



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

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State Auditor

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JASPER COUNTY, MISSISSIPPI

**Audited Primary Government Financial Statements and Special Reports
For the Year Ended September 30, 2004**

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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, 2004, which collectively comprise the county's primary government financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1(H) to the financial statements, management has not recorded certain general infrastructure assets in the governmental activities and, accordingly has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United State of America require that these general infrastructure assets be capitalized and depreciated which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

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, 2004, 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, except for the effects of the matters discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities for the primary government of Jasper County, Mississippi, as of September 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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, 2004, 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.

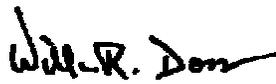
In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2005, on our consideration of Jasper County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 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.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

August 25, 2005

JASPER COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

JASPER COUNTY
Statement of Net Assets
September 30, 2004

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 7,367,821	14,263	7,382,084
Property tax receivable	4,947,250		4,947,250
Accounts receivable (net of allowance for uncollectibles of \$160,284)		160,486	160,486
Fines receivable (net of allowance for uncollectibles of \$1,104,715)	119,825		119,825
Loans receivable	489,255		489,255
Capital leases receivable	1,416,841		1,416,841
Intergovernmental receivables	83,013		83,013
Other receivables	1,056		1,056
Internal balances	70,268	(70,268)	
Capital assets, net	7,740,068	149,158	7,889,226
Total Assets	22,235,397	253,639	22,489,036
LIABILITIES			
Claims payable	429,036	9,424	438,460
Intergovernmental payables	143,936		143,936
Deferred revenue	5,139,550		5,139,550
Amounts held in custody for others	13,721		13,721
Long-term liabilities			
Due within one year:			
Capital debt	1,348,465	41,988	1,390,453
Non-capital debt	23,688		23,688
Due in more than one year:			
Capital debt	8,416,876	55,070	8,471,946
Non-capital debt	62,873	4,300	67,173
Total Liabilities	15,578,145	110,782	15,688,927
NET ASSETS			
Invested in capital assets, net of related debt	1,465,324	52,100	1,517,424
Restricted:			
Expendable:			
General government	64,642		64,642
Debt service	243,215		243,215
Public safety	47,622		47,622
Public works	1,093,066	90,757	1,183,823
Economic development	2,042,141		2,042,141
Unemployment compensation	3,996		3,996
Unrestricted	1,697,246		1,697,246
Total Net Assets	\$ 6,657,252	142,857	6,800,109

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

JASPER COUNTY
Statement of Activities
For the Year Ended September 30, 2004

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,422,795	384,205	14,670		(2,023,920)		(2,023,920)
Public safety	1,611,081	226,754	157,002		(1,227,325)		(1,227,325)
Public works	3,425,103		737,624	163,546	(2,523,933)		(2,523,933)
Health and welfare	242,719		28,354		(214,365)		(214,365)
Culture and recreation	64,011				(64,011)		(64,011)
Conservation of natural resources	32,114				(32,114)		(32,114)
Economic development and assistance	204,959		87,287	400,000	282,328		282,328
Interest on long-term debt	323,946				(323,946)		(323,946)
Total Governmental Activities	<u>8,326,728</u>	<u>610,959</u>	<u>1,024,937</u>	<u>563,546</u>	<u>(6,127,286)</u>	<u>0</u>	<u>(6,127,286)</u>
Business-type activities:							
Solid waste	449,885	394,673	29,650			(25,562)	(25,562)
Total Business-type Activities	<u>449,885</u>	<u>394,673</u>	<u>29,650</u>	<u>0</u>	<u>0</u>	<u>(25,562)</u>	<u>(25,562)</u>
Total Primary Government	<u>\$ 8,776,613</u>	<u>1,005,632</u>	<u>1,054,587</u>	<u>563,546</u>	<u>(6,127,286)</u>	<u>(25,562)</u>	<u>(6,152,848)</u>
General revenues:							
Property taxes					\$ 4,690,360		4,690,360
Road & bridge privilege taxes					202,641		202,641
Grants and contributions not restricted to specific programs					1,655,526		1,655,526
Unrestricted interest income					100,148	202	100,350
Miscellaneous					392,557	3,463	396,020
Total General Revenues					<u>7,041,232</u>	<u>3,665</u>	<u>7,044,897</u>
Changes in Net Assets					<u>913,946</u>	<u>(21,897)</u>	<u>892,049</u>
Net Assets - Beginning					5,104,044	104,878	5,208,922
Prior period adjustment					<u>639,262</u>	<u>59,876</u>	<u>699,138</u>
Net Assets - Beginning, as restated					<u>5,743,306</u>	<u>164,754</u>	<u>5,908,060</u>
Net Assets - Ending					<u>\$ 6,657,252</u>	<u>142,857</u>	<u>6,800,109</u>

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

JASPER COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2004

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Economic Development Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 1,814,022	295,753	5,258,046	7,367,821
Property tax receivable	2,973,218		1,974,032	4,947,250
Fines receivable (net of allowance for uncollectibles of \$1,104,715)	119,825			119,825
Loans receivable		489,255		489,255
Capital lease receivable		1,416,841		1,416,841
Intergovernmental receivables	83,013			83,013
Other receivables	1,056			1,056
Due from other funds	6,550		50,587	57,137
Advances to other funds	115,873			115,873
Total Assets	\$ 5,113,557	2,201,849	7,282,665	14,598,071
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 141,144		287,892	429,036
Intergovernmental payables	130,942			130,942
Due to other funds	70,725			70,725
Advances from other funds			45,011	45,011
Deferred revenue	3,093,043	1,416,841	1,974,032	6,483,916
Amounts held in custody for others	13,721			13,721
Total Liabilities	3,449,575	1,416,841	2,306,935	7,173,351
Fund balances:				
Reserved for:				
Debt service			243,215	243,215
Loans receivable		489,255		489,255
Advances	115,873			115,873
Unemployment compensation			3,996	3,996
Unreserved, reported in:				
General Fund	1,548,109			1,548,109
Special Revenue Funds		295,753	4,728,519	5,024,272
Total Fund Balances	1,663,982	785,008	4,975,730	7,424,720
Total Liabilities and Fund Balances	\$ 5,113,557	2,201,849	7,282,665	14,598,071

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, 2004

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,424,720
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 \$3,371,427.	7,740,068
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	119,825
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(9,851,902)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>1,224,541</u>
Total Net Assets - Governmental Activities	<u><u>\$ 6,657,252</u></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, 2004

	Major Funds			Total Governmental Funds
	General Fund	Economic Development Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 2,689,657		2,000,703	4,690,360
Road and bridge privilege taxes			202,641	202,641
Licenses, commissions and other revenue	134,210		10,367	144,577
Fines and forfeitures	261,845			261,845
Intergovernmental revenues	1,170,707	400,000	1,673,302	3,244,009
Charges for services	50,227		150,661	200,888
Interest income	37,035	63,113		100,148
Miscellaneous revenues	154,246	18,400	64,754	237,400
Total Revenues	<u>4,497,927</u>	<u>481,513</u>	<u>4,102,428</u>	<u>9,081,868</u>
EXPENDITURES				
Current:				
General government	2,328,285		28,007	2,356,292
Public safety	1,507,917		283,419	1,791,336
Public works			4,425,903	4,425,903
Health and welfare	195,176		46,225	241,401
Culture and recreation	41,536		14,077	55,613
Conservation of natural resources	32,114			32,114
Economic development and assistance		800,000	204,959	1,004,959
Debt service:				
Principal	2,115,354	102,557	1,613,392	3,831,303
Interest	137,375	19,346	167,225	323,946
Bond issue costs			34,222	34,222
Total Expenditures	<u>6,357,757</u>	<u>921,903</u>	<u>6,817,429</u>	<u>14,097,089</u>
Excess of Revenues over (under) Expenditures	<u>(1,859,830)</u>	<u>(440,390)</u>	<u>(2,715,001)</u>	<u>(5,015,221)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	2,101,480		5,466,849	7,568,329
Proceeds from sale of capital assets		125,000	582,561	707,561
Transfers in		150,000	1,074,041	1,224,041
Transfers out	(473,740)		(750,301)	(1,224,041)
Lease principal payments		156,880		156,880
Total Other Financing Sources and Uses	<u>1,627,740</u>	<u>431,880</u>	<u>6,373,150</u>	<u>8,432,770</u>
Net Changes in Fund Balances	(232,090)	(8,510)	3,658,149	3,417,549
Fund Balances - Beginning	<u>1,896,072</u>	<u>793,518</u>	<u>1,317,581</u>	<u>4,007,171</u>
Fund Balances - Ending	<u>\$ 1,663,982</u>	<u>785,008</u>	<u>4,975,730</u>	<u>7,424,720</u>

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, 2004

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,417,549
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 \$2,557,268 exceeded depreciation of \$608,655 in the current period.	1,948,613
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$155,157 and the proceeds from the sale of \$707,561 in the current period.	(552,404)
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.	3,649
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net 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 proceeds of \$7,568,329 exceeded debt repayments of \$3,831,303.	(3,737,026)
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 increase in compensated absences.	(9,555)
In the statement of activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from change in fund balances by the principal collections on the capital leases.	<u>(156,880)</u>
Change in Net Assets of Governmental Activities	<u>\$ 913,946</u>

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

JASPER COUNTY
Statement of Net Assets - Proprietary Fund
September 30, 2004

Exhibit 5

	Business-type Activities - <u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 14,263
Accounts receivable (net of allowance for uncollectibles of \$160,284)	160,486
Due from other funds	7,144
Total Current Assets	<u>181,893</u>
Noncurrent assets:	
Capital assets, net	149,158
Total Noncurrent Assets	<u>149,158</u>
Total Assets	<u>331,051</u>
LIABILITIES	
Current liabilities:	
Claims payable	9,424
Due to other funds	6,550
Advances from other funds	70,862
Capital debt:	
Capital leases payable	41,988
Total Current Liabilities	<u>128,824</u>
Noncurrent liabilities:	
Capital debt:	
Capital leases payable	55,070
Non-capital debt:	
Compensated absences payable	4,300
Total Noncurrent Liabilities	<u>59,370</u>
NET ASSETS	
Invested in capital assets, net of related debt	52,100
Restricted for public works	90,757
Total Net Assets	<u>\$ 142,857</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, 2004

Exhibit 6

	Business-type Activities - <u>Enterprise Fund</u> Solid Waste <u>Fund</u>
Operating Revenues	
Charges for services	\$ 394,673
Miscellaneous	<u>29,650</u>
Total Operating Revenues	<u>424,323</u>
Operating Expenses	
Personal services	208,564
Contractual services	122,760
Materials and supplies	82,861
Depreciation expense	21,879
Indirect administrative cost	<u>6,550</u>
Total Operating Expenses	<u>442,614</u>
Operating Income (Loss)	<u>(18,291)</u>
Nonoperating Revenues (Expenses)	
Interest income	202
Gain (loss) on sale of capital assets	2,477
Interest expense	(7,271)
Other income (expenses)	<u>986</u>
Net Nonoperating Revenue (Expenses)	<u>(3,606)</u>
Changes in Net Assets	<u>(21,897)</u>
Net Assets - Beginning	104,878
Prior period adjustment	<u>59,876</u>
Net Assets - Beginning, as restated	<u>164,754</u>
Net Assets - Ending	<u>\$ 142,857</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, 2004

Exhibit 7

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 370,173
Other operating cash receipts	29,650
Payments to suppliers	(209,444)
Payments to employees	(206,848)
Net Cash Provided (Used) by Operating Activities	<u>(16,469)</u>
Cash Flows From Noncapital Financing Activities	
Other receipts	986
Net Cash Provided (Used) by Noncapital Financing Activities	<u>986</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of capital assets	27,186
Principal paid on long-term debt	(39,959)
Interest paid on debt	(7,271)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(20,044)</u>
Cash Flows From Investing Activities	
Interest on investments	202
Net Cash Provided (Used) by Investing Activities	<u>202</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,325)
Cash and Cash Equivalents at Beginning of Year	<u>49,588</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,263</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(18,291)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	21,879
Provision for uncollectible accounts	39,917
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(64,260)
(Increase) decrease in due from other funds	(157)
Increase (decrease) in claims payable	(3,823)
Increase (decrease) in compensated absences liability	1,716
Increase (decrease) in due to other funds	(2,066)
Increase (decrease) in advances from other funds	8,616
Total Adjustments	<u>1,822</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (16,469)</u>

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

JASPER COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2004

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 179,336
Due from other funds	12,994
Total Assets	<u>\$ 192,330</u>
LIABILITIES	
Amounts held in custody for others	\$ 10,791
Intergovernmental payables	181,539
Total Liabilities	<u>\$ 192,330</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, 2004

(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
- Jasper County Economic Development District

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities 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, 2004

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 connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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

JASPER COUNTY

Notes to Financial Statements For the Year Ended September 30, 2004

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 is used to account 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 is used to account for the county's activities of disposal of solid waste within the county.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources 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, 2004

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 statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets 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 government-wide financial statements. Also, general infrastructure assets acquired subsequent to October 1, 2002 are not reported on the government-wide financial statements.

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, 2004

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 Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
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 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 Funds 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 Funds 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, construction 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 regulations of other governments; or law through constitutional provisions or enabling legislation.

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

JASPER COUNTY

Notes to Financial Statements For the Year Ended September 30, 2004

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 Funds 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, 2004

(2) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Governmental Activities:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
To reflect changes in accumulated depreciation due to changes in useful lives of certain governmental activities capital assets	\$ 57,841
To recognize revenue deferred in error on capital lease receivable	<u>581,421</u>
Total prior period adjustment	<u>\$ 639,262</u>

Business-type Activities:

Exhibit 2 - Statement of Activities and Exhibit 6 - Statement of Revenues, Expenses, and Changes in Fund Net Assets.

<u>Explanation</u>	<u>Amount</u>
To reflect changes in accumulated depreciation due to changes in useful lives of certain capital assets	\$ <u>59,876</u>
Total prior period adjustment	<u>\$ 59,876</u>

(3) Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2004, was \$7,561,420, and the bank balance was \$7,739,830. 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.

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2004:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid Waste	\$ 6,550
Other Governmental Funds	General	50,587
Solid Waste	General	7,144
Agency Funds	General	<u>12,994</u>
Total		<u>\$ 77,275</u>

The General Fund receivable is the amount of indirect costs due from the Solid Waste Fund. The Solid Waste receivable represents the amount of user fees collected but not settled until October, 2004. All other receivables represent the tax revenue collected but not settled until October, 2004. 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	\$ 70,862
General	Other Governmental Funds	<u>45,011</u>
Total		<u>\$ 115,873</u>

The General Fund receivable from the Solid Waste Fund represents the indirect costs due from 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>
Other Governmental Funds	General Fund	\$ 323,740
Other Governmental Funds	Other Governmental Funds	750,301
Economic Development Fund	General Fund	<u>150,000</u>
Total		<u>\$ 1,224,041</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.

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2004, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ <u><u>83,013</u></u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2004, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
McNeil Cabinet Company, Inc.	06-03	3.85%	06-13	\$ 268,496
Hol-Mac Corporation	05-00	6.00%	05-10	<u>220,759</u>
Total				\$ <u><u>489,255</u></u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2004:

Governmental activities:

	<u>Balance Oct. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments *</u>	<u>Balance Sept. 30, 2004</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 504,591				504,591
Total non-depreciable capital assets	<u>504,591</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>504,591</u>
<u>Depreciable capital assets:</u>					
Buildings	5,454,972	800,000	94,000	(800,000)	5,360,972
Improvements other than buildings	38,167				38,167
Mobile equipment	1,620,583	276,517	357,724		1,539,376
Furniture and equipment	517,388	31,015			548,403
Leased property under capital leases	<u>2,438,630</u>	<u>1,449,736</u>	<u>768,380</u>		<u>3,119,986</u>
Total depreciable capital assets	<u>10,069,740</u>	<u>2,557,268</u>	<u>1,220,104</u>	<u>(800,000)</u>	<u>10,606,904</u>

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

	Balance Oct. 1, 2003	Additions	Deletions	Adjustments *	Balance Sept. 30, 2004
<u>Less accumulated depreciation for:</u>					
Buildings	1,199,129	104,538	1,880		1,301,787
Improvements other than buildings	22,905	1,527			24,432
Mobile equipment	1,107,724	173,026	320,816	13,917	973,851
Furniture and equipment	349,053	39,820			388,873
Leased property under capital leases	809,502	289,744	345,004	(71,758)	682,484
Total accumulated depreciation	<u>3,488,313</u>	<u>608,655</u>	<u>667,700</u>	<u>(57,841)</u>	<u>3,371,427</u>
Total depreciable capital assets, net	<u>6,581,427</u>	<u>1,948,613</u>	<u>552,404</u>	<u>(742,159)</u>	<u>7,235,477</u>
Governmental activities capital assets, net	\$ <u>7,086,018</u>	<u>1,948,613</u>	<u>552,404</u>	<u>(742,159)</u>	<u>7,740,068</u>
Business-type activities:					
	Balance Oct. 1, 2003	Additions	Deletions	Adjustments *	Balance Sept. 30, 2004
<u>Depreciable capital assets:</u>					
Mobile equipment	\$ 38,893				38,893
Leased property under capital leases	263,385		60,085		203,300
Total depreciable capital assets	<u>302,278</u>	<u>0</u>	<u>60,085</u>	<u>0</u>	<u>242,193</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	29,981	3,582			33,563
Leased property under capital leases	136,427	18,297	35,376	(59,876)	59,472
Total accumulated depreciation	<u>166,408</u>	<u>21,879</u>	<u>35,376</u>	<u>(59,876)</u>	<u>93,035</u>
Total depreciable capital assets, net	<u>135,870</u>	<u>(21,879)</u>	<u>24,709</u>	<u>59,876</u>	<u>149,158</u>
Business-type activities capital assets, net	\$ <u>135,870</u>	<u>(21,879)</u>	<u>24,709</u>	<u>59,876</u>	<u>149,158</u>

* The \$800,000 adjustment to buildings reflects the sale of a building through a capital lease agreement. The remaining adjustments are to reflect changes made by the county in years of depreciation on heavy equipment.

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 65,997
Public safety	136,441
Public works	396,501
Health	1,318
Culture and recreation	<u>8,398</u>
Total governmental activities depreciation expense	<u>\$ 608,655</u>
Business-type Activities:	
Solid waste	<u>\$ 21,879</u>

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for law enforcement, fire fighters and road construction personnel and \$400,000 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, 2004, to January 1, 2005. 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, 2004:

<u>Class of Property</u>	<u>Amount</u>
Buildings	<u>\$ 1,970,026</u>

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2004, are as follows:

Year Ended September 30	Principal	Interest
2005	\$ 126,702	33,183
2006	116,174	29,296
2007	120,150	24,598
2008	118,936	19,582
2009	65,451	15,350
2010-2014	414,646	57,608
2015-2019	262,482	12,683
Total	\$ 1,224,541	192,300

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2004:

Classes of Property	Governmental Activities	Business-type Activities
Mobile equipment	\$ 3,061,616	203,300
Other furniture and equipment	58,370	
Total	3,119,986	203,300
Less: Accumulated depreciation	682,484	59,472
Leased Property Under Capital Leases	\$ 2,437,502	143,828

The following is a schedule by years of the total payments due as of September 30, 2004:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 755,600	143,880	41,988	3,815
2006	642,067	116,524	41,119	1,713
2007	893,484	89,892	13,951	180
2008	351,675	65,540		
2009	351,536	53,910		
2010 - 2014	986,420	143,219		
2015 - 2019	227,000	4,324		
Total	\$ 4,207,782	617,289	97,058	5,708

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

(10) Long-term Debt.

Debt outstanding as of September 30, 2004, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Fire equipment bonds - 1997	\$ 160,000	4.80/4.90%	02/01/07
District 3 road and bridge bonds - 2002	915,000	3.40/4.375%	06/01/12
District 1 road and bridge bonds - 2004	750,000	2.80/4.00%	06/01/14
District 2 road and bridge bonds - 2004	750,000	2.80/4.00%	06/01/14
District 4 road and bridge bonds - 2004	600,000	2.80/4.00%	06/01/14
District 5 road and bridge bonds - 2004	500,000	2.80/4.00%	06/01/14
Countywide road and bridge bonds - 2004	<u>1,325,000</u>	2.80/4.00%	06/01/14
Total General Obligation Bonds	<u>\$ 5,000,000</u>		
B. Capital Leases:			
GMC truck & Ferrara fire apparatus	\$ 52,203	5.85%	01/11/11
Oracle workgroup server	39,042	4.20%	12/31/07
Countywide Caterpillar trackhoe	65,359	4.20%	11/28/04
(6) - 2004 Crown Victorias	97,681	3.70%	12/02/07
2004 Ford Expedition	18,876	3.70%	12/02/07
Countywide force feed loader	116,163	3.30%	05/24/09
District 1 New Holland tractor and Tiger mower	7,703	5.83%	05/10/05
District 1 Caterpillar motor grader 140H	41,995	5.80%	12/13/05
District 1 2004 Dodge Ram 1500 pickup	16,697	3.30%	04/28/08
District 1 Caterpillar motor grader	149,635	3.00%	06/11/07
District 1 RB48 broom	12,416	3.805%	08/17/07
District 1 (2) 2001 Mack trucks	75,230	3.70%	10/22/08
District 1 2004 Caterpillar tractor	56,399	3.80%	08/17/09
District 2 (2) New Holland tractors	7,837	5.90%	06/11/05
District 2 Caterpillar motor grader 140H	42,004	5.80%	12/13/05
District 2 New Holland tractor and Tiger mower	25,733	4.35%	10/06/06
District 2 Caterpillar tractor model D4H	37,401	4.45%	06/27/07
District 2 2002 Caterpillar backhoe loader	47,838	4.45%	09/29/07
District 2 2003 Mack truck	54,252	4.20%	11/09/07
District 2 2003 Mack truck	54,252	4.20%	11/09/07
District 2 2003 Mack truck	54,123	4.20%	11/09/07
District 2 2004 Dodge Ram 1500 pickup	18,484	3.30%	03/29/08
District 2 2004 Caterpillar tractor	112,796	3.80%	08/17/09
District 3 New Holland tractor	3,922	5.90%	06/11/05
District 3 Caterpillar backhoe loader	27,205	5.15%	07/22/06
District 3 New Holland tractor	5,598	4.20%	10/06/05
District 3 2002 Ford F750 dump truck	16,158	4.35%	10/16/06
District 3 2002 Ford F150 truck	7,831	4.35%	12/03/05

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
District 3 2003 Mack truck	54,123	4.20%	11/09/07
District 3 2003 Mack truck	54,342	4.20%	11/09/07
District 3 (2) ST10 Stingray bushhogs	11,180	3.70%	10/22/06
District 3 Caterpillar motor grader	149,635	3.00%	06/11/07
District 3 2004 GMC pickup	22,640	3.80%	08/10/08
District 4 Ford F250 truck	2,056	5.90%	12/03/04
District 4 New Holland tractor	4,026	5.25%	06/11/05
District 4 Caterpillar backhoe	56,934	4.50%	06/08/06
District 4 New Holland tractor	17,792	3.70%	10/22/07
District 4 2004 Mack truck	75,708	3.30%	02/06/09
District 4 2004 Mack truck	75,708	3.30%	02/02/09
District 4 Caterpillar motor grader	150,967	3.00%	07/09/09
District 5 2000 International truck	6,392	5.70%	02/06/05
District 5 New Holland tractor and mower	7,703	5.83%	05/10/05
District 5 Caterpillar backhoe loader	27,232	5.15%	07/22/06
District 5 2004 Ford F150 pickup	18,009	3.70%	01/05/08
District 5 Case tractor	17,104	3.70%	01/05/08
District 5 Caterpillar motor grader	156,033	3.00%	06/11/07
District 5 Caterpillar backhoe loader	52,616	3.80%	07/22/08
District 5 John Deere 6403 tractor	22,749	3.70%	11/14/07
Jail construction	<u>1,960,000</u>	3.81%	11/01/14
Total Capital Leases	<u>\$ 4,207,782</u>		
C. Other Loans:			
Loan for MCA of Meridian	\$ 21,625	3.00%	10/15/04
Loan for Hol Mac	398,346	4.00%	02/01/09
Loan for Hol Mac	10,135	4.00%	04/01/09
Beat 4 office/shop	127,000	2.50%	03/15/09
Beat 5 community building	<u>32,213</u>	5.00%	09/17/06
Total Other Loans	<u>\$ 589,319</u>		
Business-type Activities:			
Capital Leases:			
Garbage truck and trailer	\$ 19,215	5.25%	06/11/06
Garbage truck	37,419	4.75%	01/28/07
2002 Sterling truck	<u>40,424</u>	4.75%	03/01/07
Total Capital Leases	<u>\$ 97,058</u>		

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 470,000	178,670	146,553	18,618
2006	500,000	162,815	129,784	13,060
2007	520,000	146,488	117,510	8,822
2008	475,000	130,770	121,894	4,414
2009	505,000	115,020	73,578	420
2010 - 2014	<u>2,530,000</u>	<u>287,590</u>		
Total	<u>\$ 5,000,000</u>	<u>1,021,353</u>	<u>589,319</u>	<u>45,334</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, 2004, the amount of outstanding debt was equal to 3.88% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2004:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2003</u>				<u>Sept. 30, 2004</u>	<u>within one</u>
						<u>year</u>
Governmental Activities:						
Compensated absences	\$ 45,246	9,555			54,801	
General obligation bonds	1,755,000	3,925,000	680,000		5,000,000	470,000
Capital leases	1,670,239	3,516,329	978,786		4,207,782	755,600
Other loans	<u>2,634,836</u>	<u>127,000</u>	<u>2,172,517</u>		<u>589,319</u>	<u>146,553</u>
Total	<u>\$ 6,105,321</u>	<u>7,577,884</u>	<u>3,831,303</u>	<u>0</u>	<u>9,851,902</u>	<u>1,372,153</u>
Business-type Activities:						
Compensated absences	\$ 2,584	1,716			4,300	
Capital leases	<u>137,017</u>		<u>39,959</u>		<u>97,058</u>	<u>41,988</u>
Total	<u>\$ 139,601</u>	<u>1,716</u>	<u>39,959</u>	<u>0</u>	<u>101,358</u>	<u>41,988</u>

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

(11) 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.

(12) 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, 2004</u>
Industrial revenue bonds	\$ <u><u>720,000</u></u>

(13) 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.

(14) 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.

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

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 2004.

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 \$219,354 for maintenance and support of the college in fiscal year 2004.

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.

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 \$35,085 for support of the commission in fiscal year 2004.

(15) 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, 2004, 2003 and 2002 were \$251,299, \$231,197 and \$229,775, respectively, equal to the required contributions for each year.

(16) Subsequent Events.

Subsequent to September 30, 2004, 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>
01/25/05	3.95%	\$ 110,520	Lease purchase	Ad valorem tax
02/15/05	3.80%	176,837	Lease purchase	Ad valorem tax
04/18/05	3.10/3.70%	1,550,000	General obligation bonds	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax

JASPER COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2004

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	86,986	Lease purchase	Ad valorem tax
06/15/05	4.38%	123,990	Lease purchase	Ad valorem tax
06/15/05	4.38%	84,391	Lease purchase	Ad valorem tax
06/15/05	4.38%	84,391	Lease purchase	Ad valorem tax

JASPER COUNTY

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JASPER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JASPER COUNTY

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JASPER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,697,998	2,683,282	2,683,282	
Licenses, commissions and other revenue	128,055	133,723	133,723	
Fines and forfeitures	257,133	272,300	272,300	
Intergovernmental revenues	462,200	1,233,156	1,233,156	
Charges for services	80,000	50,227	50,227	
Interest income	47,050	37,015	37,015	
Miscellaneous revenues	128,019	182,100	182,100	
Total Revenues	<u>3,800,455</u>	<u>4,591,803</u>	<u>4,591,803</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,679,424	2,364,067	2,364,067	
Public safety	1,278,150	1,308,218	1,308,218	
Health and welfare	316,572	210,830	210,830	
Culture and recreation	46,717	31,097	31,097	
Conservation of natural resources	35,508	31,892	31,892	
Debt service:				
Principal	315,031	2,120,294	2,120,294	
Interest		132,435	132,435	
Total Expenditures	<u>4,671,402</u>	<u>6,198,833</u>	<u>6,198,833</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(870,947)</u>	<u>(1,607,030)</u>	<u>(1,607,030)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		1,960,000	1,960,000	
Transfers in		8,190	8,190	
Transfers out		(522,939)	(522,939)	
Other financing sources	343,109			
Total Other Financing Sources and Uses	<u>343,109</u>	<u>1,445,251</u>	<u>1,445,251</u>	<u>0</u>
Net Change in Fund Balance	(527,838)	(161,779)	(161,779)	0
Fund Balances - Beginning	<u>1,755,866</u>	<u>1,755,866</u>	<u>1,755,866</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,228,028</u>	<u>1,594,087</u>	<u>1,594,087</u>	<u>0</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, 2004

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 35,520	58,568	58,568	
Miscellaneous revenues		18,400	18,400	
Total Revenues	<u>35,520</u>	<u>76,968</u>	<u>76,968</u>	<u>0</u>
EXPENDITURES				
Current:				
Debt service:				
Principal		102,720	102,720	
Interest		19,183	19,183	
Total Expenditures	<u>0</u>	<u>121,903</u>	<u>121,903</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>35,520</u>	<u>(44,935)</u>	<u>(44,935)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	176,539	125,000	125,000	
Transfers in		150,000	150,000	
Transfers out		(174,750)	(174,750)	
Total Other Financing Sources and Uses	<u>176,539</u>	<u>100,250</u>	<u>100,250</u>	<u>0</u>
Net Change in Fund Balance	212,059	55,315	55,315	
Fund Balances - Beginning	<u>59,843</u>	<u>240,438</u>	<u>240,438</u>	
Fund Balances - Ending	<u>\$ 271,902</u>	<u>295,753</u>	<u>295,753</u>	<u>0</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, 2004

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 the major Special Revenue Fund:

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Economic Development</u>
Budget (Cash Basis)	\$ (161,779)	55,315
Increase (Decrease)		
Net adjustments for revenue accruals	39,414	
Net adjustments for expenditure accruals	<u>(109,725)</u>	<u>(63,825)</u>
GAAP Basis	<u>\$ (232,090)</u>	<u>(8,510)</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 INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, 2004, which collectively comprise the county's basic primary government financial statements and have issued our report thereon dated August 25, 2005. 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, and the report is qualified on the governmental activities because the county did not record certain general infrastructure assets and related depreciation in the government wide financial statements as required by accounting principles generally accepted in the United States of America. 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 Jasper County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the primary government financial statements and not to provide an opinion 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 initiate, 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 04-1.

A material weakness is a reportable 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 caused by error or fraud 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 consider the reportable condition described above to be a material weakness.

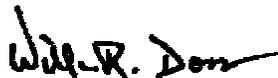
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County, Mississippi's primary government 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 04-1. We also noted certain instances of noncompliance which we have reported to the management of Jasper County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules, dated August 25, 2005, included within this document.

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



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

August 25, 2005



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, 2004. 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.

The county did not maintain adequate subsidiary records documenting the infrastructure in capital assets.

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 a certain 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:

Inventory Control Clerk.

Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. Infrastructure constructed during the current fiscal year was not added to the capital asset inventory. The listing for leased property under capital leases is not complete.

Recommendation

The Inventory Control Clerk should maintain accurate inventory records documenting the existence, completeness and valuation of capital assets including current infrastructure and leased property under capital leases. Documentation of the infrastructure assets should be obtained from the County Engineer.

Inventory Control Clerk's Response

Infrastructure information will be collected and entered on the inventory and capital leases will be entered correctly.

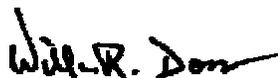
In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Jasper County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

August 25, 2005

JASPER COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2004

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, 2004

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, 2004

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
09/10/04	Computer software	\$ 31,750	Delta Computer Systems, Inc.

JASPER COUNTY

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JASPER COUNTY

SCHEDULE OF FINDINGS

JASPER COUNTY

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JASPER COUNTY

Schedule of Findings
For the Year Ended September 30, 2004

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | |
| | Governmental activities | Qualified |
| | Business-type activities | Unqualified |
| | General Fund | Unqualified |
| | Economic Development Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. Reportable condition identified that is not considered to be a material weakness? | No |
| 3. | Noncompliance material to the primary government financial statements? | Yes |

Section 2: Financial Statement Finding

Inventory Control Clerk.

04-1. Finding

We noted deficiencies in the policies and procedures of the internal control structure of capital assets. Infrastructure constructed during the current fiscal year was not added to the capital asset inventory. The listing for leased property under capital leases is not complete.

Recommendation

The Inventory Control Clerk should maintain accurate inventory records documenting the existence, completeness and valuation of capital assets including current infrastructure and leased property under capital leases. Documentation of the infrastructure assets should be obtained from the County Engineer.

Inventory Control Clerk's Response

Infrastructure information will be collected and entered on the inventory and capital leases will be entered correctly.