,312,361</u>
Changes in Net Assets					<u>55,030</u>	<u>51,660</u>	<u>106,690</u>
Net Assets - Beginning, as restated					<u>5,049,014</u>	<u>53,218</u>	<u>5,102,232</u>
Net Assets - Ending					<u>\$ 5,104,044</u>	<u>104,878</u>	<u>5,208,922</u>

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

JASPER COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2003

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Economic Development Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 1,979,840	240,438	1,338,684	3,558,962
Property tax receivable	2,641,098		1,697,734	4,338,832
Fines receivable (net of allowance for uncollectibles of \$734,869)	116,176			116,176
Loans receivable		553,080		553,080
Capital lease receivable		641,432		641,432
Intergovernmental receivables	172,040		78,625	250,665
Other receivables	1,557			1,557
Due from other funds	8,616		47,694	56,310
Advances to other funds	107,257			107,257
Total Assets	<u>\$ 5,026,584</u>	<u>1,434,950</u>	<u>3,162,737</u>	<u>9,624,271</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 162,703		102,411	265,114
Intergovernmental payables	116,698			116,698
Due to other funds	66,752			66,752
Advances from other funds			45,011	45,011
Deferred revenue	2,757,274	641,432	1,697,734	5,096,440
Other payables	27,085			27,085
Total Liabilities	<u>3,130,512</u>	<u>641,432</u>	<u>1,845,156</u>	<u>5,617,100</u>
Fund balances:				
Reserved for:				
Debt service			64,428	64,428
Loans receivable		553,080		553,080
Advances	107,257			107,257
Unemployment compensation			9,362	9,362
Unreserved, reported in:				
General Fund	1,788,815			1,788,815
Special Revenue Funds		240,438	1,243,791	1,484,229
Total Fund Balances	<u>1,896,072</u>	<u>793,518</u>	<u>1,317,581</u>	<u>4,007,171</u>
Total Liabilities and Fund Balances	<u>\$ 5,026,584</u>	<u>1,434,950</u>	<u>3,162,737</u>	<u>9,624,271</u>

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

JASPER COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2003

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,007,171
Amounts reported for governmental services in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds net of accumulated depreciation of \$3,488,313.	7,086,018
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	116,176
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	<u>(6,105,321)</u>
Total Net Assets - Governmental Activities	<u>\$ 5,104,044</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended September 30, 2003

	Major Funds			Total Governmental Funds
	General Fund	Economic Development Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 2,607,498		1,697,965	4,305,463
Road and bridge privilege taxes			198,031	198,031
Licenses, commissions and other revenue	131,466		10,917	142,383
Fines and forfeitures	267,232		9,500	276,732
Intergovernmental revenues	823,770		1,613,707	2,437,477
Charges for services	111,272		142,701	253,973
Interest income	35,287	42,450	9,140	86,877
Miscellaneous revenues	228,754		105,907	334,661
Total Revenues	4,205,279	42,450	3,787,868	8,035,597
EXPENDITURES				
Current:				
General government	2,170,873		29,754	2,200,627
Public safety	1,023,892		337,609	1,361,501
Public works			3,441,919	3,441,919
Health and welfare	265,918			265,918
Culture and recreation	15,747		9,546	25,293
Conservation of natural resources	28,469			28,469
Economic development and assistance		65,164	269,394	334,558
Debt service:				
Principal	218,141	98,909	707,036	1,024,086
Interest	70,175	22,994	173,593	266,762
Total Expenditures	3,793,215	187,067	4,968,851	8,949,133
Excess of Revenues over (under) Expenditures	412,064	(144,617)	(1,180,983)	(913,536)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	69,089		491,500	560,589
Proceeds from sale of capital assets			106,217	106,217
Transfers in			135,103	135,103
Transfers out	(104,313)		(36,800)	(141,113)
Total Other Financing Sources and Uses	(35,224)	0	696,020	660,796
Net Changes in Fund Balances	376,840	(144,617)	(484,963)	(252,740)
Fund Balances - Beginning, as restated	1,519,232	938,135	1,802,544	4,259,911
Fund Balances - Ending	\$ 1,896,072	793,518	1,317,581	4,007,171

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

JASPER COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2003

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (252,740)
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 \$922,527 exceeded depreciation of \$644,172 in the current period.	278,355
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the loss of \$327,659 and the proceeds from the sale of \$106,217 in the current period.	(433,876)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(5,870)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$1,024,086 exceeded debt proceeds of \$560,589.	463,497
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 the amount of increase in compensated absences.	<u>5,664</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 55,030</u></u>

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

JASPER COUNTY
Statement of Net Assets - Proprietary Fund
September 30, 2003

Exhibit 5

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 49,588
Accounts receivable (net of allowance for uncollectibles \$120,367)	136,143
Due from other funds	6,987
Total Current Assets	<u>192,718</u>
Noncurrent assets:	
Capital assets, net	135,870
Total Noncurrent Assets	<u>135,870</u>
Total Assets	<u>328,588</u>
LIABILITIES	
Current liabilities:	
Claims payable	13,247
Due to other funds	8,616
Advances from other funds	62,246
Current portions of long-term capital-related debt:	
Capital leases payable	39,960
Total Current Liabilities	<u>124,069</u>
Noncurrent liabilities:	
Capital-related debt:	
Capital leases payable	97,057
Non-capital debt:	
Compensated absences payable	2,584
Total Noncurrent Liabilities	<u>99,641</u>
NET ASSETS	
Invested in capital assets, net of related debt	(1,147)
Unrestricted	106,025
Total Net Assets	<u>\$ 104,878</u>

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

JASPER COUNTY
Statement of Revenues, Expenses and Changes in Fund Net Assets -
Proprietary Fund
For the Year Ended September 30, 2003

Exhibit 6

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
Operating Revenues	
Charges for services	\$ 458,074
Total Operating Revenues	<u>458,074</u>
Operating Expenses	
Personal services	164,672
Contractual services	85,662
Materials and supplies	91,864
Depreciation expense	60,983
Indirect administrative cost	8,616
Total Operating Expenses	<u>411,797</u>
Operating Income (Loss)	<u>46,277</u>
Nonoperating Revenues (Expenses)	
Interest income	248
Operating grants	37,025
Gain (loss) on sale of capital assets	(29,826)
Interest expense	(8,074)
Net Nonoperating Revenue (Expenses)	<u>(627)</u>
Net Income (Loss) Before Transfers	45,650
Transfers in	10,000
Transfers out	(3,990)
Changes in Net Assets	<u>51,660</u>
Net Assets - Beginning, as restated	<u>53,218</u>
Net Assets - Ending	<u>\$ 104,878</u>

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

JASPER COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2003

Exhibit 7

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 378,223
Payments to suppliers	(170,627)
Payments to employees	(165,960)
Net Cash Provided (Used) by Operating Activities	<u>41,636</u>
Cash Flows From Noncapital Financing Activities	
Operating grants received	37,025
Cash received from other funds:	
Operating transfers in	10,000
Cash paid to other funds:	
Operating transfers out	(3,990)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>43,035</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of capital assets	23,566
Principal paid on long-term debt	(70,302)
Interest paid on debt	(8,074)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(54,810)</u>
Cash Flows From Investing Activities	
Interest on investments	248
Net Cash Provided (Used) by Investing Activities	<u>248</u>
Net Increase (Decrease) in Cash and Cash Equivalents	30,109
Cash and Cash Equivalents at Beginning of Year	<u>19,479</u>
Cash and Cash Equivalents at End of Year	<u>\$ 49,588</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>46,277</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	60,983
Provision for uncollectible accounts	(15,371)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(43,239)
(Increase) decrease in interfund receivables	6,506
Increase (decrease) in claims payable	6,899
Increase (decrease) in compensated absences liability	(1,288)
Increase (decrease) in deferred revenue	(20,760)
Increase (decrease) in interfund payables	1,629
Total Adjustments	<u>(4,641)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 41,636</u>

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

JASPER COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2003

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 158,133
Intergovernmental receivables	15,574
Due from other funds	12,071
Total Assets	<u>\$ 185,778</u>
LIABILITIES	
Intergovernmental payables	<u>\$ 185,778</u>
Total Liabilities	<u>\$ 185,778</u>

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

JASPER COUNTY

Notes to Financial Statements For the Year Ended September 30, 2003

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Jasper 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 Jasper County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

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

- Stringer Fire Protection District
- Jasper General Hospital

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

JASPER COUNTY

Notes to Financial Statements For the Year Ended September 30, 2003

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary 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.

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

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities is 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.

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

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.

Economic Development Fund - This fund accounts for monies from specific revenue sources that are restricted for economic development.

The county reports the following major Proprietary Fund:

Solid Waste Fund - This fund accounts for the county's activities of disposal of solid waste within the county.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

PROPRIETARY FUND TYPE

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 TYPE

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 2001 by the Government Finance Officers Association and the *Mississippi County Financial Accounting Manual* as revised in 2002 by the Office of the State Auditor.

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.

JASPER COUNTY

Notes to Financial Statements For the Year Ended September 30, 2003

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 allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

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

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no 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 elect not to report major general infrastructure assets retroactively. Jasper County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the financial statements. Current year infrastructure assets are required to be reported. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

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 Fund. 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 Thresholds</u>	<u>Estimated 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 will correspond with the amounts for the asset classification, as listed above.

I. Long-term liabilities.

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

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

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

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.

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

K. Property Tax Revenues.

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

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

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

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

Therefore, the county's full liability in the amount of \$45,246 for accumulated unpaid personal leave up to a maximum of 20 days per employee payable from Governmental Funds is reported as a liability in the Statement of Net Assets. In the Proprietary Fund the compensated absences are reported as a liability of the fund in the amount of \$2,584, which represents an amount up to a maximum of 20 days per employee.

(2) Changes in Accounting Principles and Restatement of Fund Balance.

For the fiscal year ended September 30, 2003, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB Statement No. 34, as amended by Statement No. 37, creates new basic financial statements for reporting on the county's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total on the fund financial statements as other Governmental Funds. Fund reclassifications and adjustments to the fund equities reported in the prior year financial statements were required as a result of the conversion to GASB Statement No. 34.

GASB Statement No. 38 requires certain note disclosures with the implementation of GASB Statement No. 34.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The provisions of these new statements have been incorporated into the financial statements and the accompanying notes. The following table summarizes the reclassifications and adjustments to the fund equity amounts reported in the prior year financial statements:

	Sept. 30, 2002 As Previously Reported	Fund and Account Group Reclassifications	Prior Period Adjustments	Sept. 30, 2002 As Restated
Governmental Funds and Governmental Activities				
Major Funds:				
General	\$ 1,520,014	(5,282)	4,500	1,519,232
Economic Development		938,135		938,135
Other Governmental Funds:				
Special Revenue	2,643,604	(916,833)		1,726,771
Debt Service	75,773			75,773
Capital Projects	40,668	(40,668)		0
Total Governmental Funds	4,280,059	(24,648)	4,500	4,259,911

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

	Sept. 30, 2002 As Previously Reported	Fund and Account Group Reclassifications	Prior Period Adjustments	Sept. 30, 2002 As Restated
Governmental Activities:				
Capital assets, net		11,759,218	(4,517,679)	7,241,539
Long-term liabilities		(6,647,787)	73,305	(6,574,482)
Fines receivable			122,046	122,046
Total Governmental Funds and Governmental Activities	\$ 4,280,059	5,086,783	(4,317,828)	5,049,014
Proprietary Funds and Business-type Activities				
Solid Waste	\$ 50,114	0	3,104	53,218
Fiduciary Funds				
Expendable Trust	\$ 9,372	(9,339)	(33)	0
Account Groups				
General Fixed Assets	\$ 11,759,218	(11,759,218)		
General Long-term Debt	(6,647,787)	6,647,787		
Total Account Groups	\$ 5,111,431	(5,111,431)	0	0

(3) Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2003, was \$3,766,683, and the bank balance was \$3,969,923. 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.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2003:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Solid Waste	\$ 8,616
Other Governmental Funds	General	47,694
Solid Waste	General	6,987
Agency Funds	General	12,071
Total		\$ 75,368

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

The General Fund receivable is the amount of indirect costs due to solid waste operations. The Solid Waste receivable represents the amount of user fees collected but not settled until October 2003. All other receivables represent the tax revenue collected but not settled until October 2003. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid Waste	\$ 62,246
General	Other Governmental Funds	<u>45,011</u>
Total		<u>\$ 107,257</u>

The General Fund receivable represents the indirect costs due to solid waste. Other advances were made to resolve cash flow problems.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Solid Waste Fund	Other Governmental Funds	\$ 10,000
Other Governmental Funds	General Fund	104,313
Other Governmental Funds	Other Governmental Funds	26,800
Other Governmental Funds	Solid Waste Fund	<u>3,990</u>
Total		<u>\$ 145,103</u>

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2003, consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Gas severance tax	\$ 94,847
Big truck tax	5,877
Oil severance tax	72,748
Legislative tag credit	<u>77,193</u>
Total Governmental Activities	<u>\$ 250,665</u>

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

(6) Loans Receivable.

Loans receivable balances at September 30, 2003, are as follows:

Governmental Activities:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Payable
McNeil Cabinet Company, Inc.	06-03	3.85	06-13	\$ 300,000
Hol-Mac Corporation	05-00	6.00	05-10	<u>253,080</u>
Total				<u>\$ 553,080</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2003:

Governmental Activities:

	Balance Oct. 1, 2002	Additions	Deletions	Adjustments	Balance Sept. 30, 2003
<u>Non-depreciable capital assets:</u>					
Land	\$ 498,591	6,000			<u>504,591</u>
Total non-depreciable capital assets	<u>498,591</u>	<u>6,000</u>	<u>0</u>	<u>0</u>	<u>504,591</u>
<u>Depreciable capital assets:</u>					
Buildings	6,234,146	154,000	246,290	(686,884)	5,454,972
Improvements other than buildings	45,360			(7,193)	38,167
Mobile equipment	1,435,479	199,055	149,731	135,780	1,620,583
Furniture and equipment	869,524	58,328	39,371	(371,093)	517,388
Leased property under capital leases	<u>2,676,118</u>	<u>505,144</u>	<u>458,820</u>	<u>(283,812)</u>	<u>2,438,630</u>
Total depreciable capital assets	<u>11,260,627</u>	<u>916,527</u>	<u>894,212</u>	<u>(1,213,202)</u>	<u>10,069,740</u>
<u>Less accumulated depreciation for:</u>					
Buildings		106,418	186,792	1,279,503	1,199,129
Improvements other than buildings		1,527		21,378	22,905
Mobile equipment		154,911	105,674	1,058,487	1,107,724
Furniture and equipment		37,787		311,266	349,053
Leased property under capital leases		343,529	167,870	633,843	809,502
Total accumulated depreciation	<u>0</u>	<u>644,172</u>	<u>460,336</u>	<u>3,304,477</u>	<u>3,488,313</u>

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

	<u>Balance</u> <u>Oct. 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2003</u>
Total depreciable capital assets, net	11,260,627	272,355	433,876	(4,517,679)	6,581,427
Governmental activities capital assets, net	\$ 11,759,218	278,355	433,876	(4,517,679)	7,086,018
Business-type Activities:					
	<u>Balance</u> <u>Oct. 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2003</u>
<u>Depreciable capital assets:</u>					
Mobile equipment	\$ 137,108		70,472	(27,743)	38,893
Furniture and equipment	1,505			(1,505)	0
Leased property under capital leases	333,658		70,273		263,385
Total depreciable capital assets	<u>472,271</u>	<u>0</u>	<u>140,745</u>	<u>(29,248)</u>	<u>302,278</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	116,580	13,105	53,903	(45,801)	29,981
Furniture and equipment	1,162			(1,162)	0
Leased property under capital leases	107,388	47,878	33,450	14,611	136,427
Total accumulated depreciation	<u>225,130</u>	<u>60,983</u>	<u>87,353</u>	<u>(32,352)</u>	<u>166,408</u>
Total depreciable capital assets, net	<u>247,141</u>	<u>(60,983)</u>	<u>53,392</u>	<u>3,104</u>	<u>135,870</u>
Business-type activities capital assets, net	\$ <u>247,141</u>	<u>(60,983)</u>	<u>53,392</u>	<u>3,104</u>	<u>135,870</u>

Adjustments are the effect of implementing GASB 34.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 61,293
Public safety	120,052
Public works	450,518
Health and welfare	5,762
Culture and recreation	6,547
Total governmental activities depreciation expense	\$ <u>644,172</u>
Business-type activities:	
Solid waste	\$ <u>60,983</u>

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for law enforcement personnel and \$350,000 for all other employees 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, 2003, to January 1, 2004. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2003:

<u>Classes of Property</u>	<u>Amount</u>
Buildings	\$ <u><u>1,380,026</u></u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2003, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 144,087	21,343
2005	106,157	14,841
2006	94,822	11,758
2007	97,961	7,897
2008	95,879	3,750
2009	<u>42,515</u>	<u>422</u>
Total	\$ <u><u>581,421</u></u>	<u><u>60,011</u></u>

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2003:

Classes of Property	Governmental Activities	Business-type Activities
Mobile equipment	\$ 2,380,260	263,385
Other furniture and equipment	<u>58,370</u>	<u> </u>
Total	2,438,630	263,385
Less: Accumulated depreciation	<u>809,502</u>	<u>136,427</u>
Leased Property Under Capital Leases	<u>\$ 1,629,128</u>	<u>126,958</u>

The following is a schedule by years of the total payments due as of September 30, 2003:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 736,693	63,463	39,960	5,844
2005	505,101	28,330	41,988	3,815
2006	242,765	13,114	41,117	1,714
2007	138,368	5,199	13,952	181
2008	26,046	1,594		
2009	<u>21,266</u>	<u>4,260</u>		
Total	<u>\$ 1,670,239</u>	<u>115,960</u>	<u>137,017</u>	<u>11,554</u>

(10) Long-term Debt.

Debt outstanding as of September 30, 2003, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Fire equipment bonds - 1997	\$ 210,000	4.75 - 4.9	02-01-07
District 2 road and bridge bonds - 1998	165,000	4.7	04-01-08
District 3 road and bridge bonds - 2002	1,010,000	3.4 - 4.375	09-30-12
District 4 road and bridge bonds - 1996	90,000	5.2	06-01-06
District 5 road and bridge bonds - 1998	<u>280,000</u>	4.7	04-01-08
Total General Obligation Bonds	<u>\$ 1,755,000</u>		

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Capital Leases:			
Sheriff - 2000 Crown Victoria	\$ 893	5.5	11-07-03
Sheriff - 2000 Crown Victorias	6,672	5.95	02-20-04
2000 Ford truck	948	5.5	11-07-03
GMC truck & Ferrara fire apparatus	58,796	5.85	01-11-11
Oracle workgroup server	50,047	4.2	12-31-07
2003 Crown Victoria	9,320	3.8	10-15-04
Countywide Caterpillar trackhoe	82,802	4.2	11-28-04
District 1 Caterpillar motorgrader 140H	125,575	4.55	05-10-04
District 1 New Holland tractor and Tiger mower	20,312	5.83	05-10-05
District 1 2000 Ford F150 truck	2,975	5.9	05-15-04
District 1 Caterpillar motorgrader 140H	73,657	5.8	12-13-05
District 2 2 New Holland tractors	17,884	5.9	06-11-05
District 2 2001 Dodge 1500 pickup	2,315	5.9	03-24-04
District 2 Caterpillar motorgrader 140H	73,666	5.8	12-13-05
District 2 1998 Dodge Ram 1500 pickup	2,233	5.25	06-11-04
District 2 New Holland tractor and tiger mower	35,096	4.35	10-06-06
District 2 Caterpillar tractor model D4H	49,892	4.45	06-27-07
District 2 2002 Caterpillar backhoe loader	62,458	4.45	09-29-07
District 2 2003 Mack truck	69,943	4.2	11-09-07
District 2 2003 Mack truck	69,943	4.2	11-09-07
District 2 2003 Mack truck	69,814	4.2	11-09-07
District 3 Caterpillar motorgrader	125,575	4.55	05-10-04
District 3 New Holland tractor	8,946	5.9	06-11-05
District 3 Caterpillar backhoe loader	39,397	5.15	07-22-06
District 3 New Holland tractor	10,929	4.2	10-06-05
District 3 2002 Ford F750 dump truck	23,279	4.35	10-16-06
District 3 2002 Ford F150 truck	13,794	4.35	12-03-05
District 3 2003 Mack truck	69,814	4.2	11-09-07
District 3 2003 Mack truck	70,033	4.2	11-09-07
District 4 Caterpillar motorgrader	130,641	5.28	01-05-05
District 4 Ford F250 truck	7,602	5.9	01-03-04
District 4 New Holland tractor	8,505	5.25	06-11-05
District 4 Caterpillar backhoe	69,859	4.5	06-08-06
District 5 Caterpillar motorgrader	125,576	4.55	05-10-04
District 5 2000 International truck	21,343	5.7	02-06-05
District 5 New Holland tractor and mower	20,312	5.83	05-10-05
District 5 Caterpillar backhoe loader	39,393	5.15	07-22-06
 Total Capital Leases	 \$ <u>1,670,239</u>		

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loans:			
Loan for MCA of Meridian	\$ 42,620	3.0	11-15-05
Loan for Hol Mac	478,089	4.0	01-16-08
Loan for Hol Mac	11,954	4.0	01-16-08
Jail construction	1,027,500	5.25	11-01-14
Jail construction	1,027,500	5.25	11-01-14
Beat 5 community building	47,173	4.0	09-17-06
Total Other Loans	<u>\$ 2,634,836</u>		

Business-type Activities:

Capital Leases:

Garbage truck and trailer	\$ 29,456	5.25	06-11-06
Garbage truck	52,318	4.75	01-28-07
2002 Sterling truck	55,243	4.75	03-01-07
Total Capital Leases	<u>\$ 137,017</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2004	\$ 255,000	74,258	244,679	126,101
2005	265,000	62,395	256,393	114,537
2006	280,000	49,945	246,019	102,418
2007	255,000	37,602	240,126	77,843
2008	205,000	28,220	251,879	73,984
2009 - 2013	495,000	50,686	959,740	256,929
2014 - 2015			436,000	20,266
Total	<u>\$ 1,755,000</u>	<u>303,106</u>	<u>2,634,836</u>	<u>772,078</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2003, the amount of outstanding debt was equal to 2.74% of the latest property assessments.

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2003:

	Balance Oct. 1, 2002	Additions	Reductions	Adjustments	Balance Sept. 30, 2003	Amount due within one year
Governmental Activities						
Compensated absences	\$ 50,910		5,664		45,246	
General obligation bonds	1,995,000		240,000		1,755,000	255,000
Capital leases	1,729,967	560,589	547,012	(73,305)	1,670,239	736,693
Other loans	2,871,910		237,074		2,634,836	244,679
Total	\$ 6,647,787	560,589	1,029,750	(73,305)	6,105,321	1,236,372
Business-type Activities:						
Compensated absences	\$ 3,872		1,288		2,584	
Capital leases	207,319		70,302		137,017	39,960
Total	\$ 211,191	0	71,590	0	139,601	39,960

The adjustment is to correct an erroneous prior year balance.

(11) Deficit Fund Balance of Individual Funds.

The following funds reported deficit fund balances at September 30, 2003:

Fund	Deficit Amount
Emergency 911	\$ 2,350
District 2 Industrial Park	10,122

The deficit in Emergency 911 Fund was a result of claims payable accruals. The District 2 Industrial Park Fund deficit was a result of outstanding advances in this fund.

(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 provision for any liability that may result has been recognized in the county's financial statements.

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

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

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

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

<u>Description</u>	<u>Balance at Sept. 30, 2003</u>
Industrial revenue bonds	\$ <u><u>1,390,000</u></u>

(14) Joint Venture.

The county participates in the following joint venture:

Jasper County is a participant with Clarke County in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the East Mississippi Regional Library System. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board. The two counties rotate board appointments so that each county has a majority of board members in alternate years. Each county is obligated by contract to levy not less than one-half mill tax as provided by Section 39-3-35, Miss. Code Ann. (1972), for the ongoing financial support of the joint venture. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, Quitman, Mississippi.

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the Counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage, and facilitate economic development in the member counties. The district's board of trustees is composed of 30 members, five each from the six member counties. The county provides only modest financial support for the district.

East Central Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Jasper County Board of Supervisors appoints one of the 15 members of the board of directors. The county appropriated \$14,434 for the support of the district in fiscal year 2003.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Jasper County Board of Supervisors appoints two of the 20 members of the college board of trustees. The county appropriated \$201,294 for maintenance and support of the college in fiscal year 2003.

Multi-County Community Service Agency operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Jasper County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal funds. The county pays a modest amount of the agency's monthly bills.

JASPER COUNTY

Notes to Financial Statements For the Year Ended September 30, 2003

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Jasper County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$27,344 for support of the commission in fiscal year 2003.

(16) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 9.75% 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, 2003, 2002 and 2001 were \$231,197, \$229,775 and \$218,158, respectively, equal to the required contributions for each year.

(17) Other Information.

As a result of revenue shortfalls, the State Tax Commission had to withhold 7.94% of the March 2003 homestead exemption reimbursement from local governments. The amount withheld from Jasper County during the 2002-2003 fiscal year was \$17,614.

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2003

(18) Subsequent Events.

Subsequent to September 30, 2003, Jasper County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10-16-03	3.7	\$ 15,828	Lease purchase	Ad valorem tax
10-16-03	3.7	22,695	Lease purchase	Ad valorem tax
10-16-03	3.7	90,584	Lease purchase	Ad valorem tax
10-22-03	3.7	15,828	Lease purchase	Ad valorem tax
10-22-03	3.7	22,695	Lease purchase	Ad valorem tax
11-14-03	3.7	28,298	Lease purchase	Ad valorem tax
12-01-03	3.7	22,912	Lease purchase	Ad valorem tax
12-01-03	3.7	118,568	Lease purchase	Ad valorem tax
01-05-04	3.7	20,575	Lease purchase	Ad valorem tax
01-05-04	3.7	20,992	Lease purchase	Ad valorem tax
02-02-04	3.3	84,897	Lease purchase	Ad valorem tax
02-06-04	3.3	84,897	Lease purchase	Ad valorem tax

Jasper County issued the following general obligation bonds on July 27, 2004:

\$ 1,325,000	Road and bridge
750,000	District 1
750,000	District 2
600,000	District 4
500,000	District 5

JASPER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JASPER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2003

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,621,699	2,605,823	2,605,823	
Licenses, commissions and other revenue	142,974	129,365	119,185	(10,180)
Fines and forfeitures	375,500	244,786	244,786	
Intergovernmental revenues	461,503	725,385	721,091	(4,294)
Charges for services	50,000	101,092	111,272	10,180
Interest income	39,902	35,141	35,141	
Miscellaneous revenues	100,000	229,437	229,437	
Total Revenues	<u>3,791,578</u>	<u>4,071,029</u>	<u>4,066,735</u>	<u>(4,294)</u>
EXPENDITURES				
Current:				
General government	2,716,298	2,070,204	2,070,204	
Public safety	1,441,030	1,016,962	1,016,962	
Health and welfare	311,989	251,885	251,885	
Culture and recreation	46,101	15,747	15,747	
Conservation of natural resources	35,508	28,011	28,011	
Debt service:				
Principal		164,105	164,105	
Interest		115,550	115,550	
Total Expenditures	<u>4,550,926</u>	<u>3,662,464</u>	<u>3,662,464</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(759,348)</u>	<u>408,565</u>	<u>404,271</u>	<u>(4,294)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued			4,500	4,500
Compensation for loss of capital assets			2,692	2,692
Transfers in		7,927	736	(7,191)
Transfers out	(347,259)	(100,660)	(96,367)	4,293
Total Other Financing Sources and Uses	<u>(347,259)</u>	<u>(92,733)</u>	<u>(88,439)</u>	<u>4,294</u>
Net Change in Fund Balance	(1,106,607)	315,832	315,832	
Fund Balances - Beginning	<u>1,520,014</u>	<u>1,440,034</u>	<u>1,520,014</u>	<u>79,980</u>
Fund Balances - Ending	<u>\$ 413,407</u>	<u>1,755,866</u>	<u>1,835,846</u>	<u>79,980</u>

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

JASPER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Economic Development Fund
 For the Year Ended September 30, 2003

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 35,520	42,450	42,450	
Total Revenues	<u>35,520</u>	<u>42,450</u>	<u>42,450</u>	<u>0</u>
EXPENDITURES				
Current:				
Economic development and assistance	271,903	235,351	235,351	
Debt service:				
Principal		98,909	98,909	
Interest		22,994	22,994	
Total Expenditures	<u>271,903</u>	<u>357,254</u>	<u>357,254</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(236,383)</u>	<u>(314,804)</u>	<u>(314,804)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued		27,669	27,669	
Total Other Financing Sources and Uses	<u>0</u>	<u>27,669</u>	<u>27,669</u>	<u>0</u>
Net Change in Fund Balance	(236,383)	(287,135)	(287,135)	
Fund Balances - Beginning	<u>527,254</u>	<u>527,254</u>	<u>527,573</u>	<u>319</u>
Fund Balances - Ending	<u>\$ 290,871</u>	<u>240,119</u>	<u>240,438</u>	<u>319</u>

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

JASPER COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2003

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 the major Special Revenue Fund.

For the year ended September 30, 2003, the county implemented GASB Statement No. 41 - *Budgetary Comparison Schedules - Perspective Differences*, which amends GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The statement clarifies the budgetary presentation requirements. 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).

JASPER COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2003

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Economic Development</u>
Budget (Cash Basis)	\$ 315,832	(287,135)
Increase (Decrease)		
Net adjustments for revenue accruals	199,705	(27,669)
Net adjustments for expenditure accruals	<u>(138,697)</u>	<u>170,187</u>
GAAP Basis	<u>\$ 376,840</u>	<u>(144,617)</u>

JASPER COUNTY

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JASPER COUNTY

SPECIAL REPORTS

JASPER COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

Members of the Board of Supervisors
Jasper County, Mississippi

We have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jasper County, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated July 14, 2004. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jasper County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance which we have reported to the management of Jasper County, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations and the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated July 14, 2004, included within this document.

Internal Control Over Financial Reporting

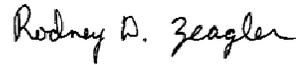
In planning and performing our audit, we considered Jasper County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jasper County, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

July 14, 2004



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

Members of the Board of Supervisors
Jasper County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Jasper County, Mississippi, as of and for the year ended September 30, 2003. 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 Jasper 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 Jasper 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 response are disclosed below:

Purchase Clerk.

Finding

Section 31-7-103, Miss. Code Ann. (1972), requires a requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972), and except for purchases of not more than \$100. We noted from the open purchase orders that some purchase orders were blank, with no item amount, vendor name or price per item specified on the purchase order.

Recommendation

The Purchase Clerk should ensure that prior to issuance, the purchase order is completed with sufficient detail and specific amounts ordered.

Purchase Clerk's Response

We will be sure that all purchase orders are filled in or closed/voided if not used.

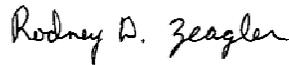
In our opinion, except for the noncompliance referred to in the preceding paragraph, Jasper County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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

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



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

July 14, 2004

JASPER COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2003

Schedule 1

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

JASPER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2003

Schedule 2

Our test results did not identify any emergency purchases.

JASPER COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2003

Schedule 3

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

JASPER COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Members of the Board of Supervisors
Jasper County, Mississippi

We have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jasper County, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated July 14, 2004. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. 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.

The results of our procedures and our audit of the primary government financial statements disclosed certain immaterial instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors.

1. Finding

Section 7-7-211, Miss. Code Ann. (1972), gives the Office of the State Auditor the authority to prescribe an accounting system for capital assets. The Board of Supervisors passed a motion to remove stolen assets from Beat One, Beat Two, Beat Three and Beat Five capital asset lists. A list of items stolen was not included in the minutes, nor was it produced when requested by the auditor. A stolen property report was not filed with the Sheriff's office.

Recommendation

The Board of Supervisors should include a list of items to be deleted from the capital asset listings in the minutes.

Board of Supervisors' Response

No order will be submitted for approval again without the proper documents being in the hands of the Clerk.

Chancery Clerk.

2. Finding

Section 9-1-43, Miss. Code Ann. (1972), requires the Chancery Clerk to maintain a cash journal to account for the receipts and expenses related to the operation of the office and to write receipts for all collections over \$10. We noted that receipts were not written for all collections over \$10.

Recommendation

The Chancery Clerk should write receipts for all collections over \$10.

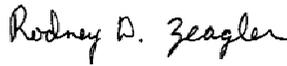
Chancery Clerk's Response

I will start printing these receipts upon request or demand per Section 75-12-13, Miss. Code Ann. (1972).

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.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance Audit Division

July 14, 2004

JASPER COUNTY

SCHEDULE OF FINDINGS

JASPER COUNTY

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JASPER COUNTY

Schedule of Findings
For the Year Ended September 30, 2003

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | Unqualified |
| 2. | Material noncompliance relating to the primary government financial statements? | No |
| 3. | Internal control over financial reporting: | |
| a. | Material weakness identified? | No |
| b. | Reportable condition identified that is not considered to be a material weakness? | Yes |

Section 2: Financial Statement Findings

Sheriff.

03-1. Finding

Settlements of collections were not made timely. Receipts were not deposited on a daily basis.

Recommendation

The Sheriff should settle all collections monthly and collections should be deposited on a timely basis.

Sheriff's Response

I have corrected this problem.