



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

**PHIL BRYANT**  
State Auditor

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

**J. SCOTT SPEIGHTS, MBA, CIA, CGAP**  
Director, County Audit Section

**WARREN COUNTY, MISSISSIPPI**

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



WARREN COUNTY

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WARREN COUNTY

FINANCIAL SECTION

WARREN 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  
Warren County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Mississippi, as of and for the year ended September 30, 2003, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

Management did not maintain adequate subsidiary records documenting the fines receivable of the Circuit Court or the aging of these fines receivable. Due to the nature of the county's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported on the Statement of Net Assets and in the General Fund at \$446,055, as of September 30, 2003. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the governmental activities.

The financial statements referred to above include only the primary government of Warren 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 Warren County, Mississippi, as of September 30, 2003, and the respective changes in its financial position 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 such adjustments if any, as might have been determined to be necessary had we been able to examine evidence to determine the net realizable value of the Circuit Court fines receivable for the governmental activities and the General Fund as described in the third paragraph, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Warren County, Mississippi, as of September 30, 2003, and the respective changes in financial position thereon for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the Road Fund and the aggregate remaining fund information of Warren County, Mississippi, as of September 30, 2003, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2004, on our consideration of Warren County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

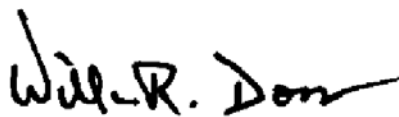
Warren County has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedules and corresponding notes on pages 33 through 36 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 primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise Warren County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



PHIL BRYANT  
State Auditor



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

June 30, 2004



WARREN COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

WARREN COUNTY  
Statement of Net Assets  
September 30, 2003

Exhibit 1

	<u>Primary Government</u>
	Governmental
	<u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 15,737,691
Property tax receivable	7,990,106
Fines receivable (net of allowance for uncollectibles of \$1,481,912)	446,055
Loans receivable	1,840,000
Intergovernmental receivables	358,406
Other receivables	50,549
Capital assets, net	14,950,224
Total Assets	<u>41,373,031</u>
<b>LIABILITIES</b>	
Claims payable	747,558
Intergovernmental payables	550,095
Accrued interest payable	124,820
Deferred revenue	8,142,438
Other payables	145,860
Long-term liabilities	
Due within one year:	
Capital related debt	498,466
Non-capital debt	542,913
Due in more than one year:	
Capital related debt	5,721,079
Non-capital debt	2,576,941
Total Liabilities	<u>19,050,170</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,730,679
Restricted net assets:	
Expendable:	
Public safety	852,824
Public works	4,760,510
Health and welfare	485,628
Culture and recreation	170,672
Conservation of natural resources	1,079
Economic development	26,916
Unemployment compensation	75,096
Other purposes	1,840,000
Unrestricted	5,379,457
Total Net Assets	<u>\$ 22,322,861</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 6,327,273	972,656			(5,354,617)
Public safety	6,025,070	866,824	280,545	8,000	(4,869,701)
Public works	5,495,538	65,539	1,338,814	2,281,566	(1,809,619)
Health and welfare	1,628,029		73,353		(1,554,676)
Culture and recreation	507,653				(507,653)
Conservation of natural resources	150,665				(150,665)
Economic development and assistance	328,210			103,743	(224,467)
Interest on long-term debt	526,026				(526,026)
Total Governmental Activities	<u>20,988,464</u>	<u>1,905,019</u>	<u>1,692,712</u>	<u>2,393,309</u>	<u>(14,997,424)</u>
General revenues:					
Property taxes				\$ 10,449,852	
Road & bridge privilege taxes				557,468	
Grants and contributions not restricted to specific programs				4,302,626	
Unrestricted investment income				211,401	
Miscellaneous				<u>387,312</u>	
Total General Revenues				<u>15,908,659</u>	
Changes in Net Assets				<u>911,235</u>	
Net Assets - Beginning, as restated				<u>21,411,626</u>	
Net Assets - Ending				<u>\$ 22,322,861</u>	

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

WARREN COUNTY  
 Balance Sheet - Governmental Funds  
 September 30, 2003

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Road Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash	\$ 9,207,380	3,461,274	3,069,037	15,737,691
Property tax receivable	6,096,668	876,490	1,016,948	7,990,106
Fines receivable (net of allowance for uncollectibles \$1,481,912)	446,055			446,055
Loans receivable			1,840,000	1,840,000
Intergovernmental receivables	252,183	106,223		358,406
Other receivables	1,170		49,379	50,549
Due from other funds		173,384	97,552	270,936
Total Assets	<u>\$ 16,003,456</u>	<u>4,617,371</u>	<u>6,072,916</u>	<u>26,693,743</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Claims payable	\$ 470,215	150,444	126,899	747,558
Intergovernmental payables	527,079			527,079
Due to other funds	293,952			293,952
Deferred revenue	6,542,723	876,490	1,169,280	8,588,493
Other payables	96,481		49,379	145,860
Total Liabilities	<u>7,930,450</u>	<u>1,026,934</u>	<u>1,345,558</u>	<u>10,302,942</u>
Fund balances:				
Reserved for:				
Debt service			105,070	105,070
Loans receivable			1,840,000	1,840,000
Unemployment compensation			75,096	75,096
Unreserved, reported in:				
General Fund	8,073,006			8,073,006
Special Revenue Funds		3,590,437	2,707,192	6,297,629
Total Fund Balances	<u>8,073,006</u>	<u>3,590,437</u>	<u>4,727,358</u>	<u>16,390,801</u>
Total Liabilities and Fund Balances	<u>\$ 16,003,456</u>	<u>4,617,371</u>	<u>6,072,916</u>	<u>26,693,743</u>

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

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 16,390,801
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 \$4,499,383.	14,950,224
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	446,055
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(9,339,399)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(124,820)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 22,322,861</u></u>

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

WARREN COUNTY

Exhibit 4

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

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund		
<b>REVENUES</b>				
Property taxes	\$ 7,945,244	1,168,241	1,336,367	10,449,852
Road and bridge privilege taxes		557,468		557,468
Licenses, commissions and other revenue	417,507		17,424	434,931
Fines and forfeitures	534,741		3,454	538,195
Special assessments			9,733	9,733
Intergovernmental revenues	3,757,294	1,750,840	2,870,780	8,378,914
Charges for services	319,509		555,392	874,901
Interest income	145,448	33,668	32,285	211,401
Miscellaneous revenues	60,581	5,992	153,978	220,551
<b>Total Revenues</b>	<b>13,180,324</b>	<b>3,516,209</b>	<b>4,979,413</b>	<b>21,675,946</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,182,483			6,182,483
Public safety	4,864,234		1,106,442	5,970,676
Public works	1,607,567	3,144,919	3,017,871	7,770,357
Health and welfare	1,030,674		583,108	1,613,782
Culture and recreation	422,701		78,712	501,413
Conservation of natural resources	149,017		960	149,977
Economic development and assistance	36,956		291,254	328,210
Debt service:				
Principal		77,335	494,976	572,311
Interest		26,785	374,421	401,206
<b>Total Expenditures</b>	<b>14,293,632</b>	<b>3,249,039</b>	<b>5,947,744</b>	<b>23,490,415</b>
Excess of Revenues over (under) Expenditures	(1,113,308)	267,170	(968,331)	(1,814,469)

OTHER FINANCING SOURCES (USES)

Long-term capital debt issued			525,411	525,411
Proceeds from sale of capital assets	10,580	106,750		117,330
Transfers in			65,888	65,888
Transfers out	(5,599)		(60,289)	(65,888)
Total Other Financing Sources and Uses	<u>4,981</u>	<u>106,750</u>	<u>531,010</u>	<u>642,741</u>
Net Changes in Fund Balances	<u>(1,108,327)</u>	<u>373,920</u>	<u>(437,321)</u>	<u>(1,171,728)</u>
Fund Balance - Beginning, as restated	<u>9,181,333</u>	<u>3,216,517</u>	<u>5,164,679</u>	<u>17,562,529</u>
Fund Balance - Ending	\$ <u><u>8,073,006</u></u>	<u><u>3,590,437</u></u>	<u><u>4,727,358</u></u>	<u><u>16,390,801</u></u>

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

WARREN COUNTY

Exhibit 4-1

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

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ (1,171,728)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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 \$3,124,074 exceeded depreciation of \$923,742 in the current period.</p>	2,200,332
<p>In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of net losses of \$74,235, net gains of \$166,761 and proceeds from sales of \$117,330 in the current period.</p>	(24,804)
<p>Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because fines were collected for which prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.</p>	56,992
<p>Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$572,311 exceeded debt proceeds of \$525,411.</p>	46,900
<p>Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by the amount of increase in the following:</p>	
Compensated absences	(19,010)
Claims and judgments liability	(52,627)
Accrued interest payable	(124,820)
	(196,467)
Change in Net Assets of Governmental Activities	\$ 911,235

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



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

Exhibit 5

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 74,472
Due from other funds	23,016
Total Assets	<u>\$ 97,488</u>
<b>LIABILITIES</b>	
Intergovernmental payables	\$ 97,488
Total Liabilities	<u>\$ 97,488</u>

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

## WARREN COUNTY

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

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Warren 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 Warren 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.

- Warren County-Vicksburg Library
- Fisher Ferry Fire Protection District
- Culkin Fire Protection District
- Warren-Yazoo Mental Health Service, Inc.
- Warren County Port Commission
- Warren County Parks and Recreation Commission
- Bovina Fire Protection 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
- Tax Collector
- Sheriff

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

## WARREN COUNTY

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

The Statement of Net Assets presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient 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 governmental function is self-financing or draws from the general revenues of the county.

#### Fund Financial Statements:

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

#### C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds 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.

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 judgements, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

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

Road Fund - Accounts for monies from specific revenue sources that are restricted for road maintenance.

Additionally, the county reports the following fund types:

## WARREN COUNTY

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

#### 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.

#### 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 14 days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

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

#### F. Receivables.

Receivables are reported net of 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." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

WARREN COUNTY

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

H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are not reported on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements.

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

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

\* Leased property capitalization policy will correspond with the amounts for the asset classification, as listed above.

I. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of Net Assets.

## WARREN COUNTY

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

#### J. Equity Classifications.

##### Government-wide Financial Statements:

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

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

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

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

##### Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved.

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

#### K. Property Tax Revenues.

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

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

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

## WARREN COUNTY

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

#### 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. 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. Therefore, the county's full liability in the amount of \$336,941 for accumulated unpaid personal leave up to a maximum of 30 days per employee is reported as a liability in the Statement of Net Assets.

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

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

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

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

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

WARREN COUNTY

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

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

	Sept. 30, 2002 As Previously Reported	Fund and Account Group Reclassifications	Prior Period Adjustments	Sept. 30, 2002 As Restated
Governmental Funds and Governmental Activities				
Major Funds:				
General	\$ 6,893,314	2,031,417	256,602	9,181,333
Road		3,216,517		3,216,517
Other Governmental Funds:				
Special Revenue	8,110,264	(2,837,955)	(222,062)	5,050,247
Debt Service	2,034,432	(1,920,000)		114,432
 Total Governmental Funds	 17,038,010	 489,979	 34,540	 17,562,529
Governmental Activities:				
Capital assets, net		20,187,989	(7,061,442)	13,126,547
Long-term liabilities		(9,666,513)		(9,666,513)
Fines receivable			389,063	389,063
Total Governmental Funds and Governmental Activities	<u>\$ 17,038,010</u>	<u>11,011,455</u>	<u>(6,637,839)</u>	<u>21,411,626</u>
Fiduciary Funds				
Expendable Trust	<u>\$ 74,218</u>	<u>(74,218)</u>	<u>0</u>	<u>0</u>
Account Groups				
General Fixed Assets	\$ 20,187,989	(20,187,989)		0
General Long-term Debt	(9,666,513)	9,666,513		0
 Total Account Groups	 <u>\$ 10,521,476</u>	 <u>(10,521,476)</u>	 <u>0</u>	 <u>0</u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2003, was \$15,812,163, and the bank balance was \$18,018,098. 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.



WARREN COUNTY

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road	General	\$ 173,384
Other Governmental Funds	General	97,552
Agency Funds	General	<u>23,016</u>
Total		<u>\$ 293,952</u>

The receivables represent the tax revenue collected but not settled until October 2003. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 5,599
Other Governmental Funds	Other Governmental Funds	<u>60,289</u>
Total		<u>\$ 65,888</u>

The purpose of the transfer of \$5,599 was to provide funds for a grant match. The other transfers were to reimburse engineering costs and to transfer residual funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislative tag credit	\$ 252,183
Federal emergency management assistance	<u>106,223</u>
Total Governmental Activities	<u>\$ 358,406</u>

WARREN COUNTY

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

(6) Loans Receivable.

Loans receivable at September 30, 2003, consists of the following:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Payable
Anderson-Tully, Veneers, L. P.	04-01-01	2	04-01-21	\$ <u>1,840,000</u>

(7) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2002	Additions	Deletions	Adjustments*	Balance Sept. 30, 2003
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,891,917	78,971		(1,450,094)	2,520,794
Construction in progress	1,225,314			(1,225,314)	
Total non-depreciable capital assets	<u>5,117,231</u>	<u>78,971</u>	<u>0</u>	<u>(2,675,408)</u>	<u>2,520,794</u>
<u>Depreciable capital assets:</u>					
Infrastructure		1,950,322			1,950,322
Buildings	7,392,499			1,569,795	8,962,294
Mobile equipment	3,807,274	461,988	641,649	173,545	3,801,158
Furniture and equipment	3,172,281	107,382	31,903	(1,787,731)	1,460,029
Leased property under capital leases	698,704	525,411	415,860	(53,245)	755,010
Total depreciable capital assets	<u>15,070,758</u>	<u>3,045,103</u>	<u>1,089,412</u>	<u>(97,636)</u>	<u>16,928,813</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure		56,639			56,639
Buildings		179,246		873,846	1,053,092
Mobile equipment		424,859	493,532	2,256,386	2,187,713
Furniture and equipment		151,763	21,690	949,960	1,080,033
Leased property under capital leases		111,235	197,535	208,206	121,906
Total accumulated depreciation	<u>0</u>	<u>923,742</u>	<u>712,757</u>	<u>4,288,398</u>	<u>4,499,383</u>
Total depreciable capital assets, net	<u>15,070,758</u>	<u>2,121,361</u>	<u>376,655</u>	<u>(4,386,034)</u>	<u>12,429,430</u>
Governmental activities capital assets, net	\$ <u>20,187,989</u>	<u>2,200,332</u>	<u>376,655</u>	<u>(7,061,442)</u>	<u>14,950,224</u>

\* Adjustments are the cumulative effect of implementing GASB 34, correcting prior year recording errors and moving some capital assets to different asset classifications.

WARREN COUNTY

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

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 170,441
Public safety	302,996
Public works	429,729
Health and welfare	13,648
Culture and recreation	6,240
Conservation of natural resources	688
 Total governmental activities depreciation expense	 \$ 923,742

As of September 30, 2003, the county had the following commitments:

On March 1, 1995, the Warren County Board of Supervisors entered into an agreement with the City of Vicksburg to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Vicksburg Factory Outlet Mall Project, the avails of the added incremental increase in county ad valorem taxes levied against the real property constituting the project. County ad valorem taxes on personal property or for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full. In the event the incremental increase in city and county ad valorem tax revenues derived from the project exceed the principal, interest, fees and expenses related to the bonds, the city and the county shall annually be entitled to a portion of such surplus to be determined based on the percentage of ad valorem tax revenue respectively made available by the city and county.

On December 1, 1997, the Warren County Board of Supervisors entered into an agreement with the City of Vicksburg to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Home Development, L.P., Shopping Center Project, the avails of the added incremental increase in county ad valorem taxes levied against the real property and improvements constituting the project. County ad valorem taxes on personal property or for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full. In the event the incremental increase in city and county ad valorem tax revenues derived from the project exceed the principal, interest, fees and expenses related to the bonds, the city and the county shall annually be entitled to a portion of such surplus to be determined based on the percentage of ad valorem tax revenue respectively made available by the city and the county.

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for law enforcement personnel and \$350,000 for all other employees for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2003, to January 1, 2004. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

WARREN COUNTY

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

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$10,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Changes in the balances of claims liabilities during the year are as follows:

Unpaid Claims, Beginning of Fiscal Year	\$ 115,286
Plus: Incurred Claims (Including IBNRs)	1,313,242
Less: Claims Payments	<u>1,260,615</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 167,913</u>

(9) Capital Leases.

As Lessee:

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

<u>Class of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 755,010
Less: Accumulated depreciation	<u>121,906</u>
Leased Property Under Capital Leases	<u>\$ 633,104</u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 158,067	23,790
2005	57,274	16,276
2006	92,767	14,234
2007	<u>377,058</u>	<u>9,494</u>
Total	<u>\$ 685,166</u>	<u>63,794</u>

WARREN COUNTY

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

(10) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Public improvement	\$ 3,645,000	4.40/6.10	12-2013
Port improvement refunding	1,015,000	6.45/6.75	07-2008
Anderson Tully MBIA Bond 2001	<u>1,840,000</u>	2.00	04-2021
Total General Obligation Bonds	<u>\$ 6,500,000</u>		
B. Limited Obligation Bond:			
River Region tax increment financing	<u>\$ 1,600,000</u>	3.25/4.90	05-2010
C. Special Assessment Debt with Governmental Commitment			
Lakemoore subdivision	<u>\$ 49,379</u>	8.63	04-2010
D. Capital Leases:			
Caterpillar 950G wheel loader	\$ 102,661	5.95	09-2004
Caterpillar 430D 4XES backhoe/loader	67,972	3.90	08-2006
Caterpillar D46 track-type tractor	69,736	3.11	07-2007
Three Caterpillar 12H motor graders	<u>444,797</u>	3.18	07-2007
Total Capital Leases	<u>\$ 685,166</u>		

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>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 520,000	276,282	190,000	67,725
2005	545,000	251,310	210,000	61,550
2006	565,000	224,660	220,000	53,990
2007	600,000	196,520	230,000	45,190
2008	620,000	166,080	240,000	35,415
2009 - 2013	2,330,000	472,497	510,000	37,355
2014 - 2018	970,000	78,493		
2019 - 2023	<u>350,000</u>	<u>14,200</u>		
Total	<u>\$ 6,500,000</u>	<u>1,680,042</u>	<u>1,600,000</u>	<u>301,225</u>

WARREN COUNTY

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

<u>Year Ending September 30</u>	<u>Special Assessment Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 5,399	4,332
2005	5,884	3,848
2006	6,399	3,333
2007	6,958	2,773
2008	7,561	2,171
2009 - 2013	17,178	2,286
Total	\$ <u>49,379</u>	<u>18,743</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2003, the amount of outstanding debt was equal to 1.4% of the latest property assessments.

Special Assessment Debt with Commitments - During fiscal year 2001, the county obtained a special assessment loan in the amount of \$65,928. The debt was issued to provide funds for the paving of streets in the Lakemoore Subdivision. The loan is secured by the full faith and credit of the county. The county levied a special assessment tax upon all taxable property in the benefitted area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the bonds. At September 30, 2003, none of the special assessments receivable are considered delinquent.

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

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments*</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2002</u>				<u>Sept. 30, 2003</u>	<u>within one</u>
						<u>year</u>
Governmental Activities						
Compensated absences	\$ 317,931	19,010			336,941	
Claims and judgements	115,286	1,313,242	1,260,615		167,913	167,913
General obligation bonds	6,990,000		490,000		6,500,000	520,000
Limited obligation bonds	1,600,000				1,600,000	190,000
Special assessment debt						
with commitments	54,355		4,976		49,379	5,399
Capital leases	588,941	525,411	77,335	(351,851)	685,166	158,067
Total	\$ <u>9,666,513</u>	<u>1,857,663</u>	<u>1,832,926</u>	<u>(351,851)</u>	<u>9,339,399</u>	<u>1,041,379</u>

\* These adjustments are the result of an early buy-back of leased equipment by the lessor.

WARREN COUNTY

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

(11) Deficit Fund Balances of Individual Funds.

The following funds within the Other Governmental Funds reported deficits in fund balances at September 30, 2003:

Fund	Deficit Amount
Outlet Mall TIF Financing	\$ 38,961
CDBG/Anderson-Tully Expansion	6,532

(12) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

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

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

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

Description	Balance at Sept. 30, 2003
Industrial revenue bonds and notes	\$ <u>19,995,000</u>

(14) Related Organizations.

The county Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations does not extend beyond making the appointments to these organizations:

- Culkin Water District
- Vicksburg Bridge Commission

## WARREN COUNTY

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

#### (15) Joint Ventures.

The county participates in the following joint ventures:

Warren County is a participant with the City of Vicksburg, Madison Parish, Louisiana, and the City of Tallulah, Louisiana, in a joint venture, authorized by Section 61-3-5, Miss. Code. Ann. (1972), to operate the Vicksburg-Tallulah Regional Airport. The joint venture was created to provide air service to the area and is governed by a five-member board of commissioners appointed as follows: Warren County, two; Madison Parish, Louisiana, one; City of Vicksburg, one; City of Tallulah, Louisiana, one. The county appropriated \$33,706 to support the airport in fiscal year 2003 through Warren County Airport Authority. Complete financial statements for the Vicksburg-Tallulah Regional Airport can be obtained from P. O. Box 1311, Vicksburg, MS 39181.

Warren County is participating with the City of Vicksburg in a joint venture, authorized by local and private legislation to operate the Vicksburg-Warren Convention and Visitors Bureau. The joint venture is governed by an 11-member board with five appointed by the city and five appointed by the county. The eleventh member is jointly approved. The county did not appropriate any funds to the organization in the fiscal year 2003. Complete financial statements may be obtained from the Vicksburg-Warren Convention and Visitors Bureau, P. O. Box 110, Vicksburg, MS 39181.

#### (16) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin and Warren. The college's board of trustees is composed of 15 members. The Warren County Board of Supervisors appoints one of those members. The county appropriated \$955,042 for support and maintenance of the college in fiscal year 2003.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The governing body is a 33-member board of directors, three appointed by the Warren County Board of Supervisors. The county appropriated \$19,659 in support of the district in fiscal year 2003.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Warren County Board of Supervisors appoints two of the 26 board members. The county did not appropriate any funds to the organization in fiscal year 2003.

#### (17) Defined Benefit Pension Plan.

Plan Description. Warren 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.



WARREN COUNTY

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2003, 2002 and 2001 were \$698,750, \$680,954 and \$632,803, respectively, equal to the required contributions for each year.

(18) Other Information.

As a result of revenue shortfalls, the State tax Commission had to withhold 7.9% of the March 2003 homestead exemption reimbursement from local governments. The amount withheld from Warren County during the 2002-2003 fiscal year was \$45,246.

(19) Subsequent Events.

Subsequent to September 30, 2003, Warren 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>
11-20-03	1.10/3.75	\$ 3,850,000	General obligation refunding bonds	Ad valorem tax
03-05-04	2.00	250,000	CAP loan	Ad valorem tax

WARREN COUNTY

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WARREN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,443,500	8,328,039	8,328,039	
Licenses, commissions and other revenue	408,500	385,019	385,019	
Fines and forfeitures	510,000	500,249	500,249	
Intergovernmental revenues	3,272,125	4,014,465	4,014,465	
Charges for services	165,000	319,509	319,509	
Interest income	222,000	145,613	145,613	
Miscellaneous revenues		92,684	92,684	
Total Revenues	<u>12,021,125</u>	<u>13,785,578</u>	<u>13,785,578</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,361,298	6,248,920	6,248,920	
Public safety	5,044,217	4,847,812	4,847,812	
Public works	2,437,395	1,733,733	1,733,733	
Health and welfare	1,116,288	1,050,737	1,050,737	
Culture and recreation	420,000	387,701	387,701	
Conservation of natural resources	154,664	147,684	147,684	
Economic development and assistance	59,659	39,324	39,324	
Total Expenditures	<u>15,593,521</u>	<u>14,455,911</u>	<u>14,455,911</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(3,572,396)</u>	<u>(670,333)</u>	<u>(670,333)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		10,580	10,580	
Compensation for loss of capital assets		19,451	19,451	
Transfers out		(5,599)	(5,599)	
Other financing sources	125,600			
Total Other Financing Sources and Uses	<u>125,600</u>	<u>24,432</u>	<u>24,432</u>	<u>0</u>
Net Change in Fund Balance	(3,446,796)	(645,901)	(645,901)	
Fund Balances - Beginning	<u>8,115,465</u>	<u>8,115,465</u>	<u>8,115,465</u>	
Fund Balances - Ending	<u>\$ 4,668,669</u>	<u>7,469,564</u>	<u>7,469,564</u>	<u>0</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,129,500	1,057,507	1,057,507	
Road and bridge privilege taxes	550,000	525,221	525,221	
Intergovernmental revenues	1,269,500	1,644,617	1,644,617	
Interest income	45,000	33,668	33,668	
Miscellaneous revenues		5,416	5,416	
Total Revenues	<u>2,994,000</u>	<u>3,266,429</u>	<u>3,266,429</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	2,954,992	3,184,340	3,184,340	
Debt service:				
Principal	100,000	77,335	77,335	
Interest		26,785	26,785	
Total Expenditures	<u>3,054,992</u>	<u>3,288,460</u>	<u>3,288,460</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(60,992)</u>	<u>(22,031)</u>	<u>(22,031)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		101,960	101,960	
Total Other Financing Sources and Uses	<u>0</u>	<u>101,960</u>	<u>101,960</u>	<u>0</u>
Net Change in Fund Balance	(60,992)	79,929	79,929	
Fund Balances - Beginning	<u>3,296,446</u>	<u>3,296,446</u>	<u>3,296,446</u>	
Fund Balances - Ending	<u>\$ 3,235,454</u>	<u>3,376,375</u>	<u>3,376,375</u>	<u>0</u>

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

## WARREN COUNTY

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

#### A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, the Tax Assessor and the Tax 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.

For the year ended September 30, 2003, the county implemented GASB Statement No. 41 - *Budgetary Comparison Schedules - Perspective Differences*, which amends Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The statement clarifies the budgetary presentation requirements. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

#### C. Budget/GAAP Reconciliation.

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

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

WARREN COUNTY

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ (645,901)	79,929
Increase (Decrease)		
Net adjustments for revenue accruals	(624,705)	249,204
Net adjustments for expenditure accruals	<u>162,279</u>	<u>44,787</u>
GAAP Basis	<u>\$ (1,108,327)</u>	<u>373,920</u>



WARREN COUNTY

SUPPLEMENTAL INFORMATION

WARREN COUNTY

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WARREN COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2003

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>MAJOR FEDERAL AWARDS</b>			
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency			
Public assistance grants	97.036	FEMA 1459-DR-MS	\$ <u>135,886</u>
Total Expenditures of Major Federal Awards			<u>135,886</u>
<b>OTHER FEDERAL AWARDS</b>			
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
Community development block grants/state's program	14.228	94-075-ED-1F01	62,811
Community development block grants/state's program	14.228	99-075-ED-1F01	7,732
Community development block grants/state's program	14.228	1119-02-075-ED-01	33,200
Community development block grants/state's program	14.228	1119-02-075-PF-01	23,850
Total U.S. Department of Housing and Urban Development			<u>127,593</u>
U.S. Department of Justice			
Local law enforcement block grants program	16.592	N/A	20,193
Local law enforcement block grants program	16.592	N/A	71,651
Office of Community Oriented Policing Services			
Public safety partnership and community policing grants	16.710	N/A	43,401
Total U.S. Department of Justice			<u>135,245</u>
U.S. Department of Transportation - Federal Highway Administration/Passed-through the Mississippi Department of Transportation			
Highway planning and construction	20.205	N/A	<u>1,760</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency			
Hazard mitigation grant	97.039	HMGP-1009-017	<u>26,360</u>
Total Expenditures of Other Federal Awards			<u>290,958</u>
Total Expenditures of Federal Awards			<u>\$ <u>426,844</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

WARREN COUNTY

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WARREN COUNTY

SPECIAL REPORTS

WARREN COUNTY

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

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

Members of the Board of Supervisors  
Warren County, Mississippi

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated June 30, 2004. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. Our report includes a qualified opinion on the governmental activities and the General Fund because the county did not maintain adequate subsidiary records documenting the fines receivable of the Circuit Court or the aging of these fines receivable. 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 Warren County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Internal Control Over Financial Reporting

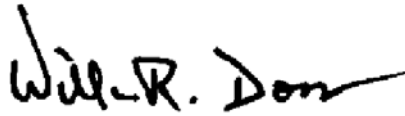
In planning and performing our audit, we considered Warren County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Warren County, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 03-1 and 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 03-1 to be a material weakness.

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

June 30, 2004





# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors  
Warren County, Mississippi

### Compliance

We have audited the compliance of Warren County, Mississippi, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2003. Warren County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Warren County, Mississippi's management. Our responsibility is to express an opinion on Warren County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Warren County, Mississippi's compliance with those requirements.

In our opinion, Warren County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2003.

### Internal Control Over Compliance

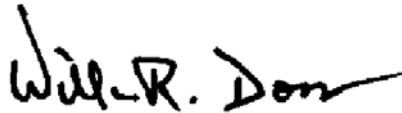
The management of Warren County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Warren County, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

June 30, 2004



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

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

Members of the Board of Supervisors  
Warren County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Warren County, Mississippi, as of and for the year ended September 30, 2003. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Warren 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 Warren County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

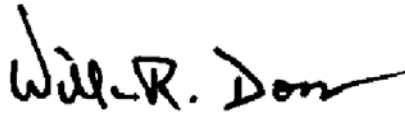
In our opinion, Warren County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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 Warren 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

June 30, 2004

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

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
9/15/03	Courthouse compressor	\$ 19,932	York International	Power outages in the area damaged the main chiller compressor beyond repair.
9/29/03	E911 recording system	12,220	Precision Communications	Power outages in the area damaged the equipment needed by E-911 to operate properly.

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

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
7/14/03	Board minutes, index and imaging software	\$ 4,500	Delta Computer Systems, Inc.

WARREN COUNTY

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

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

Members of the Board of Supervisors  
Warren County, Mississippi

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated June 30, 2004. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. Our report includes a qualified opinion on the governmental activities and the General Fund because the county did not maintain adequate subsidiary records documenting the fines receivable of the Circuit Court or the aging of these fines receivable. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our audit of the primary government financial statements disclosed no instances of noncompliance with state laws and regulations

This report is intended solely for the information and use of management and 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. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature of Phil Bryant in black ink.

PHIL BRYANT  
State Auditor

Handwritten signature of William R. Dooss in black ink.

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

June 30, 2004

WARREN COUNTY

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WARREN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WARREN COUNTY

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WARREN COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2003

Section 1: Summary of Auditor's Results

***Financial Statements:***

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

***Federal Awards:***

- |     |   |             |
|-----|---|-------------|
| 4.  | Type of auditor's report issued on compliance for the major federal program:  | Unqualified |
| 5.  | Internal control over major program:  |             |
|     | a. Material weakness identified?  | No          |
|     | b. Reportable condition identified that is not considered to be a material weakness?  | No          |
| 6.  | Any audit finding reported as required by Section __.510(a) of Circular A-133?  | No          |
| 7.  | Federal program identified as major program:  |             |
|     | Public assistance grants, CFDA #97.036  |             |
| 8.  | The dollar threshold used to distinguish between type A and type B programs:  | \$300,000   |
| 9.  | Auditee qualified as a low-risk auditee?  | Yes         |
| 10. | Prior fiscal year audit finding and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.135(b) of OMB Circular A-133? | No          |

WARREN COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2003

Section 2: Financial Statement Findings

Circuit Clerk.

03-1. Finding

Control procedures were inadequate for maintaining adequate subsidiary records documenting fines receivable of the Circuit Court and the aging of these receivables. Therefore, the Independent Auditor's Report is qualified because we were not able to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable in the governmental activities and the General Fund.

Recommendation

The Circuit Clerk should establish control procedures to maintain adequate subsidiary fines receivable records documenting the individual fines that comprise the fines receivable balance as well as the aging of these individual fines.

Circuit Clerk's Response

Considering this was the first year we were required to report the aging of accounts receivable, we did the best that we could with the information provided to us to file such report.

03-2. Finding

Controls were inadequate over cash. We noted the following weaknesses in internal controls over cash:

- a. Deposits were not made in a timely manner.
- b. Balances were not carried forward to the next month on cash journals.
- c. The bank statements were not properly reconciled to the cash journals since a cash balance was not maintained in the cash journals.

Recommendation

The Circuit Clerk should ensure that deposits are made in a timely manner and that balances are carried forward to the next month so that bank statements can be properly reconciled to the cash journals.

Circuit Clerk's Response

- a. Steps have been taken to insure that deposits are made in a timely manner.
- b. and c. My cash journals have been maintained in the same manner for the past sixteen (16) years. I have an accounting firm that reconciles the civil and criminal cash journals, etc. I will inform them of these findings so that we can maintain the cash journals according to the recommendations.