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**MONTGOMERY COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENT AND SPECIAL REPORTS**  
**For the Year Ended September 30, 2004**

**BFMW GROUP, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**GREENWOOD, MS 38930**

MONTGOMERY COUNTY

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MONTGOMERY  
COUNTY

FINANCIAL SECTION

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

Members of the Board of Supervisors  
Montgomery County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Montgomery County, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the county's primary government financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements referred to above include only the primary government of Montgomery 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 Montgomery County, Mississippi, as of September 30, 2004, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information for the primary government of Montgomery County, Mississippi, as of September 30, 2004, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2005, on our consideration of Montgomery County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 14 and the Budgetary Comparison Schedule and corresponding notes on pages 44 through 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise Montgomery County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis 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.

BFMW Group, PLLC

September 28, 2005





***MONTGOMERY COUNTY, MISSISSIPPI***  
***MANAGEMENT DISCUSSION AND ANALYSIS***

***FOR FISCAL YEAR***  
***October 1, 2003***  
***Thru***  
***September 30, 2004***

## ***INTRODUCTION***

The discussion and analysis of Montgomery County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2004. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the county's financial performance.

## ***FINANCIAL HIGHLIGHTS***

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

Montgomery County continues to grow gradually both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The tax rate has increased an average of only 3% over the last 4 years.

Total net assets increased \$434,084 in FYE 04 and decreased \$52,601 in FYE 03, which represents a 7.6% increase in FYE 04 and 0.8% decrease in FYE 03 from the prior fiscal years. The County's ending cash balance decreased by \$358,086 in FYE 04 and by \$478,922 in FYE 03, which represents a 12.7% decrease in FYE 04 and a 14.6% decrease in FYE 03 from the prior fiscal years.

The County had \$4,968,906 in total Governmental Funds revenues for the FYE 04 and \$5,069,346 in FYE 03. Tax revenues accounted for \$3,083,226 or 63.3% of total revenues in FYE 04 and \$2,971,867 or 58.8% of total revenues in FYE 04. State revenues in the form of reimbursements, shared revenue or grants accounted for \$972,149 or 19.5% of total revenues in FYE 04 and \$1,268,789 or 25.1% of total revenues in FYE 03.

The County had \$5,397,763 in total Governmental Funds expenses in FYE 04 and \$5,500,369 in total Governmental Funds expenses in FYE 03; this represents a decrease of \$102,606 or 1.8% in FYE 04 and an increase of \$833,159 or 17.4% in FYE 03 from prior fiscal years. Expenses in the amount of \$760,642 in FYE 04, and \$1,070,872 in FYE 03 were offset by grants, outside contributions or debt being issued.

Among major funds, the General Fund had \$2,658,022 in revenues in FYE 04 and \$2,574,267 in FYE 03, and \$2,682,138 in expenditures in FYE 04, and \$2,694,666 in FYE 03. The General Fund's fund balance decreased \$294,943 in FYE 04 and \$311,418 in FYE 03.

Capital assets, net of accumulated depreciation, increased by \$603,900 in FYE 04 and decreased by \$38,325 in FYE 03.

Long-term debt decreased by \$210,416 in FYE 04 and by \$243,555 in FYE 03.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

**Figure 1 – Required Components of the County's Annual Report**

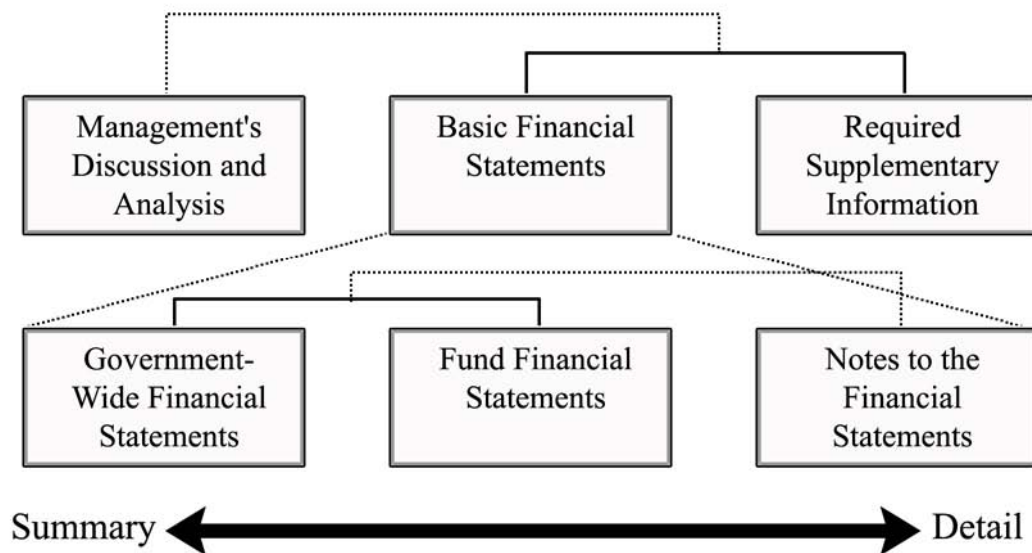


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government and the type of information they contain. The remainder of this section of management's discussion and analysis explains the structure and content of each of the statements.

Figure 2 – Major Features of the County’s Government-Wide and Fund Financial Statements

	<b>Government -Wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	<b>Entire County government (except fiduciary funds) and component units</b>	<b>All Activities of the County that are not proprietary or fiduciary in nature</b>	<b>Activities of the County that operate similar to private businesses</b>	<b>The County is the trustee or agent for someone else’s resources</b>
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in net assets</li> </ul>
<b>Accounting basis and measurement focus</b>	<b>Accrual accounting and economic resources focus</b>	<b>Modified accrual accounting and current financial resources focus</b>	<b>Accrual accounting and economic resources focus</b>	<b>Accrual accounting and economic resources focus</b>
<b>Type of asset/ liability information</b>	<b>All assets and liabilities, both financial and capital and short and long term</b>	<b>Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included</b>	<b>All assets and liabilities, both financial and capital, and short and long term</b>	<b>All assets and liabilities, both short and long term</b>
<b>Type of inflow/ outflow information</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>	<b>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

The County adopts an annual operating budget for all governmental funds.

Montgomery County does not prepare the above listed financial statements, notes, and supplementary information, but relies on the county's auditor to prepare them.

Consequently, all of the above mentioned statements and notes can be found in the audit report for the fiscal year ended September 30, 2004.

## ***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

**Net Assets** – Net assets may serve over time as a useful indicator of government's financial position. In the case of Montgomery County, assets exceeded liabilities by \$6,112,789 as of September 30, 2004, and \$5,678,705 as of September 30, 2003.

A large portion of the County's net assets (56.1% in FYE 04 and 46.2% in FYE 03) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including

the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net assets for the fiscal year ended September 30, 2004 and September 30, 2003.

	Governmental <u>2004 Activities</u>	Governmental <u>2003 Activities</u>
Current assets	\$6,076,854	\$6,060,745
Capital assets, net	<u>4,054,008</u>	<u>3,450,108</u>
Total assets	<u>\$10,130,862</u>	<u>\$9,510,853</u>
Current liabilities	\$3,393,310	\$2,996,969
Long-term debt outstanding	<u>624,763</u>	<u>835,179</u>
Total liabilities	<u>\$4,018,073</u>	<u>\$3,832,148</u>
Net assets:		
Invested in capital assets,		
Net of related debt	\$3,429,245	\$2,614,929
Restricted	75,170	137,576
Unrestricted	<u>2,608,374</u>	<u>2,926,200</u>
Total net assets	<u>\$6,112,789</u>	<u>\$5,678,705</u>

There were no unusual or significant current year transactions that had an impact on the Statement of Net Assets.



**Changes in Net Assets** – Montgomery County’s total revenues for the FYE 04 were \$5,023,659, and \$5,106,081 for the FYE 03. The total cost for all services provided was \$4,811,323 in FYE 04 and \$5,158,682 for the FYE 03. The change in net assets was an increase of \$212,336 in FYE 04 and a decrease of \$52,601 in FYE 03. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2004 and 2003.

	2004	2003
Revenues:	<u>Amount</u>	<u>Amount</u>
Program revenues		
Charges for services	\$756,575	\$ 610,370
Federal grants	10,455	292,549
State grants	750,187	778,323
General revenues		
Property taxes	3,083,226	2,971,867
Fines and fees	190,954	197,917
Other	<u>232,262</u>	<u>255,055</u>
Total Revenues	<u>\$5,023,659</u>	<u>\$5,106,081</u>
Expenses:		
General government	\$1,841,422	\$1,816,131
Public safety	484,555	908,322
Public works	1,958,056	1,621,857
Health and welfare	210,267	231,746
Economic development	106,297	372,633
Other expenses	<u>210,726</u>	<u>207,993</u>
Total Expenses	<u>\$4,811,323</u>	<u>\$5,158,682</u>
Increase (Decrease) in Net Assets	<u>\$ 212,336</u>	<u>\$ (52,601)</u>

**Governmental Activities** – The following table presents the cost of five major functional activities of the County: General Government, Public Safety, Public Works and Health & Welfare and Economic Development.

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

	2003 Total <u>Costs</u>	2003 Net <u>Costs</u>	2004 Total <u>Costs</u>	2004 Net <u>Costs</u>
General Government	\$1,816,131	\$1,760,626	\$1,841,422	\$1,448,851
Public Safety	908,322	500,170	484,555	286,268
Public Works	1,621,657	815,623	1,958,056	1,103,428
Health & Welfare/Economic Dev.	604,379	245,024	316,564	275,762
Culture and Recreation			111,911	80,982

## ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

**Governmental funds** – At the close of the fiscal year, Montgomery County's governmental funds reported a combined fund balance of \$2,338,500 for FYE 04 and \$2,767,357 for FYE 03, which represents a decrease of \$428,857 in FYE 04 and a decrease of \$332,881 in FYE 03. The primary reasons for these decreases are highlighted in the analysis of governmental activities.

## ***BUDGETARY HIGHLIGHTS***

Over the course of the year, Montgomery County did not revise its annual operating budget until the end of the fiscal year. At the end of the fiscal year Montgomery County amended its budget to reflect actual revenues received and expenditures made.

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets** – Montgomery County's total capital assets were \$8,481,005 for FYE 04 and \$8,377,956 for FYE 03. This includes land, buildings, mobile equipment, furniture & equipment, and leased property under capital lease.

Total accumulated depreciation for FYE 04 was \$5,064,038, which includes \$235,714 of depreciation expense for the year. The accumulated depreciation for FYE 03 was \$4,927,828, which includes \$242,966 of depreciation expense for the year. The balance in total net capital assets was \$4,054,008 at 9-30-04 and \$3,450,108 at 9-30-03.

**Debt Administration** - Montgomery County had \$624,763 in long-term debt at 9-30-04 and \$835,179 in long-term debt at 9-30-03. Of this debt, \$130,675 is due within one year of 9-30-04 and \$221,558 is due within one year of 9-30-03.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. Montgomery County's debt was 1.2% of assessed value for FYE 04 and 1.6% of assessed value for FYE 03.

### ***FUTURE ITEMS OF IMPACT***

The county knows of no new industries, locations, or other events which would have a significant impact on financial position in the near future.

MONTGOMERY  
COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

MONTGOMERY COUNTY  
Statement of Net Assets  
September 30, 2004

Exhibit 1

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,462,750
Property tax receivable	3,202,625
Fines receivable, net	251,658
Intergovernmental receivables	49,009
Other receivables	9,235
Solid waste receivable, net	101,577
Capital assets, net	4,054,008
Total Assets	<u>10,130,862</u>
LIABILITIES	
Claims payable	89,238
Other payable	16,379
Accrued interest payable	1,818
Intergovernmental payables	83,250
Deferred revenue	3,202,625
Long-term liabilities	
Due within one year	130,675
Due in more than one year	494,088
Total Liabilities	<u>4,018,073</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,429,245
Restricted for:	
Debt service	75,170
Unrestricted	2,608,374
Total Net Assets	<u>\$ 6,112,789</u>

NOTES:

The intergovernmental payables of \$83,250 include the following amounts due the county's agency funds at year end:

Library	\$ 2,175
Montgomery Co. Library	1,327
Holmes Jr. Community College	1,137
Total	<u>\$ 4,639</u>

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

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

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,841,422	386,201	6,370		\$ (1,448,851)
Public safety	484,555	175,794	22,493		(286,268)
Public works	1,958,056	194,580	495,030	165,018	(1,103,428)
Health and welfare	210,267		30,347		(179,920)
Culture and recreation	111,911		30,929		(80,982)
Conservation of natural resources	64,413			0	(64,413)
Economic development	106,297			10,455	(95,842)
Interest on long-term debt	34,402				(34,402)
Total Governmental Activities	<u>\$ 4,811,323</u>	<u>756,575</u>	<u>585,169</u>	<u>175,473</u>	<u>\$ (3,294,106)</u>
General revenues:					
Taxes:					
Property taxes					\$ 2,959,827
Road & bridge privilege taxes					123,399
Grants and contributions not restricted to specific programs					190,954
Unrestricted investment income					35,025
Unrestricted rental income					11,040
Miscellaneous					186,197
Total General Revenues					<u>\$ 3,506,442</u>
Changes in Net Assets					<u>\$ 212,336</u>
Net Assets - Beginning					\$ 5,678,705
Prior period adjustment					221,748
Net Assets - Beginning restated					<u>\$ 5,900,453</u>
Net Assets - Ending					<u>\$ 6,112,789</u>

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

MONTGOMERY COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2004

Exhibit 3

	General Fund	Road & Bridge Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 1,126,952	824,812	61,099	449,887	2,462,750
Property tax receivable	2,036,421	456,914	389,290	320,000	3,202,625
Fines receivable, net	251,658				251,658
Intergovernmental receivables	49,009				49,009
Other receivables	2,235	7,000			9,235
Solid waste receivable, net				101,577	101,577
Due from other funds	26,500	20,049	6,864	7,104	60,517
Total Assets	<u>\$ 3,492,775</u>	<u>1,308,775</u>	<u>457,253</u>	<u>878,568</u>	<u>6,137,371</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	\$ 26,686	17,027	1,631	37,521	82,865
Other Payables	16,379				16,379
Intergovernmental payables	78,611				78,611
Due to other funds	38,656			26,500	65,156
Deferred revenue	2,288,079	456,914	389,290	421,577	3,555,860
Total Liabilities	<u>2,448,411</u>	<u>473,941</u>	<u>390,921</u>	<u>485,598</u>	<u>3,798,871</u>
<b>Fund balances:</b>					
<b>Unreserved:</b>					
General fund	1,044,364				1,044,364
Special revenue funds		834,834	66,332	205,166	1,106,332
Capital project funds				112,634	112,634
<b>Reserved:</b>					
Debt service funds				75,170	75,170
Total fund balances	<u>1,044,364</u>	<u>834,834</u>	<u>66,332</u>	<u>392,970</u>	<u>2,338,500</u>
Total Liabilities and Fund Balances	<u>\$ 3,492,775</u>	<u>1,308,775</u>	<u>457,253</u>	<u>878,568</u>	<u>6,137,371</u>

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

MONTGOMERY COUNTY  
Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Assets  
September 30, 2004

Exhibit 3.1

Total Fund Balance - Governmental Funds \$ 2,338,500

Amounts reported for governmental services in the Statement of Net Assets (Exhibit 1)  
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 \$235,714 4,054,008

Other long-term assets are not available to pay for current period  
expenditures and, therefore, are deferred in the funds. 353,235

Long-term liabilities are not due and payable in the current-period  
and, therefore, are not reported in the funds. (624,763)

Other liabilities are not due and payable in the current-period  
and, therefore, are not reported in the funds.

Claims Payable	6,373	
Accrued Interest	<u>1,818</u>	<u>(8,191)</u>

Total Net Assets - Governmental Funds \$ 6,112,789

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



## MONTGOMERY COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2004

	General Fund	Road & Bridge Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 1,921,506	446,999	323,155	268,167	2,959,827
Road and bridge privilege taxes		123,399			123,399
Licenses, commissions and other revenue	146,166			16,105	162,271
Fines and forfeitures	155,400				155,400
Intergovernmental revenues	249,531	506,856		215,762	972,149
Charges for services				363,598	363,598
Interest income	33,224			1,801	35,025
Miscellaneous revenues	152,195	12,353		32,689	197,237
Total Revenues	<u>2,658,022</u>	<u>1,089,607</u>	<u>323,155</u>	<u>898,122</u>	<u>4,968,906</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,667,680			163,292	1,830,972
Public safety	590,991			352,940	943,931
Public works	4,616	1,172,911	225,073	481,646	1,884,246
Health and welfare	138,248			86,077	224,325
Culture and recreation	90,527				90,527
Conservation of natural resources	64,413				64,413
Economic development and assistance	95,804			10,493	106,297
Debt service:					0
Principal	20,647	94,233	60,332	43,942	219,154
Interest	9,212	4,645	5,549	14,492	33,898
Total Expenditures	<u>2,682,138</u>	<u>1,271,789</u>	<u>290,954</u>	<u>1,152,882</u>	<u>5,397,763</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(24,116)</u>	<u>(182,182)</u>	<u>32,201</u>	<u>(254,760)</u>	<u>(428,857)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of other debt					0
Transfers in	20,001	124,106		220,403	364,510
Transfers out	(290,828)			(73,682)	(364,510)
Total Other Financing Sources and Uses	<u>(270,827)</u>	<u>124,106</u>	<u>0</u>	<u>146,721</u>	<u>0</u>
Net Changes in Fund Balances	<u>(294,943)</u>	<u>(58,076)</u>	<u>32,201</u>	<u>(108,039)</u>	<u>(428,857)</u>
Fund Balances - Beginning	1,339,307	892,910	34,131	501,009	2,767,357
Fund Balances - Ending	<u>\$ 1,044,364</u>	<u>834,834</u>	<u>66,332</u>	<u>392,970</u>	<u>2,338,500</u>

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

## MONTGOMERY COUNTY

Exhibit 4.1

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended September 30, 2004

Net change in fund balances--total governmental funds (Exhibit 4) \$ (428,857)

Amounts reported for governmental activities in the statement of activities (Exhibit 2)  
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays (\$621,105) exceeded depreciation (\$235,714) in the current period. \$ 385,391

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the amount of net capital assets retired during the year. (11,977)

Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting. 62,177

Solid waste revenues on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting. (7,424)

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 (\$219,154) exceeded debt proceeds (\$0). 219,154

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.

Accrued Interest	63
Claims payable	<u>(6,191)</u>

Change in net assets of governmental activities (Exhibit 2) \$ 212,336



MONTGOMERY COUNTY  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
September 30, 2004

Exhibit 5

ASSETS

Cash and investments  
Intergovernmental receivables  
Total Assets

	Agency Funds
\$	88
	4,639
\$	<u>4,727</u>

LIABILITIES

Intergovernmental payables  
Total Liabilities

\$	<u>4,727</u>
\$	<u>4,727</u>

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

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

1 Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Montgomery 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 Montgomery 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.

- . Tyler Holmes Hospital
- . East Montgomery County Hospital
- . Montgomery County Economic Development District

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are generally financed through taxes, intergovernmental revenues and other nonexchange revenues are reported separately from business-type activities. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 business segment or governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental 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.

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

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Fund 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 revenue 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 sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities is incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major governmental funds:

General Fund - Accounts for all activities of the general government for which a separate fund has not been established.

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

Bridge & Culvert Fund - Accounts for monies from specific revenue sources that are restricted for bridges and culvert maintenance and replacement.

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

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPES

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2001 by the Government Finance Officers Association and the *Mississippi County Financial Accounting Manual* as revised in 2002 by the Office of the State Auditor.

E. Deposits and Investments.

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



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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in governmental fund statements and the related assets are reported as capital assets in the applicable governmental 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. 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.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Montgomery County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002 are not reported in the government wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported 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	\$ -	N/A
Infrastructure	-	20-50 Yrs
Buildings	50,000	40 Yrs
Improvements other than Buildings	25,000	20 Yrs
Mobile Equipment	5,000	5-10 Yrs
Furniture and Equipment	5,000	3-7 Yrs
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 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.

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

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, with unreserved classified as designated and undesignated.

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

K. Property Tax Revenues.

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

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

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

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

2 Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Correction of Prior Year Debt	\$ (8,738)
Correction of Prior Year Net Capital Assets	<u>230,486</u>
 Total Prior Period Adjustment	 <u><u>\$ 221,748</u></u>

3 Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2004, was \$2,462,838, and the bank balance was \$2,920,259. 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.

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

4 Interfund Transactions and Balances.

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

A. From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
New Library	General Fund	\$ 353
Fire Protection Fund	General Fund	139
Reappraisal Fund	General Fund	2,933
E. Montg. Co. Hosp. Maint.	General Fund	357
County Hospital Maint.	General Fund	1,098
Road & Bridge	General Fund	20,049
Bridge & Culvert	General Fund	6,864
Sanitation	General Fund	1,112
Multi-Purpose Bldg. Bond Fn.	General Fund	788
E. Montg. Co. Hosp. Bond Fn.	General Fund	324
Total Rec. By Governmental Type Funds From General Fn.		<u>\$ 34,017</u>
Holmes Comm. College Maint. Fn.	General Fund	\$ 2,175
Holmes Comm. College Bldg. Improvement Fn.	General Fund	1,327
Regional Library Fund	General Fund	1,137
Total Rec. By Agency Type Fund From General Fn.		<u>\$ 4,639</u>
General Fund	E911 Fund	<u>\$ 26,500</u>
Total Intergovernmental Fund Payable by General Fund		<u><u>\$ 65,156</u></u>

The above receivable by various funds from the General Fund are tax revenues collected in September 2004 but not settled until October 2004. The amount receivable from the E911 fund to the general fund was a loan.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

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

B. Transfers In/Out

<u>Transfer in</u>	<u>Transfer out</u>	
Home Program B	Home Program	\$ 2,400
Home Program B	Home Program	2,375
Volunteer Fire	General Fund	10,000
Garbage & Solid Waste	General Fund	22,000
Road & Bridge	Reappraisal Escrow Fund	55,200
Jurors Fund	General Fund	20,000
Garbage & Solid Waste	General Fund	25,000
Volunteer Fire	General Fund	15,000
E-911 Fund	General Fund	25,000
Garbage & Solid Waste	General Fund	20,000
Volunteer Fire	General Fund	10,000
Unemployment Fund	General Fund	5,000
Road & Bridge	CW Equipment Purchase B & I	68,906
General Fund	Mont. Co. GO Bonds	1
Unemployment Fund	General Fund	3,000
Garbage & Solid Waste	General Fund	22,000
Volunteer Fire	General Fund	11,000
E-911 Fund	General Fund	29,628
Garbage & Solid Waste	General Fund	18,000
		<hr/>
		\$ 364,510

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

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

5 Intergovernmental Receivables.

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

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislative Credit - Motor Vehicle	<u>\$ 49,009</u>
Total Governmental Activities	<u><u>\$ 49,009</u></u>

6 Other Receivable.

Other Receivable balances at September 30, 2004, are as follows:

<u>Description</u>	<u>Amount</u>
Returned Checks & Misc.	
Rec. from Tax Collector	\$ 2,235
Rec. - Paving Road	<u>\$ 7,000</u>
Total	<u><u>\$ 9,235</u></u>



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

7 Capital Assets.

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

Governmental Activities:

	Balance Oct. 1, 2003	Additions	Deletions	Adjust. *	Balance Sept.30, 2004
<u>Non Depreciable Capital Assets</u>					
Land	\$ 243,123				\$ 243,123
Construction in Progress		393,918			393,918
Total Non Depreciable Capital Assets	\$ 243,123	\$393,918			\$ 637,041
<u>Depreciable Capital Assets</u>					
Infrastructure	\$ 93,160			\$ 239,355	\$ 332,515
Buildings	4,965,180				\$ 4,965,180
Mobile Equipment	2,833,943	179,806	119,770	(600)	2,893,379
Furniture & Equipment	242,550	47,381			289,931
Total Depreciable Capital Assets	\$ 8,134,833	\$227,187	\$ 119,770	\$ 238,755	\$ 8,481,005
Less: Accumulated Depreciation for:					
Infrastructure	\$ 3,261	\$ 11,638		\$ 8,377	\$ 23,276
Buildings	2,925,551	29,249			2,954,800
Mobile Equipment	1,761,496	177,417	107,793	(108)	1,831,012
Furniture & Equipment	237,540	17,410			254,950
Total Accumulated Depreciation	\$ 4,927,848	\$235,714	\$ 107,793	\$ 8,269	\$ 5,064,038
Total Depreciable Capital Assets - Net	\$ 3,206,985	\$ (8,527)	\$ 11,977	\$ 230,486	\$ 3,416,967
Governmental Activities Cap. Assets-Net	\$ 3,450,108	\$385,391	\$ 11,977	\$ 230,486	\$ 4,054,008

\* Adjustments are a result of:

- a. Infrastructure (roads), inventoried by the county as part of GASB 34 conversion but not done until after 9/30/03 audit date. Cost \$239,355, accumulated depreciation \$8,377.
- b. Below threshold item, \$600, erroneously included in fiscal 2003 corrected and removed from capital asset category in fiscal 2004. Cost \$600, accumulated depreciation \$108.

Commitments in Respect to Capital Projects

No binding commitments in regard to the capital projects under way at September 30, 2004 (construction in progress \$393,918 above) were in existence. These projects consisted of road improvements being done by the county on an "as able" basis, using their own materials, labor and equipment. These road projects were all completed during fiscal 2005.

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

Depreciation expense was charged to the following functions:

<u>Governmental activities:</u>	<u>Amount</u>
General government	\$ 4,527
Public safety	45,233
Public works	161,420
Health & Welfare	3,150
Culture & Recreation	<u>21,384</u>
Total governmental activities depreciation expense	<u><u>\$ 235,714</u></u>

8 Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for law enforcement 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 January 1, 2004, to January 1, 2005. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

9      Long -Term Debt

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Multi. Purpose Bldg.	<u>\$ 230,000</u>	5.00%	3/11
B. Other Loans:			
East Mont. Co. Hospital Maint.	\$ 29,115	5.00%	11/06
MDA Cap Loan - Multi Purpose Bldg.	185,748	3.00%	7/14
MDA Cap Loan - Mental Health Bldg.	102,387	3.00%	5/22
E-911 Equipment	1,628	4.60%	11/04
2 Motor Graders	5,135	4.60%	10/04
1998 Mack Truck	10,734	4.49%	7/05
1999 Mack Truck	8,577	4.49%	7/05
2000 Caterpillar Motor Grader	15,310	5.85%	1/05
Caterpillar D-5 MXL Dozer	<u>36,129</u>	3.50%	10/05
Total	<u>\$ 394,763</u>		

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

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

<u>Governmental Activities</u>		General Obligation	
		Notes	
<u>Year Ending Sept. 30</u>		<u>Principal</u>	<u>Interest</u>
2005		25,000	10,355
2006		30,000	9,130
2007		30,000	7,765
2008		35,000	6,252
2009		35,000	4,590
2010 - 2014		75,000	3,875
2015 - 2019			
2020 - 2024			
Total		<u>\$ 230,000</u>	<u>\$ 41,967</u>

		Other Loans	
<u>Year Ending Sept. 30</u>		<u>Principal</u>	<u>Interest</u>
2005		105,675	10,684
2006		34,807	7,751
2007		31,088	7,045
2008		22,880	6,368
2009		23,544	5,677
2010 - 2014		125,628	17,113
2015 - 2019		31,971	5,225
2020 - 2024		19,170	901
Total		<u>\$ 394,763</u>	<u>\$ 60,764</u>

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

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2004, the amount of outstanding debt was equal to 1.2% of the latest property assessments.

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

	Balance				Balance		Amount due
	Oct.1, 2003	Additions	Reductions	Adjust. *	Sept.30,2004		within one year
General Obligation Bonds	\$ 255,000	\$ -	\$ 25,000	\$ -	\$ 230,000	\$	25,000
Equipment Notes	3,660	-	3,660	-	-	-	-
Other Loans	576,519	-	190,494	8,738	394,763		105,675
Total	\$ 835,179	\$ -	\$ 219,154	\$ 8,738	\$ 624,763	\$	130,675

\* Adjustments are corrections of prior period debt.

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

10 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 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.

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

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

<u>Description</u>	<u>Balance at Sept. 30, 2004</u>
Hospital Revenue Notes	\$ 27,851

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

12 Joint Venture.

The county participates in the following joint venture:

Montgomery County is a participant with the City of Winona in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Winona-Montgomery County Airport Authority. The joint venture was created to construct, manage, control and operate the Winona-Montgomery County Airport and is governed by a five-member board of commissioners appointed as follows: Montgomery County, two; City of Winona, two; jointly, one. By contractual agreement, all costs of the airport shall be borne equally by both parties. The county paid \$4,690 for maintenance and support of the airport in fiscal year 2004. Financial statements for the Winona-Montgomery County Airport Authority were not available.

13 Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Montgomery County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$22,598 for support of the center in fiscal year 2004.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Montgomery County Board of Supervisors appoints four of the 28 members of the district board of directors. The county appropriated \$20,584 for the maintenance and support of the district in fiscal year 2004.

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Montgomery County Board of Supervisors appoints two of the 22 members of the college board of trustees. The county appropriated \$115,179 for maintenance and support of the college in fiscal year 2004.

Mid-Mississippi Regional Library System operates in a district composed of the counties of Attala, Holmes, Leake, Montgomery and Winston. The Montgomery County Board of Supervisors appoints one of the five members of the library board of directors. The county appropriated \$101,108 for maintenance and support of the library in fiscal year 2004.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Montgomery County Board of Supervisors appoints one of the nine members of the board of commissioners. The county did not appropriate for maintenance and support of the authority in fiscal year 2004.

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

14 Defined Benefit Pension Plan.

Plan Description. Montgomery 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 calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2004, 2003, and 2002 were \$143,485, \$152,782 and \$136,806 respectively, equal to the required contributions for each year.

15 Subsequent Events.

There were no subsequent events of a material nature to fiscal year ended September 30, 2004 to report.



MONTGOMERY  
COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund, Road & Bridge Maintenance Fund, & Bridge & Culvert Fund  
 For the Year Ended September 30, 2004

	General Fund				Road & Bridge Maintenance Fund				Bridge & Culvert Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES												
Property taxes	\$ 1,893,128	1,909,763	1,892,981	(16,782)	448,400	448,400	441,761	(6,639)	309,000	318,894	318,894	0
Road and bridge privilege taxes					95,000	95,000	117,423	22,423				0
Licenses, commissions and other revenue	124,025	124,025	111,604	(12,421)				0				0
Fines and forfeitures	155,652	155,652	151,794	(3,858)				0				0
Special assessments								0				0
Contributions to permanent funds								0				0
Intergovernmental revenues	287,466	287,466	249,531	(37,935)	526,000	526,000	506,856	(19,144)				0
Charges for services								0				0
Interest income	45,000	32,922	43,962	11,040								0
Miscellaneous revenues	191,024	191,024	140,965	(50,059)	10,034	10,034	5,353	(4,681)				0
Total Revenues	2,696,295	2,700,852	2,590,837	(110,015)	1,079,434	1,079,434	1,071,393	(8,041)	309,000	318,894	318,894	0
EXPENDITURES												
Current:												
General government	1,675,068	1,680,944	1,680,944	0				0				0
Public safety	522,891	566,027	566,027	0				0				0
Public works	13,000	4,690	4,690	0	1,188,176	1,161,579	1,161,580	(1)	259,000	231,000	231,000	0
Health and welfare	143,435	138,494	138,494	0				0				0
Culture and recreation	89,478	90,527	90,527	0				0				0
Education	600							0				0
Conservation of natural resources	70,705	63,507	63,507	0				0				0
Economic development and assistance	96,084	95,804	95,804	0				0				0
Debt service:												
Principal		20,823	20,823	0	94,302	94,233	94,233	0	50,000	63,583	63,583	0
Interest		9,036	9,036	0		4,645	4,645	0		2,298	2,298	0
Bond issue costs				0				0				0
Total Expenditures	2,611,261	2,669,852	2,669,852	0	1,282,478	1,260,457	1,260,458	(1)	309,000	296,881	296,881	0
Excess of Revenues over (under) Expenditures	85,034	31,000	(79,015)	(110,015)	(203,044)	(181,023)	(189,065)	(8,042)	0	22,013	22,013	0
OTHER FINANCING SOURCES (USES)												
Long-term debt issued				0				0				0
Refunding bonds issued				0				0				0
Proceeds from sale of capital assets				0				0				0
Premiums on bonds issued				0				0				0
Compensation for loss of capital assets				0				0				0
Transfers in	110,000	110,000	21,048	(88,952)	64,000	64,000	124,106	60,106				0
Transfers out	(215,034)	(290,828)	(290,828)	0				0				0
Payment to bond refunding escrow agent				0				0				0
Discount on bonds issued				0				0				0
Other financing sources		0	(26,500)	(26,500)								0
Other financing uses				0				0				0
Total Other Financing Sources and Uses	(105,034)	(180,828)	(296,280)	(115,452)	64,000	64,000	124,106	60,106	0	0	0	0
Net Change in Fund Balance	20,000	(149,828)	(375,295)	(225,467)	(139,044)	(117,023)	(64,959)	(52,064)	0	22,013	22,013	0
Fund Balances - Beginning	1,334,717	1,334,717	1,334,717	0	889,771	889,771	889,771	0	39,086	39,086	39,086	0
Fund Balances - Ending	\$ 1,314,717	1,184,889	959,422	(225,467)	750,727	772,748	824,812	(52,064)	39,086	61,099	61,099	0

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

MONTGOMERY COUNTY  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2004

Notes to the Required Supplementary Information

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

MONTGOMERY COUNTY  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2004

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

	Governmental Fund Types		
	General Fund	Road & Bridge Maint. Fund	Bridge & Culvert Fund
Excess of Revenues & Other Sources over (under) Expenditures and Other Uses			
Budget (Cash Basis)	\$ (375,295)	\$ (64,959)	\$ 22,013
Increase (Decrease)			
Net adjustments for revenue accruals	92,638	18,214	4,261
Net adjustments for expenditure accruals	(12,286)	(11,331)	5,927
GAAP Basis	<u>\$ (294,943)</u>	<u>\$ (58,076)</u>	<u>\$ 32,201</u>





MONTGOMERY  
COUNTY

SUPPLEMENTAL INFORMATION

MONTGOMERY COUNTY

Reconciliation of Operating Costs of Solid Waste

For the Year Ended September 30, 2004

Operating Expenditures, Cash Basis:

Salaries & Costs	\$ 22,784
Expendable Commodities:	
Gasoline and petroleum products	
Repair parts	
Clothing	
Contract garbage pick up	271,955
Insurance on equipment	
Supplies	<u>6,413</u>
Solid Waste Cash Basis Operating Expenditures	\$ 301,152

Full Cost Expenses:

Indirect administrative costs	0
Depreciation on equipment	0
Net effect of other accrued expenses	<u>\$ 5,762</u>
Solid Waste Full Cost Operating Expenses	<u><u>\$ 306,914</u></u>



MONTGOMERY  
COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors  
Montgomery County, Mississippi

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Montgomery County, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the county's basic primary government financial statements and have issued our report thereon dated September 28, 2005. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montgomery 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 an opinion 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 a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Montgomery County, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and responses as items 04-1 and 04-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

### Compliance and Other Matters

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

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

BFMW Group, PLLC

September 28, 2005

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  
Montgomery County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Montgomery County, Mississippi, as of and for the year ended September 30, 2004. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Montgomery 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 Montgomery 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, Montgomery 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 Montgomery 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.

BFMW Group, PLLC

September 28, 2005

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

Schedule 1

There was one such purchase made 01/20/04.

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason For accepting Other Than the Lowest Bid
01/20/04	Two 24 ft. Tandem Axle Dump Trailers	\$19,900 Each	Waters Truck & Tractor	\$18,500 Each	See Below

A-Purchases From Other Than Lowest Bidder

One such purchase made-01/20/04- Two 24' Tandem Axle Dump Trailers

Bids-Waters Truck & Trailer	\$19,900 Each – Bid Accepted
Warren, Inc.	\$18,500 Each – (Low Bid)
Tri-State Mack, Inc.	\$20,875 Each – (High Bid)

BOS accepted Waters Truck & Tractor bid as best bid over Warren's lowest bid for  
The following reasons:

- 1 – Distance from vendor is closer (Kosciusko, MS. Vs Collins, MS).
- 2 – Brand of Trailer-County already owns several Palmer trailers and can use old ones for spare parts.
- 3 – Past experience with vendor.
- 4 – Immediate Delivery Available.
- 5 – Palmer trailers equipped with air gates.

No Finding – Proper Documentation & Justification Established.

MONTGOMERY COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2004

Schedule 2

There was one such purchase on 8/20/04.

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
8/20/04	Recorder for EOC	\$22,385	Central MS Communications	Failure of old recorder - needed for Emergency Operations Center - Minute Book 102, Page 89

MONTGOMERY COUNTY  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2004

Schedule 3

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





## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Member of the Board of Supervisors  
Montgomery County, Mississippi

In planning and performing our audit of the financial statements of Montgomery County, Mississippi for the year ended September 30, 2004, we considered Montgomery County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Montgomery County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 28, 2005, on the financial statements of Montgomery County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

BFMW Group, PLLC

September 28, 2005

MONTGOMERY  
COUNTY

SCHEDULE OF FINDINGS

MONTGOMERY COUNTY  
Schedule of Findings  
For the Year Ended September 30, 2004

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

Circuit Clerk.

04-1 Finding

The Circuit Clerk must prepare a report at September 30 of each year identifying the distribution of all funds held by the tax collector in order to include these funds in the financial statements of the county. This report should specify the revenues that are due to the general fund, other funds, state government or others. The tax collector should submit this report to the Chancery Clerk by October 31 of each year. This report was not prepared.

Recommendation

The Circuit Clerk should prepare a report of the distribution of tax collector funds as of September 30 and submit it to the Chancery Clerk by October 31 of the year.

Circuit Clerk Response

We will comply.

Tax Collector.

04-2 Finding

The tax collector must prepare a report at September 30 of each year identifying the distribution of all funds held by the tax collector in order to include these funds in the financial statements of the county. This report should specify the revenues that are due to the general fund, other funds, state government or others. The tax collector should submit this report to the Chancery Clerk by October 31, of each year. This report was not prepared.

Recommendation

The tax collector should prepare a report of the distribution of tax collector funds as of September 30 and submit it to the Chancery Clerk by October 31 of the year.

Response

I will comply.