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TOWN OF PLANTERSVILLE, MISSISSIPPI

**PRIMARY GOVERNMENT
FINANCIAL STATEMENTS**

September 30, 2003

M. M. WINKLER & ASSOCIATES
Certified Public Accountants
Tupelo, Mississippi

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INDEPENDENT AUDITORS' REPORT ON THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Mayor and Board of Aldermen
Town of Plantersville, Mississippi

We have audited the accompanying primary government financial statements of the Town of Plantersville, Mississippi, as of and for the year ended September 30, 2003, as listed in the table of contents. These primary government financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these primary government 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 opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government of the Town of Plantersville, Mississippi, as of September 30, 2003, and the results of its operations and cash flows of its Proprietary Fund Type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include the financial data of the component unit of the Town of Plantersville, Mississippi, do not purport to, and do not, present fairly the financial position of the Town of Plantersville, Mississippi, at September 30, 2003, and the results of its operations and cash flows of its Proprietary Fund Type 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 a report dated August 3, 2005, on our consideration of the Town of Plantersville, 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.

**INDEPENDENT AUDITORS' REPORT
ON THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

- Continued -

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of the Town of Plantersville, Mississippi, taken as a whole. The accompanying individual funds, account group and various other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the primary government financial statements of the Town of Plantersville, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.

M. M. Winkler & Associates

August 3, 2005

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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TOWN OF PLANTERSVILLE, MISSISSIPPI
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
September 30, 2003

	GOVERNMENT <u>FUND TYPE</u>	PROPRIETARY <u>FUND TYPE</u>	FIDUCIARY <u>FUND TYPE</u>	ACCOUNT <u>GROUP</u>	
	General Fund	Enterprise Fund Combined Water & Sewer	Agency Fund	General Fixed Assets	TOTALS (Memorandum Only)
ASSETS					
Cash and Other Deposits	\$ 68,657	\$ 40,404	\$ 14,564	\$ -0-	\$ 123,625
Cash and Other Deposits - Restricted	-0-	150,191	-0-	-0-	150,191
Receivables:					
Accounts Receivable	-0-	18,657	-0-	-0-	18,657
Intergovernmental	4,034	-0-	-0-	-0-	4,034
Other	4,783	-0-	-0-	-0-	4,783
Prepaid Debt Service	-0-	2,350			2,350
Due from Other Funds	14,893	2,672	-0-	-0-	17,565
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	-0-	1,747,765	-0-	743,716	2,491,481
Total Assets	<u>\$ 92,367</u>	<u>\$ 1,962,039</u>	<u>\$ 14,564</u>	<u>\$ 743,716</u>	<u>\$ 2,812,686</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 10,450	\$ 29,812	\$ -0-	\$ -0-	\$ 40,262
Accrued Interest	-0-	514	-0-	-0-	514
Other Liabilities	383	-0-	-0-	-0-	383
Deferred Revenues	9,276	-0-	-0-	-0-	9,276
Due to Other Funds	-0-	3,001	14,564	-0-	17,565
Revenue Bonds Payable	-0-	165,441	-0-	-0-	165,441
Notes Payable	-0-	197,017	-0-	-0-	197,017
Meter Deposits	-0-	38,155	-0-	-0-	38,155
Total Liabilities	<u>\$ 20,109</u>	<u>\$ 433,940</u>	<u>\$ 14,564</u>	<u>\$ -0-</u>	<u>\$ 468,613</u>

- Continued -

**TOWN OF PLANTERSVILLE, MISSISSIPPI
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP**

- Continued -

	<u>GOVERNMENT</u> <u>FUND TYPE</u>	<u>PROPRIETARY</u> <u>FUND TYPE</u>	<u>FIDUCIARY</u> <u>FUND TYPE</u>	<u>ACCOUNT</u> <u>GROUP</u>	TOTALS (Memorandum Only)
	General Fund	Enterprise Fund Combined Water & Sewer	Agency Fund	General Fixed Assets	
FUND EQUITY					
Investment in General Fixed Assets	\$ -0-	\$ -0-	\$ -0-	\$ 743,716	\$ 743,716
Contributed Capital	-0-	1,311,940	-0-	-0-	1,311,940
Retained Earnings					
Reserved for Debt Service	-0-	150,184	-0-	-0-	150,184
Unreserved	-0-	65,975	-0-	-0-	65,975
Fund Balance					
Unreserved	<u>72,258</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>72,258</u>
Total Fund Equity	\$ <u>72,258</u>	\$ <u>1,528,099</u>	\$ <u>-0-</u>	\$ <u>743,716</u>	\$ <u>2,344,073</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 92,367</u>	<u>\$ 1,962,039</u>	<u>\$ 14,564</u>	<u>\$ 743,716</u>	<u>\$ 2,812,686</u>

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

**TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE**

For the Year Ended September 30, 2003

	GOVERNMENTAL FUND TYPE	TOTAL (Memorandum Only)
	General Fund	
REVENUES		
Taxes	\$ 122,021	\$ 122,021
Fines	25,840	25,840
Intergovernmental:		
State Shared Revenue	8,859	8,859
Local Shared Revenue	12,968	12,968
Federal Grants	45,440	45,440
Licenses and Permits	2,692	2,692
Miscellaneous	962	962
Interest Earned	<u>139</u>	<u>139</u>
Total Revenues	\$ <u>218,921</u>	\$ <u>218,921</u>
EXPENDITURES		
General Government	\$ 65,318	\$ 65,318
Public Safety:		
Police	113,818	113,818
Fire	18,952	18,952
Public Works	8,804	8,804
Culture and Recreation	<u>630</u>	<u>630</u>
Total Expenditures	\$ <u>207,522</u>	\$ <u>207,522</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <u>11,399</u>	\$ <u>11,399</u>
OTHER FINANCING SOURCES (USES)		
Transfers Out to Other Funds	\$ (<u>27,124</u>)	\$ (<u>27,124</u>)
Total Other Financing Sources (Uses)	\$ (<u>27,124</u>)	\$ (<u>27,124</u>)

- Continued -

**TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE**

- Continued -

	GOVERNMENTAL FUND TYPE	TOTAL (Memorandum Only)
	General Fund	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (15,725)	\$ (15,725)
FUND BALANCE - Beginning of Year	\$ 87,983	\$ 87,983
FUND BALANCE - End of Year	\$ 72,258	\$ 72,258

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

**TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) -
GOVERNMENTAL FUND TYPE**

For the Year Ended September 30, 2003

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Real Estate and Personal			
Property Taxes	\$ 39,400	\$ 41,355	\$ 1,955
Automobiles	10,000	13,527	3,527
Lieu Tax	17,000	19,948	2,948
TVA - Lieu Taxes	9,000	6,969	(2,031)
Special Exemption	1,000	1,183	183
Trailers	1,000	829	(171)
Public Utilities	1,700	1,514	(186)
Privilege Licenses	1,400	2,137	737
Permits	400	555	155
Sales Tax	35,000	39,686	4,686
Intergovernmental:			
Federal Grants:			
COPS Grant	27,000	22,877	(4,123)
School Grant	15,356	29,639	14,283
State Shared Revenues:			
Other	-0-	5,888	5,888
Fire Rebate	4,736	5,171	435
Grants From Local Units:			
Fire Rebate	7,134	7,849	715
School Resource Officer	5,119	5,119	-0-
Fines (Net)	38,000	25,840	(12,160)
Interest Earned	400	139	(261)
Miscellaneous	7,000	1,047	(5,953)
TOTAL REVENUES	\$ <u>220,645</u>	\$ <u>231,272</u>	\$ <u>10,627</u>
EXPENDITURES			
General Government:			
Executive and Legislative			
Personal Services:			
Salaries	\$ 6,885	\$ 6,540	\$ 345
Employee Benefits	826	780	46
Total Executive & Legislative	\$ <u>7,711</u>	\$ <u>7,320</u>	\$ <u>391</u>

- Continued -

TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) -
GOVERNMENTAL FUND TYPE

- Continued -

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES			
General Government: - Continued			
Judicial:			
Personal Services:			
Salaries	\$ 5,074	\$ 5,074	\$ -0-
Employee Benefits	883	883	-0-
Total Judicial	\$ <u>5,957</u>	\$ <u>5,957</u>	\$ <u>-0-</u>
Administrative:			
Personal Services:			
Salaries	\$ 13,500	\$ 15,257	\$ (1,757)
Employee Benefits	2,035	2,123	(88)
Insurance	600	724	(124)
Total	\$ <u>16,135</u>	\$ <u>18,104</u>	\$ (<u>1,969</u>)
Supplies	\$ <u>1,500</u>	\$ <u>1,131</u>	\$ <u>369</u>
Other Services and Charges:			
Repairs	\$ 600	\$ 628	\$ (28)
Accounting	6,500	5,585	915
Legal	100	-0-	100
Telephone	1,300	1,159	141
Travel / Seminars	2,000	1,595	405
Advertising	450	627	(177)
Insurance and Bonds	4,335	4,233	102
Utilities	1,425	1,650	(225)
Dues and Subscriptions	2,300	4,442	(2,142)
Miscellaneous	5,680	4,884	796
Janitor	360	-0-	360
Postage	400	400	-0-
Special Election	818	1,118	(300)
Total	\$ <u>26,268</u>	\$ <u>26,321</u>	\$ (<u>53</u>)
Capital Outlay	\$ <u>2,000</u>	\$ <u>1,757</u>	\$ <u>243</u>
Total Administrative	\$ <u>45,903</u>	\$ <u>47,313</u>	\$ (<u>1,410</u>)

- Continued -

TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) -
GOVERNMENTAL FUND TYPE

- Continued -

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES			
General Government: - Continued			
Legal:			
Personal Services:			
Salaries	\$ 3,600	\$ 3,600	\$ -0-
Employee Benefits	626	626	-0-
Total	<u>\$ 4,226</u>	<u>\$ 4,226</u>	<u>\$ -0-</u>
Total General Government	<u>\$ 63,797</u>	<u>\$ 64,816</u>	<u>\$ (1,019)</u>
Public Safety:			
Police Department:			
Personal Services:			
Salaries	\$ 89,587	\$ 65,998	\$ 23,589
Employee Benefits	11,378	10,243	1,135
Total	<u>\$ 100,965</u>	<u>\$ 76,241</u>	<u>\$ 24,724</u>
Supplies:			
Uniforms/Supplies	\$ 2,500	\$ 2,793	\$ (293)
Vehicle Fuel and Maintenance	13,000	13,092	(92)
Total	<u>\$ 15,500</u>	<u>\$ 15,885</u>	<u>\$ (385)</u>
Other Services and Charges:			
Telephone	\$ 916	\$ 864	\$ 52
Utilities	800	928	(128)
Travel / Seminars	1,000	503	497
Dues / Subscriptions	150	-0-	150
Inmate Housing	8,500	8,275	225
Postage	75	-0-	75
Insurance	9,000	8,672	328
Miscellaneous	4,700	-0-	4,700
Total	<u>\$ 25,141</u>	<u>\$ 19,242</u>	<u>\$ 5,899</u>
Capital Outlay	<u>\$ 3,000</u>	<u>\$ 1,668</u>	<u>\$ 1,332</u>
Total Police Department	<u>\$ 144,606</u>	<u>\$ 113,036</u>	<u>\$ 31,570</u>

- Continued -

TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) -
GOVERNMENTAL FUND TYPE

- Continued -

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES			
Public Safety: - Continued			
Fire Department:			
Supplies:			
Supplies	\$ 1,406	\$ 2,466	\$ (1,060)
Vehicle Fuel and Maintenance	<u>1,850</u>	<u>1,479</u>	<u>371</u>
Total	<u>\$ 3,256</u>	<u>\$ 3,945</u>	<u>\$ (689)</u>
Other Services and Charges:			
Insurance	\$ 8,734	\$ 8,358	\$ 376
Repairs and Maintenance	700	-0-	700
Telephone	859	604	255
Utilities	2,175	2,032	143
Travel / Seminars	50	-0-	50
Fire / EMR Runs	1,650	1,275	375
Miscellaneous	<u>1,000</u>	<u>625</u>	<u>375</u>
Total	<u>\$ 15,168</u>	<u>\$ 12,894</u>	<u>\$ 2,274</u>
Capital Outlay	<u>\$ 2,510</u>	<u>\$ 2,112</u>	<u>\$ 398</u>
Total Fire Department	<u>\$ 20,934</u>	<u>\$ 18,951</u>	<u>\$ 1,983</u>
Total Public Safety	<u>\$ 165,540</u>	<u>\$ 131,987</u>	<u>\$ 33,553</u>
Public Works - Street			
Supplies/Street Signs	\$ 700	\$ 711	\$ (11)
Other Services and Charges:			
Utilities	<u>9,300</u>	<u>8,093</u>	<u>1,207</u>
Total Public Works - Street	<u>\$ 10,000</u>	<u>\$ 8,804</u>	<u>\$ 1,196</u>
Culture and Recreation - Park			
Supplies	\$ 438	\$ 298	\$ 140
Other Services and Charges:			
Miscellaneous	<u>50</u>	<u>332</u>	<u>(282)</u>
Total Culture & Recreation - Park	<u>\$ 488</u>	<u>\$ 630</u>	<u>\$ (142)</u>
TOTAL EXPENDITURES	<u>\$ 239,825</u>	<u>\$ 206,237</u>	<u>\$ 33,588</u>

- Continued -

TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) -
GOVERNMENTAL FUND TYPE

- Continued -

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (<u>19,180</u>)	\$ <u>25,035</u>	\$ <u>44,215</u>
OTHER FINANCING SOURCES (USES)			
Other	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (<u>19,180</u>)	\$ <u>25,035</u>	\$ <u>44,215</u>
FUND BALANCES - Beginning of Year	<u>19,180</u>	<u>48,719</u>	<u>29,539</u>
FUND BALANCES - End of Year	\$ <u><u>-0-</u></u>	\$ <u><u>73,754</u></u>	\$ <u><u>73,754</u></u>

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

**TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE**

For the Year Ended September 30, 2003

		<u>ENTERPRISE FUND COMBINED WATER & SEWER FUND</u>
 OPERATING REVENUE		
Charges for Services and Other	\$	<u>191,958</u>
 OPERATING EXPENSES		
Salaries	\$	64,631
Employee Benefits		14,505
Accounting and Audit		6,480
Insurance		8,412
Office Supplies and Other		2,848
Postage		1,657
Repairs and Maintenance		57,697
Sales Tax		1,365
Supplies		5,135
Telemeter		3,589
Travel		1,663
Utilities		14,937
Depreciation		<u>77,403</u>
 TOTAL OPERATING EXPENSES	 \$	 <u>260,322</u>
 OPERATING INCOME (LOSS)	 \$ (<u>68,364</u>)
 NON-OPERATING REVENUE (EXPENSE)		
Transfers from Other Funds	\$	27,124
Interest Revenue		4,475
Interest Expense and Fees		(<u>18,446</u>)
 Total Non-Operating Revenue (Expense)	 \$	 <u>13,153</u>

- Continued -

**TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE**

- Continued -

	<u>ENTERPRISE FUND COMBINED WATER & SEWER FUND</u>
NET INCOME (LOSS)	\$ (<u>55,211</u>)
RETAINED EARNINGS - Beginning of Year	\$ <u>271,370</u>
RETAINED EARNINGS - End of Year	\$ <u><u>216,159</u></u>

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

**TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE**

For the Year Ended September 30, 2003

	<u>ENTERPRISE FUND</u>
	<u>COMBINED WATER & SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (<u>68,364</u>)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	\$ 77,403
(Increase) Decrease in Assets:	
Accounts Receivable	2,140
Increase (Decrease) in Liabilities:	
Accounts Payable	24,629
Customer Deposits	<u>3,084</u>
Total Adjustments	\$ <u>107,256</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>38,892</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from Other Funds	\$ 27,124
Repayment Received from Loans to Other Funds	1,353
Repayment of Loans from Other Funds	(<u>1,646</u>)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ <u>26,831</u>

- Continued -

**TOWN OF PLANTERSVILLE, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE**

- Continued -

	<u>ENTERPRISE FUND COMBINED WATER & SEWER FUND</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Capital Grants	\$ 148,776
Acquisition of Property, Plant and Equipment	(168,517)
Principal Paid on Bonds and Notes Payable	(24,155)
Interest Paid on Bonds and Notes Payable	(<u>27,335</u>)
 Net Cash Provided (Used) by Capital and Related Financing Activities	 \$ (<u>71,231</u>)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest	\$ <u>4,475</u>
 Net Cash Provided (Used) by Investing Activities	 \$ <u>4,475</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 \$ (1,033)
 CASH AND CASH EQUIVALENTS - October 1, 2002	 <u>191,628</u>
 CASH AND CASH EQUIVALENTS - September 30, 2003	 \$ <u><u>190,595</u></u>

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

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TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS
For the Year Ended September 30, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Plantersville, Mississippi (Town) operates under the Home-Rule authority granted by the 1985 Mississippi Legislature. A mayor-board of aldermen form of government is used and the Town provides the following services: public safety (police and fire), street maintenance, water and sewer services and general administrative services.

The Town provides water and sewer services to customers located within the city limits of the Town of Plantersville, Mississippi as well as providing water services to a limited number of customers outside the city limits. Credit is extended to all of these customers for those services.

A. FINANCIAL REPORTING ENTITY

Accounting principles generally accepted in the United States of America require the Town to present these financial statements on the primary government and its component units, entities for which the Town is considered to be financially accountable. The Plantersville Park Commission (a component of the Town) is not included in this report because financial statements for the Commission have not been prepared. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

B. FINANCIAL REPORTING

The accompanying financial statements of the primary government have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). However, the primary government financial statements, because they do not include the financial data of the Town's component unit, do not present fairly, in all material respects, the financial position and results of operations and cash flows of its Proprietary Fund Type for the entire reporting entity.

The Town's reporting entity applies all relevant GASB pronouncements. The proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Total (Memorandum Only) column in these statements is presented for overview information purposes and is not meant to present fairly the financial position and results of operations or consolidated financial information for the Town as a whole in conformity with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. 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 1994 by the Government Finance Officers Association and the *Municipal Audit and Accounting Guide* issued in 2003 by the Office of the State Auditor.

D. FUND ACCOUNTING

The Town records its transactions in the funds and account group described below, each of which is considered a separate accounting entity. The operations of each fund or account group are accounted for in a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, expenditures or expenses, and transfers. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad fund categories as follows:

GOVERNMENTAL FUND TYPES

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

PROPRIETARY FUND TYPE

Enterprise Fund - The Enterprise Fund is used to account for an operation (a) that is financed and operated in a manner similar to a private business enterprise, where the intent of the Town is that the costs and expenses of providing water and sewer services to the general public on a continuing basis be financed or covered primarily through user charges; or (b) when the Town has decided that periodic determination of revenues earned, expenses incurred and / or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

FIDUCIARY FUND TYPE

Agency Fund - The agency fund is used to account for assets held as an agent for other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

ACCOUNT GROUP

General Fixed Assets Account Group - The costs incurred for the purchase or construction of general fixed assets are recorded as capital outlay expenditures in the governmental funds. The fixed assets are accounted for in the General Fixed Assets Account Group rather than in the governmental funds. Fixed assets are valued at cost or estimates of amounts spent for these purposes. Donated fixed assets are valued at the fair market value or estimates of the fair market value on the date of donation.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. FUND ACCOUNTING - Continued

ACCOUNT GROUP - Continued

Infrastructure fixed assets, such as roads, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets are not capitalized, as these assets are immovables and of value only to the Town. No depreciation has been provided on the general fixed assets.

The account group is not a fund. The concern is only with the measurement of financial position and not the measurement of results of operations.

E. PROPERTY AND EQUIPMENT

Property and Equipment are capitalized in the Proprietary Fund used to acquire or construct them. All purchased property and equipment are valued at cost when historical records are available and at estimated cost when historical records do not exist. Donated property and equipment is valued at estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the property and equipment or materially extend property and equipment lives are not capitalized. Improvements are capitalized and, if applicable, are depreciated.

Depreciation has been provided over the useful lives of the assets using the straight-line method of depreciation.

The estimated useful lives are as follows:

Water System	10 - 40 Years
Sewer System	10 - 40 Years

Interest incurred during the construction phase of the Proprietary Fund Type is capitalized on property and equipment acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the start of construction until completion of the project with interest earned on invested proceeds over the same period. Interest totaling \$ -0- was capitalized in the year ended September 30, 2003.

F. LONG-TERM OBLIGATIONS

The Enterprise Fund provides the annual debt service requirements on certain general obligation bonds (not secured by system revenues) issued to finance system improvements. Since the Enterprise Fund provides the annual debt service on these general obligation bonds, the bonds are considered to be obligations of the Enterprise Fund and have been reported on the balance sheet of the Enterprise Fund. However the full faith and credit of the Town is pledged on these bonds.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the *timing* of the measurements made, regardless of the measurement focus applied.

Governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they become available and measurable. The Town considers all revenues available if they are collected within sixty days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

Transfers are recognized in the accounting period in which the interfund receivable and payable arise.

H. BUDGET

The State Auditor is authorized to regulate the town budget process [Section 21-35-29, Miss. Code Ann. (1972)]. The total proposed budget should be presented at the August meeting of the board each year and must be posted in at least three public places in the Town in the month of September. At least one public hearing must be held at least one week prior to the final official adoption of the budget by September 15 [Section 21-35-5, Miss. Code Ann. (1972)]. The budget may be revised at any time, except the governing authority is limited to one revision during the first three months of its term of office. The budget must be revised at the first meeting in July and every year thereafter, if it appears that budgeted revenues will not materialize. The Board of Aldermen amended the Town's original budget for the year ended September 30, 2003, on March 4, May 6, July 8, and August 6, of 2003.

The Town budgets on a basis in accordance with Section 21-35-23, Miss. Code Ann. (1972) as follows:

Revenues which are legally receipted (cash basis) from October 1 through September 30 may be credited to the budget.

Expenditures which may be charged to the budget are those which were legally budgeted and disbursed during the fiscal year or within 30 days thereafter; if not paid within this period, they may be rebudgeted for payment in the next fiscal year.

Expenditures for uncompleted improvements in progress of construction may be charged to the budget at any time.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. BUDGET - Continued

Public notice must be provided when budget amendments result in a ten percent increase or decrease in a municipal department's total budget. For purposes of determining if a ten percent change has occurred, all amendments made to a department's budget since its budget was originally adopted, or since the last adopted published revision, must be added together.

Section 21-35-15, MS Code Ann. (1972), provides that expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses and payment of emergency warrants.

The Town budgeted its Enterprise Fund as required by state law. However, the budget was not on the "capital maintenance" measurement focus and was not in a format comparable to the actual reporting format used to prepare the Town's financial statements included in this report; consequently, comparison between budgeted amounts and actual results per the financial statements was not practicable.

I. ENCUMBRANCES

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

J. CASH AND OTHER DEPOSITS

The Town deposits excess funds in the financial institutions selected by the Town. State statutes specify how these depositories are to be selected.

Cash consists of amounts on deposit in demand accounts. Other deposits consist of certificates of deposit. Cash and other deposits are valued at cost.

Various restrictions on these deposits are imposed by state statutes. These restrictions are summarized as follows:

All deposits with financial institutions must be collateralized in an amount at least equal to 105% of the amount not insured by the Federal Deposit Insurance Corporation (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC), or any successors to such insurance corporations.

For purposes of the Statement of Cash Flows, the Town considers the following to be cash equivalents: all highly liquid investments and certificates of deposit.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. INVESTMENTS

The Town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds.

For accounting purposes, certificates of deposit and interest-bearing accounts are classified as cash and other deposits.

L. PREPAID ITEMS

Prepaid items, such as prepaid insurance, are not reported for the governmental fund type since the costs of such items are accounted for as expenditures in the period of acquisition.

M. INTERFUND LOANS

Short-term (due within one year) interfund loan receivables are reported as “due from other funds” and are considered available expendable resources.

N. CONTRIBUTED CAPITAL AND RETAINED EARNINGS

The Proprietary Fund is accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with the activity are included on the balance sheet. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. The Proprietary Fund Type operating statement presents increases (revenues) and decreases (expenses) in net total assets.

Retained Earnings reserve is a portion of retained earnings that is legally segregated for a specific future use or is not available for current operations. Following is a description of the retained earnings reserve used by the Town:

Reserved for Debt Service - An account that represents the retained earnings which are legally restricted for the payment of long-term debt principal and interest amounts maturing in future years.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. PROPERTY TAXES

Taxes are levied on October 1, and are due and payable at that time. 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. All unpaid taxes levied October 1, become delinquent February 1, of the following 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 when received. Available includes those property tax receivables collected within sixty days after year end. Real property taxes are recognized as revenue when available because most delinquent real property taxes are collected by selling real property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year. The remaining amount of real property not sold for taxes at the tax sale is considered immaterial; therefore, no end of year delinquent taxes receivable is recorded. The amount of delinquent personal property taxes unpaid at year end is also considered immaterial. 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.

P. COMPENSATED ABSENCES

Employees of the Town accumulate sick leave at a minimum amount as required by state law or a greater amount provided by Town policy. Some employees are allowed personal leave and/or vacation leave in accordance with Town policy. The Town pays for unused leave for employees as required to do so by Section 37-7-307(5), Miss. Code Ann. (1972).

Q. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2. EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS

Any expenditures or transfers over appropriations at the legal level of budgetary control for the General Fund are disclosed in the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (NON-GAAP Basis) - Governmental Fund Type.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 3. CASH AND OTHER DEPOSITS

The collateral for public entities' deposits in financial institutions is now 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.

The carrying amount of the Town's cash and other deposits with financial institutions was \$ 273,816 and the bank balance was \$ 277,281.

NOTE 4. INTERFUND ASSETS/LIABILITIES

The following is a summary of due from/to other funds:

	Due From	Due To
GENERAL FUND	\$ 14,893	\$ -0-
COMBINED WATER & SEWER FUND	2,672	3,001
CLEARING FUND	-0-	14,564
Total	\$ 17,565	\$ 17,565

NOTE 5. FIXED ASSETS

The following is a summary of changes in the general fixed assets for the year ended September 30, 2003:

	Balance October 1, 2002	Additions	Retirements	Balance September 30, 2003
Land	\$ 58,280	\$ -0-	\$ -0-	\$ 58,280
Buildings	256,400	3,335	-0-	259,735
Furniture & Fixtures	20,277	-0-	-0-	20,277
Machinery & Equipment	81,285	2,977	-0-	84,262
Vehicles	321,162	-0-	-0-	321,162
Total	\$ 737,404	\$ 6,312	\$ -0-	\$ 743,716

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 5. FIXED ASSETS - Continued

The general fixed assets above include significant amounts which have been valued at estimated historical cost.

The following is the Proprietary Fund fixed assets balances at September 30, 2003:

	Balance September 30, 2003
Land	\$ 60,778
Water System	923,889
Sewer System	<u>1,675,928</u>
Total	\$ 2,660,595
Less: Accumulated Depreciation	<u>912,830</u>
Net Book Value	<u><u>\$ 1,747,765</u></u>

NOTE 6. LONG-TERM DEBT AND OTHER OBLIGATIONS

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

	Balance October 1, 2002	Additions	Reductions	Balance September 30, 2003
A. Revenue Bonds Payable	\$ 174,000	\$ -0-	\$ 8,559	\$ 165,441
B. Notes Payable	<u>212,613</u>	<u>-0-</u>	<u>15,596</u>	<u>197,017</u>
	<u><u>\$ 386,613</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 24,155</u></u>	<u><u>\$ 362,458</u></u>

The long-term debt is proprietary fund debt. The debt is secured by the Water and Sewer System. The entire bonded indebtedness of the Town is reflected in the Water and Sewer System's balance sheet.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 6. LONG-TERM DEBT - Continued

The Proprietary Fund debt outstanding as of September 30, 2003, consisted of the following:

A. Revenue Bonds

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Combined Water and Sewer Revenue Bonds - Second Lien	5.00%	9/20/73	1/1/07	\$ 95,000	\$ 23,000
Combined Water and Sewer Revenue Bonds - Third Lien	5.00%	3/4/75	1/1/08	40,000	12,000
Combined Water and Sewer Revenue Bonds - 2001	4.50%	11/15/01	12/15/34	132,000	130,441
Total				\$ <u>267,000</u>	\$ <u>165,441</u>

The following is a schedule by years of the total payments due on this debt:

Year Ending September 30	Principal	Interest	Total
2004	\$ 8,946	\$ 7,572	\$ 16,518
2005	10,044	7,132	17,176
2006	10,138	6,638	16,776
2007	10,236	6,140	16,376
2008	4,339	5,638	9,977
2009 - 2013	15,402	25,578	40,980
2014 - 2018	16,772	22,107	38,879
2019 - 2023	20,987	17,893	38,880
2024 - 2028	26,264	12,616	38,880
2029 - 2033	32,867	6,013	38,880
2034 - 2035	9,446	286	9,732
Total	\$ <u>165,441</u>	\$ <u>117,613</u>	\$ <u>283,054</u>

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 6. LONG-TERM DEBT - Continued

B. Notes Payable

Note Payable - Farmers Home Administration - scheduled monthly payments of \$ 686 with interest at 6.00%	\$ 68,755
Note Payable - Farmers Home Administration - scheduled monthly payments of \$ 758 with interest at 5.50%	<u>128,262</u>
Total	<u><u>\$ 197,017</u></u>

The following is a schedule by years of the total payments due on this debt:

Year Ending September 30	Principal	Interest	Total
2004	\$ 6,287	\$ 11,042	\$ 17,329
2005	6,695	10,634	17,329
2006	7,096	10,234	17,330
2007	7,522	9,808	17,330
2008	7,946	9,384	17,330
2009 - 2013	47,600	39,045	86,645
2014 - 2018	32,962	25,881	58,843
2019 - 2023	26,665	18,820	45,485
2024 - 2028	35,084	10,402	45,486
2029 - 2031	<u>19,160</u>	<u>1,250</u>	<u>20,410</u>
Total	<u><u>\$ 197,017</u></u>	<u><u>\$ 146,500</u></u>	<u><u>\$ 343,517</u></u>

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description. The Town 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 report may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the Town 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 Town's contributions to PERS for the years ending September 30, 2003, 2002, and 2001 were \$13,665, \$ 15,664, and \$ 16,890, respectively, equal to the required contributions for each year.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Self-Insurance - Workers Compensation Fund

The Town is one of approximately 239 members in the Mississippi Municipal Worker's Compensation Group, Inc. This non-profit corporation is a self-insurance worker's compensation fund organized under the non-profit laws of the State of Mississippi. The group is self-insured under statutory workers compensation protection up to \$ 1,000,000. Members are jointly and severally liable for the obligations of the group. The possibility of additional liability exists, but that amount, if any, cannot be determined.

Self-Insurance - Liability Fund

The Town is one of approximately 243 members in the Mississippi Municipal Liability Plan. The Plan is a private non-profit corporation organized under the laws of the State of Mississippi. The plan provides liability and tort claims insurance for its members up to \$ 500,000 and \$ 50,000 per occurrence, respectively. The plan is totally self-insured with claims and expenses paid out of the premiums and the members are jointly and severally liable for any claims and expenditures beyond the premium base. The possibility of additional liability exists, but that amount, if any, cannot be determined.

NOTE 9. CONTINGENCIES

Federal Grants - The Town 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 Town. No provision for any liability that may result has been recognized in the Town's financial statements.

Litigation - The Town may be 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 Town with respect to the various proceedings. However, the Town's legal counsel believes that ultimate liability resulting from lawsuits will not have a material adverse effect on the financial condition of the Town.

TOWN OF PLANTERSVILLE, MISSISSIPPI
NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

For the Year Ended September 30, 2003

- Continued -

NOTE 10. BUDGET/GAAP RECONCILIATION

The following schedule reconciles the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balance:

EXCESS OF REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES

		General	
		<u>Fund</u>	
Budget (Non-GAAP Basis)	\$	25,035	
Increase (Decrease)			
Net Adjustment for revenue accruals	(12,351)
Net Adjustment for expenditure accruals	(1,285)
Transfers of Funds Reserved for Debt Service of Enterprise Fund to Enterprise Fund	(<u>27,124</u>)
GAAP Basis	\$	<u><u>15,725</u></u>)

NOTE 12. CHANGES IN CONTRIBUTED CAPITAL

		Capital	
		<u>Grants</u>	
Balance October 1, 2002	\$	1,241,798	
Contributions		<u>70,142</u>	
Balance September 30, 2003	\$	<u><u>1,311,940</u></u>	

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SUPPLEMENTARY INFORMATION

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GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

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TOWN OF PLANTERSVILLE, MISSISSIPPI
COMPARATIVE BALANCE SHEETS - GENERAL FUND
September 30, 2003 and 2002

	2003	2002
ASSETS		
Cash and Other Deposits	\$ 68,657	\$ 37,437
Cash and Other Deposits - Restricted	-0-	201
Certificate of Deposit - Restricted	-0-	27,124
Intergovernmental Receivables	4,034	10,489
Other Receivables	4,783	5,158
Due from Other Funds	14,893	14,302
TOTAL ASSETS	\$ 92,367	\$ 94,711
 LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	\$ 10,450	\$ 6,728
Other Liabilities	383	-0-
Deferred Revenue	9,276	-0-
Total Liabilities	\$ 20,109	\$ 6,728
 Fund Equity		
Fund Balance		
Reserved for Debt Service of Enterprise Fund	\$ -0-	\$ 27,124
Unreserved	72,258	60,859
Total Fund Balance	\$ 72,258	\$ 87,983
TOTAL LIABILITIES AND FUND EQUITY	\$ 92,367	\$ 94,711

TOWN OF PLANTERSVILLE, MISSISSIPPI
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND
For the Fiscal Year Ended September 30, 2003 and 2002

	2003	2002
REVENUES		
Ad Valorem Taxes	\$ 57,206	\$ 46,305
Public Utilities Taxes	1,514	1,626
Sales Taxes	36,674	45,201
Lieu Taxes	26,627	23,841
Fines	25,840	34,851
Intergovernmental:		
State Shared Revenue	8,859	13,527
Local Shared Revenue	12,968	10,217
Federal Grants	45,440	41,231
Licenses and Permits	2,692	3,429
Miscellaneous	962	8,229
Interest Earned	139	1,415
TOTAL REVENUES	\$ <u>218,921</u>	\$ <u>229,872</u>
EXPENDITURES		
GENERAL GOVERNMENT		
Personal Services	\$ 35,607	\$ 29,417
Supplies	1,131	1,265
Other Services and Charges	26,823	21,721
Capital Outlay	<u>1,757</u>	<u>1,666</u>
Total General Government	\$ <u>65,318</u>	\$ <u>54,069</u>
PUBLIC SAFETY		
POLICE		
Personal Services	\$ 82,865	\$ 118,409
Supplies	15,885	18,435
Other Services and Charges	12,627	21,783
Capital Outlay	<u>2,441</u>	<u>550</u>
Total Police	\$ <u>113,818</u>	\$ <u>159,177</u>
FIRE		
Personal Services	\$ 1,778	\$ 2,378
Supplies	3,945	2,635
Other Services and Charges	11,117	12,563
Capital Outlay	<u>2,112</u>	<u>4,387</u>
Total Fire	\$ <u>18,952</u>	\$ <u>21,963</u>
Total Public Safety	\$ <u>132,770</u>	\$ <u>181,140</u>

- Continued -

**TOWN OF PLANTERSVILLE, MISSISSIPPI
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND**

- Continued -

	2003	2002
PUBLIC WORKS - Street		
Supplies	\$ 711	\$ 672
Other Services and Charges	<u>8,093</u>	<u>7,319</u>
Total Public Works - Street	\$ <u>8,804</u>	\$ <u>7,991</u>
CULTURE AND RECREATION - Park		
Personal Services	\$ 245	\$ -0-
Supplies	298	345
Other Services and Charges	<u>87</u>	<u>157</u>
Total Culture and Recreation - Park	\$ <u>630</u>	\$ <u>502</u>
TOTAL EXPENDITURES	\$ <u>207,522</u>	\$ <u>243,702</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <u>11,399</u>	\$ (<u>13,830</u>)
OTHER FINANCING SOURCES (USES)		
Transfers to Other Funds	\$ (27,124)	\$ -0-
Proceeds from Sale of Equipment	<u>-0-</u>	<u>1,650</u>
Total Other Sources (Uses)	\$ (<u>27,124</u>)	\$ <u>1,650</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (<u>15,725</u>)	\$ (<u>12,180</u>)
FUND BALANCES -		
Beginning of Year as Previously Reported	\$ 87,983	\$ 102,663
Prior Period Adjustment - Error Correction	<u>-0-</u>	(<u>2,500</u>)
Beginning of Year as Restated	\$ <u>87,983</u>	\$ <u>100,163</u>
FUND BALANCES - End of Year	\$ <u><u>72,258</u></u>	\$ <u><u>87,983</u></u>

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ENTERPRISE FUND

The Enterprise Fund is used to account for an operation that is financed and operated in a manner similar to a private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Combined Water and Sewer Fund - This fund is used to account for the activities of the Town's combined water and sewer department.

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TOWN OF PLANTERSVILLE, MISSISSIPPI
COMPARATIVE BALANCE SHEETS - ENTERPRISE FUND
September 30, 2003 and 2002

	COMBINED WATER AND SEWER FUND	
	2003	2002
ASSETS		
Current Assets		
Cash	\$ 40,404	\$ 29,788
Money Market Account	-0-	40,005
Accounts Receivable	18,657	20,797
Intergovernmental Receivable	-0-	78,634
Prepaid Debt Service	2,350	-0-
Due from Other Funds	<u>2,672</u>	<u>4,025</u>
Total Current Assets	\$ <u>64,083</u>	\$ <u>173,249</u>
Restricted Assets		
Money Market Account	\$ 82,386	\$ 2,156
Certificates of Deposit	<u>67,805</u>	<u>119,679</u>
Total Restricted Assets	\$ <u>150,191</u>	\$ <u>121,835</u>
Property, Plant and Equipment		
Land	\$ 60,778	\$ 60,778
Water System	923,889	916,661
Sewer System	1,675,928	714,498
Sewer System - Construction in Progress	<u>-0-</u>	<u>879,256</u>
	\$ 2,660,595	\$ 2,571,193
Less: Accumulated Depreciation	<u>912,830</u>	<u>835,426</u>
Net Property, Plant and Equipment	\$ <u>1,747,765</u>	\$ <u>1,735,767</u>
TOTAL ASSETS	\$ <u>1,962,039</u>	\$ <u>2,030,851</u>

- Continued -
TOWN OF PLANTERSVILLE, MISSISSIPPI
COMPARATIVE BALANCE SHEETS - ENTERPRISE FUND

- Continued -

	COMBINED WATER AND SEWER FUND	
	2003	2002
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 29,812	\$ 84,299
Accrued Interest	514	7,053
Due to Other Funds	3,001	4,647
Current Portion of Long-term Debt	15,233	13,822
Customer Deposits	<u>38,155</u>	<u>35,071</u>
Total Current Liabilities	\$ <u>86,715</u>	\$ <u>144,892</u>
Long-Term Liabilities		
Notes / Bonds Payable	\$ 362,458	\$ 386,613
Less: Portion Due within One Year	<u>15,233</u>	<u>13,822</u>
Total Long-Term Liabilities	\$ <u>347,225</u>	\$ <u>372,791</u>
Total Liabilities	\$ <u>433,940</u>	\$ <u>517,683</u>
FUND EQUITY		
Contributed Capital	\$ <u>1,311,940</u>	\$ <u>1,241,798</u>
Retained Earnings:		
Reserved for Debt Service	\$ 150,184	\$ 121,830
Unreserved	<u>65,975</u>	<u>149,540</u>
Total Retained Earnings	\$ <u>216,159</u>	\$ <u>271,370</u>
Total Fund Equity	\$ <u>1,528,099</u>	\$ <u>1,513,168</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>1,962,039</u>	\$ <u>2,030,851</u>

**TOWN OF PLANTERSVILLE, MISSISSIPPI
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - ENTERPRISE FUND**

For the Year Ended September 30, 2003 and 2002

	COMBINED WATER AND SEWER FUND	
	2003	2002
OPERATING REVENUE		
Charges for Services and Other	\$ <u>191,958</u>	\$ <u>191,806</u>
OPERATING EXPENSES		
Salaries	\$ 64,631	\$ 60,120
Employee Benefits	14,505	18,862
Accounting and Audit	6,480	4,171
Insurance	8,412	2,823
Office Supplies and Other	2,848	2,471
Postage	1,657	1,740
Repairs and Maintenance	57,697	23,688
Licenses and Permits	-0-	1,071
Sales Tax	1,365	750
Supplies	5,135	6,303
Telemeter	3,589	2,546
Travel	1,663	779
Utilities	14,937	14,020
Depreciation	<u>77,403</u>	<u>54,042</u>
TOTAL OPERATING EXPENSES	\$ <u>260,322</u>	\$ <u>193,386</u>
OPERATING INCOME (LOSS)	\$ (<u>68,364</u>)	\$ (<u>1,580</u>)
NON-OPERATING REVENUE (EXPENSE)		
Transfers from Other Funds	\$ 27,124	\$ -0-
Interest Revenue	4,475	5,460
Interest Expense and Fees	(<u>18,446</u>)	(<u>14,415</u>)
Total Non-Operating Revenue (Expense)	\$ <u>13,153</u>	\$ (<u>8,955</u>)

- Continued -

**TOWN OF PLANTERSVILLE, MISSISSIPPI
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - ENTERPRISE FUND**

- Continued -

	COMBINED WATER AND SEWER FUND	
	2003	2002
NET INCOME (LOSS)	\$ (<u>55,211</u>)	\$ (<u>10,535</u>)
RETAINED EARNINGS -		
Beginning of Year	\$ 271,370	\$ 275,905
Prior Period Adjustment - Error Correction	<u>-0-</u>	<u>6,000</u>
Beginning of Year as Restated	\$ <u>271,370</u>	\$ <u>281,905</u>
RETAINED EARNINGS -		
End of Year	\$ <u><u>216,159</u></u>	\$ <u><u>271,370</u></u>

TOWN OF PLANTERSVILLE, MISSISSIPPI
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - RESTRICTED ACCOUNTS
REQUIRED BY REVENUE BOND ORDINANCE
FOR WATER AND SEWER REVENUE BONDS
For the Year Ended September 30, 2003

	Account			Total
	Cushion Funds	Revenue Bond Depreciation	Revenue Bond Contingency	
Cash and Other Deposits - Beginning of Year	\$ <u>59,577</u>	\$ <u>51,088</u>	\$ <u>9,014</u>	\$ <u>119,679</u>
Cash Receipts:				
Interest Received	\$ <u>3,606</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,606</u>
Total Cash Receipts	\$ <u>3,606</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,606</u>
Cash Disbursements:				
Transfers	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Total Cash Disbursements	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ <u>3,606</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,606</u>
Cash and Other Deposits - End of Year	\$ <u><u>63,183</u></u>	\$ <u><u>51,088</u></u>	\$ <u><u>9,014</u></u>	\$ <u><u>123,285</u></u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in the Proprietary Fund.

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TOWN OF PLANTERSVILLE, MISSISSIPPI
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES
September 30, 2003

GENERAL FIXED ASSETS

Land	\$ 58,280
Buildings and Improvements	259,735
Mobile Equipment	321,162
Other Equipment	84,262
Furniture and Fixtures	<u>20,277</u>
 Total General Fixed Assets	 \$ <u><u>743,716</u></u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE

General Fund Revenues / Revenue Sharing	\$ 493,622
Community Development Block Grant	68,715
Department of the Interior - Grant	42,379
Lee County Grant	<u>139,000</u>
 Total Investment in General Fixed Assets	 \$ <u><u>743,716</u></u>

TOWN OF PLANTERSVILLE, MISSISSIPPI
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
September 30, 2003

	<u>GENERAL GOVERNMENT</u>	<u>POLICE</u>	<u>FIRE</u>	<u>PARK</u>	<u>TOTALS</u>
Land	\$ 42,500	\$ -0-	\$ -0-	\$ 15,780	\$ 58,280
Buildings and Improvements	109,997	1,667	27,316	120,755	259,735
Mobile Equipment	519	48,641	272,002	-0-	321,162
Other Equipment	31,658	9,394	41,307	1,903	84,262
Furniture & Fixtures	<u>20,021</u>	<u>-0-</u>	<u>256</u>	<u>-0-</u>	<u>20,277</u>
Total General Fixed Assets	\$ <u>204,695</u>	\$ <u>59,702</u>	\$ <u>340,881</u>	\$ <u>138,438</u>	\$ <u>743,716</u>

TOWN OF PLANTERSVILLE, MISSISSIPPI
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY
For the Year Ended September 30, 2003

DEPARTMENT	BALANCE October 1, 2002	ADDITIONS	RETIREMENTS	BALANCE September 30, 2003
General Government	\$ 202,937	\$ 1,758	\$ -0-	\$ 204,695
Police	57,260	2,442	-0-	59,702
Fire	338,769	2,112	-0-	340,881
Park	<u>138,438</u>	<u>-0-</u>	<u>-0-</u>	<u>138,438</u>
TOTAL	\$ <u><u>737,404</u></u>	\$ <u><u>6,312</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>743,716</u></u>

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**SUPPLEMENTARY INFORMATION SCHEDULES
REQUIRED BY THE OFFICE OF THE STATE AUDITOR**

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TOWN OF PLANTERSVILLE, MISSISSIPPI
RECONCILIATION OF ORIGINAL AD VALOREM
TAX ROLLS TO FUND COLLECTIONS
For the Fiscal Year Ended September 30, 2003

	ASSESSED VALUE	AMOUNT	TAX
Adjusted Assessed Valuation			
Town:			
Realty	\$ 2,465,001	\$ 33,277	
Personal and Utility - Other than Auto	705,752	9,528	
Personal - Auto	1,001,977	13,527	
Railcar	112,148	1,514	
Total Town @ 13.50 Mills	\$ 4,284,878		\$ 57,846
Collections Adjustments			
Add: Actual Homestead Reimbursement		\$ 1,183	
Prior Year Tax Collections		3,345	
and Delinquent Charges		26,917	
In-Lieu Taxes		829	32,274
Trailer Tax			
Less: Homestead Exemption Allowed			(<u>4,499</u>)
TOTAL TO BE ACCOUNTED FOR			\$ <u>85,621</u>
	TAXES	HOMESTEAD REIMBURSEMENT	TOTAL
Collection Credits			
General Fund	\$ <u>84,141</u>	\$ <u>1,183</u>	\$ 85,324
Balance Represented By:			
Unpaid Property Taxes		\$ 288	
Unaccounted For		9	297
TOTAL ACCOUNTED FOR			\$ <u>85,621</u>

Note: Ad valorem taxes on automobiles are collected and remitted by the County.

TOWN OF PLANTERSVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2003

<u>NAME</u>	<u>POSITION</u>	<u>SURETY</u>	<u>BOND AMOUNT</u>
Viola Foster	Mayor	The St. Paul Surety	\$ 50,000
Norma Chandler	Town Clerk	The St. Paul Surety	\$ 50,000
William Roberts	Police Chief	USF&G Company	\$ 25,000
Peggy Brewer	Alderman	USF&G Company	\$ 5,000
Jack Wuichet	Alderman	USF&G Company	\$ 5,000
Chink Freeman	Alderman	USF&G Company	\$ 5,000
Ketrich Marion	Alderman	USF&G Company	\$ 5,000
Charles Heard	Alderman	USF&G Company	\$ 5,000

TOWN OF PLANTERSVILLE, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2003

	<u>FINAL MATURITY DATE</u>	<u>BALANCE OCTOBER 1, 2002</u>	<u>TRANSACTIONS DURING FISCAL YEAR</u>		<u>BALANCE SEPTEMBER 30, 2003</u>
			<u>ISSUED</u>	<u>REDEEMED</u>	
WATER & SEWER REVENUE BONDS					
Combined Water & Sewer Revenue Bonds					
Second Lien - Issued 09/20/73, 5.0%	1/01/07	\$ 28,000	\$ -0-	\$ 5,000	\$ 23,000
Third Lien - Issued 03/04/75, 5.0%	1/01/08	14,000	-0-	2,000	12,000
Water and Sewer - Issued 11/15/01, 4.5%	12/15/34	<u>132,000</u>	<u>-0-</u>	<u>1,559</u>	<u>130,441</u>
TOTAL WATER & SEWER REVENUE BONDS		\$ <u>174,000</u>	\$ <u>-0-</u>	\$ <u>8,559</u>	\$ <u>165,441</u>
TOTAL BONDED INDEBTEDNESS		\$ <u>174,000</u>	\$ <u>-0-</u>	\$ <u>8,559</u>	\$ <u>165,441</u>
NOTES PAYABLE					
Farmers Home Administration 6.0%	1/23/25	\$ 82,367	\$ -0-	\$ 13,612	\$ 68,755
Farmers Home Administration 5.5%	1/23/25	<u>130,246</u>	<u>-0-</u>	<u>1,984</u>	<u>128,262</u>
TOTAL NOTES PAYABLE		\$ <u>212,613</u>	\$ <u>-0-</u>	\$ <u>15,596</u>	\$ <u>197,017</u>
TOTAL LONG-TERM DEBT		\$ <u><u>386,613</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>24,155</u></u>	\$ <u><u>362,458</u></u>

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M. M. WINKLER & ASSOCIATES

Certified Public Accountants

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INDEPENDENT AUDITORS' 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*

Honorable Mayor and Board of Alderman
Town of Plantersville, Mississippi

We have audited the primary government financial statements of the Town of Plantersville, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated August 3, 2005. The auditors' 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 Town's component unit. 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 the Town of Plantersville, 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 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 did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Plantersville, Mississippi, in our Independent Auditors' Report on Compliance with State Laws and Regulations dated August 3, 2005, which is included in this document.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Plantersville, 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 judgement, could adversely affect the Town of Plantersville, Mississippi's ability to record, process, summarize, and report financial data consistent with the assertions of management in the primary government financial statements. The reportable condition is described in the following two paragraphs.

**INDEPENDENT AUDITORS' 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***

- Continued -

There are a limited number of administrative personnel employed at the Town of Plantersville, Mississippi due to budgetary constraints. Because of the limited number of personnel, there is limited segregation of duties over cash receipts. Control procedures are those policies and procedures that management has established to provide reasonable assurance that entity objectives will be achieved. Segregation of duties is a control that is designed to prevent any one person from having both custodial and recording functions. This limited segregation of duties due to budgetary constraints, in our judgement, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our recommendation includes continued oversight and participation of the Board to help alleviate the limitation of controls due to the limited segregation of duties. They should, at minimum, continue to monitor the budget to actual on a monthly basis. Clear explanations of significant differences and changes should be documented in the monthly Board minutes. It may not currently be feasible or cost effective to have increased segregation of duties for cash receipts. This would require having incoming mail opened and listed by persons having no access to cash receipts or accounts receivable records. Also, we recommend that a board member receive the monthly bank statements directly from the bank, review and then forward the statements to the Town for reconciliation. The board member should also review and approve the monthly bank reconciliations.

A material weakness is 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 reportable conditions and, accordingly, would not also disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

M. M. Winkler & Associates

August 3, 2005

M. M. WINKLER & ASSOCIATES

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
Town of Plantersville, Mississippi

We have audited the primary government financial statements of the Town of Plantersville, Mississippi as of and for the year ended September 30, 2003, and have issued our report thereon dated August 3, 2005. The auditors' 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 Town's component unit. 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.

In accordance with guidelines for municipal auditors as prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the primary government financial statements disclosed no material instances of noncompliance with state laws and regulations. The prior year findings have been corrected.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

M. M. Winkler & Associates

August 3, 2005

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