



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

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**SUNFLOWER COUNTY, MISSISSIPPI**

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



SUNFLOWER COUNTY

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SUNFLOWER COUNTY

FINANCIAL SECTION

SUNFLOWER 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  
Sunflower County, Mississippi

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

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

The financial statements referred to above include only the primary government of Sunflower 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 Sunflower 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, 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 Sunflower 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, Sunflower 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 February 2, 2005, on our consideration of Sunflower 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.

Sunflower 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 30 through 33 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 inquires 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 Sunflower 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

February 2, 2005



SUNFLOWER COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

SUNFLOWER COUNTY  
Statement of Net Assets  
September 30, 2003

Exhibit 1

	Primary Government
	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 4,284,362
Accrued interest receivable	445
Property tax receivable	4,990,530
Accounts receivable (net of allowance for uncollectibles of \$308,958)	6,660
Fines receivable (net of allowance for uncollectibles of \$1,879,857)	144,661
Loans receivable	900,684
Intergovernmental receivables	95,343
Other receivables	35,420
Deferred charge - issuance cost	20,395
Capital assets, net	<u>14,533,212</u>
Total Assets	<u>25,011,712</u>
<b>LIABILITIES</b>	
Claims payable	512,558
Intergovernmental payables	187,283
Deferred revenue	4,990,530
Other payables	37,213
Long-term liabilities	
Due within one year:	
Capital related debt	308,053
Non-capital debt	731,939
Due in more than one year:	
Capital related debt	1,429,380
Non-capital debt	<u>4,201,356</u>
Total Liabilities	<u>12,398,312</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	12,795,779
Restricted:	
Expendable:	
General government	34,394
Debt service	1,484,449
Public safety	508,364
Public works	1,263,618
Health and welfare	13,389
Culture and recreation	51,819
Economic development	8,711
Unemployment compensation	21,328
Other purposes	900,684
Unrestricted	<u>(4,469,135)</u>
Total Net Assets	<u>\$ 12,613,400</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and
		Charges for	Operating	Capital	Changes in Net Assets
		Services	Grants and	Grants and	Primary Government
			Contributions	Contributions	Governmental
					Activities
Primary government:					
Governmental activities:					
General government	\$ 2,947,297	614,471			(2,332,826)
Public safety	2,110,612	579,765	127,407	58,031	(1,345,409)
Public works	3,559,400	191,324	972,443	42,061	(2,353,572)
Health and welfare	631,479		45,657		(585,822)
Culture and recreation	213,344				(213,344)
Conservation of natural resources	100,276				(100,276)
Economic development and assistance	717,142		292,986		(424,156)
Interest on long-term debt	372,090				(372,090)
<b>Total Primary Government</b>	<b>\$ 10,651,640</b>	<b>1,385,560</b>	<b>1,438,493</b>	<b>100,092</b>	<b>(7,727,495)</b>
General revenues:					
Property taxes				\$	6,302,515
Road & bridge privilege taxes					242,163
Grants and contributions not restricted to specific programs					461,289
Unrestricted interest income					104,574
Miscellaneous					170,043
Total General Revenues					7,280,584
Changes in Net Assets					(446,911)
Net Assets - Beginning, as restated					13,060,311
Net Assets - Ending				\$	12,613,400

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

SUNFLOWER COUNTY  
 Balance Sheet - Governmental Funds  
 September 30, 2003

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Road Maintenance Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash	\$ 651,207	769,475	2,863,680	4,284,362
Accrued interest receivable			445	445
Property tax receivable	2,810,000	408,000	1,772,530	4,990,530
Accounts receivable (net of allowance for uncollectibles \$308,958)			6,660	6,660
Fines receivable (net of allowance for uncollectibles \$1,879,857)	144,661			144,661
Loans receivable			900,684	900,684
Intergovernmental receivables	95,343			95,343
Other receivables	21,825		13,596	35,421
Due from other funds		25,596	38,657	64,253
Total Assets	<u>\$ 3,723,036</u>	<u>1,203,071</u>	<u>5,596,252</u>	<u>10,522,359</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Claims payable	\$ 165,727	140,404	206,427	512,558
Intergovernmental payables	179,600			179,600
Due to other funds	66,336		5,600	71,936
Deferred revenue	2,954,661	408,000	1,779,190	5,141,851
Other payables	37,213			37,213
Total Liabilities	<u>3,403,537</u>	<u>548,404</u>	<u>1,991,217</u>	<u>5,943,158</u>
Fund balances:				
Reserved for:				
Debt service			1,464,054	1,464,054
Loans receivable			900,684	900,684
Unemployment compensation			21,328	21,328
Unreserved, reported in:				
General Fund	319,499			319,499
Special Revenue Funds		654,667	1,218,969	1,873,636
Total Fund Balances	<u>319,499</u>	<u>654,667</u>	<u>3,605,035</u>	<u>4,579,201</u>
Total Liabilities and Fund Balances	<u>\$ 3,723,036</u>	<u>1,203,071</u>	<u>5,596,252</u>	<u>10,522,359</u>

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

SUNFLOWER 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	\$ 4,579,201
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 \$24,342,979.	14,533,212
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	151,321
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(6,670,728)
Amortization of issuance cost on refunding bond issue.	<u>20,394</u>
Total Net Assets - Governmental Activities	<u>\$ 12,613,400</u>

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

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

	Major Funds			Total Governmental Funds
	General Fund	Road Maintenance Fund	Other Governmental Funds	
<b>REVENUES</b>				
Property taxes	\$ 3,546,099	568,771	2,187,645	6,302,515
Road and bridge privilege taxes		229,325	12,838	242,163
Licenses, commissions and other revenue	347,028	3,531	11,220	361,779
Fines and forfeitures	296,817		551	297,368
Intergovernmental revenues	450,465	640,324	909,085	1,999,874
Charges for services	350,797	1,540	374,076	726,413
Interest income	58,750		45,824	104,574
Miscellaneous revenues	109,708	211	60,124	170,043
<b>Total Revenues</b>	<b>5,159,664</b>	<b>1,443,702</b>	<b>3,601,363</b>	<b>10,204,729</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,853,499		18,999	2,872,498
Public safety	1,603,925		590,021	2,193,946
Public works	108,039	1,884,494	1,210,867	3,203,400
Health and welfare	390,270		219,745	610,015
Culture and recreation			213,344	213,344
Conservation of natural resources	105,746		25	105,771
Economic development and assistance	113,225		572,054	685,279
Debt service:				
Principal	20,456	2,195	953,876	976,527
Interest	350	259	311,876	312,485
Bond issue cost			40,791	40,791
<b>Total Expenditures</b>	<b>5,195,510</b>	<b>1,886,948</b>	<b>4,131,598</b>	<b>11,214,056</b>
Excess of Revenues over (under) Expenditures	(35,846)	(443,246)	(530,235)	(1,009,327)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued		55,638		55,638
Refunding bonds issued			2,235,000	2,235,000
Compensation for loss of capital assets		12,559		12,559
Transfers in	55,171	61,794	238,078	355,043
Transfers out	(135,765)	(11,454)	(207,824)	(355,043)
Payment to bond refunding escrow agent			(2,164,382)	(2,164,382)
Discount on bonds issued			(29,827)	(29,827)
<b>Total Other Financing Sources and Uses</b>	<b>(80,594)</b>	<b>118,537</b>	<b>71,045</b>	<b>108,988</b>
<b>Net Changes in Fund Balances</b>	<b>(116,440)</b>	<b>(324,709)</b>	<b>(459,190)</b>	<b>(900,339)</b>
Fund Balance - Beginning, as restated	435,939	979,376	4,064,225	5,479,540
Fund Balances - Ending	\$ 319,499	654,667	3,605,035	4,579,201

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

SUNFLOWER COUNTY  
 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

Exhibit 4-1

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ (900,339)
<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 depreciation of            \$1,824,183 exceeded capital outlays of \$1,372,757 in the current period.</p>	(451,426)
<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. Thus, the change in net assets differs            from the change in fund balances by the amount of the loss of \$8,094 and            the proceeds from insurance of \$12,559 in the current period.</p>	(20,653)
<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            proceeds of \$2,290,638 exceeded debt repayments of \$976,527 and by the amount            of the \$2,075,000 bond issue refunded.</p>	760,889
<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 a combination of the following items:</p>	
<p>The amount of decrease in:</p>	
Compensated absences	14,372
Claims and judgements payable	70,247
The amortization of:	
Issuance cost on refunding bond	20,395
Refunding bond deferred charges	44,690
Discount on refunding bond	14,914
Change in Net Assets of Governmental Activities	\$ (446,911)

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

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

Exhibit 5

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 69,570
Due from other funds	7,683
Total Assets	<u>\$ 77,253</u>
<b>LIABILITIES</b>	
Other liabilities	\$ 43,793
Intergovernmental payables	33,460
Total Liabilities	<u>\$ 77,253</u>

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



## SUNFLOWER COUNTY

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

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

##### A. Financial Reporting Entity.

Sunflower 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 Sunflower 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.

- North Sunflower County Hospital
- South Sunflower County Hospital
- Sunflower County Library

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

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

Additionally, the county reports the following fund types:

## SUNFLOWER 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 (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 TYPE

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

#### D. Account Classifications.

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

#### E. Deposits and Investments.

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

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.

SUNFLOWER 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 elect not to report major general infrastructure assets retroactively. Sunflower County meets this criteria but has elected to report infrastructure retroactively. General infrastructure assets acquired after September 30, 1980 are reported on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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. Capital assets in the government-wide financial statements are depreciated over the following estimated useful lives of the respective assets.

Land	N/A
Infrastructure	20-50 years
Buildings	40 years
Improvements other than buildings	20 years
Mobile equipment	5-10 years
Furniture and equipment	3-7 years
Leased property under capital leases	*

\* Leased property useful lives 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while

## SUNFLOWER COUNTY

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

discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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.

SUNFLOWER 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 \$30,391 for accumulated unpaid personal leave up to a maximum of 10 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.

SUNFLOWER 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 Adjustment	Sept. 30, 2002 As Restated
Governmental Funds and Governmental Activities				
Major Funds:				
General	\$ 435,645	294		435,939
Road Maintenance		979,376		979,376
Other Governmental Funds:				
Special Revenue	3,779,648	(955,069)		2,824,579
Debt Service	1,239,646			1,239,646
Total Governmental Funds	5,454,939	24,601	0	5,479,540
Governmental Activities:				
Capital assets, net		9,379,973	5,625,318	15,005,291
Long-term liabilities		(7,575,841)		(7,575,841)
Fines receivable			144,661	144,661
Accounts receivable			6,660	6,660
Total Governmental Funds and Governmental Activities	\$ 5,454,939	1,828,733	5,776,639	13,060,311
Fiduciary Funds				
Expendable Trust	\$ 24,601	(24,601)		
Total Fiduciary Funds	\$ 24,601	(24,601)	0	0
Account Groups				
General Fixed Assets	\$ 9,379,973	(9,379,973)		
General Long-term Debt	(7,575,841)	7,575,841		
Total Account Groups	\$ 1,804,132	(1,804,132)	0	0

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2003, was \$4,353,932, and the bank balance was \$4,329,979. 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.

SUNFLOWER 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 Maintenance	General	\$ 25,596
Other Governmental Funds	General	33,057
Other Governmental Funds	Other Governmental Funds	5,600
Agency Funds	General	<u>7,683</u>
Total		<u>\$ 71,936</u>

The \$5,600 interfund receivable represents a loan made in anticipation of a reimbursement from DEQ. The remaining 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>
General Fund	Other Governmental Funds	\$ 55,171
Other Governmental Funds	General Fund	135,765
Road Maintenance	Other Governmental Funds	61,794
Other Governmental Funds	Road Maintenance	11,454
Other Governmental Funds	Other Governmental Funds	<u>90,859</u>
Total		<u>\$ 355,043</u>

The principal purposes of interfund transfers was to reclassify funds due to GASB 34, to close funds no longer needed and to reimburse for expenses. 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	<u>\$ 95,343</u>



SUNFLOWER COUNTY

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

(6) Loans Receivable.

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

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
Delta Pride Catfish, Inc.	08/00	6.50	05/16	\$ <u>900,684</u>

(7) Capital Assets.

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

Governmental activities:

	<u>Balance Oct. 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments *</u>	<u>Balance Sept. 30, 2003</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 204,062				204,062
Construction in progress		263,493			263,493
Total non-depreciable capital assets	<u>204,062</u>	<u>263,493</u>	<u>0</u>	<u>0</u>	<u>467,555</u>
<u>Depreciable capital assets:</u>					
Infrastructure		716,832	12,764	28,201,502	28,905,570
Buildings	4,070,197				4,070,197
Improvements other than buildings	8,986				8,986
Mobile equipment	3,426,529	264,089	45,687	174,659	3,819,590
Furniture and equipment	1,468,867	49,634	19,590	(69,324)	1,429,587
Leased property under capital leases	201,332	78,709		(105,335)	174,706
Total depreciable capital assets	<u>9,175,911</u>	<u>1,109,264</u>	<u>78,041</u>	<u>28,201,502</u>	<u>38,408,636</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure		1,273,052	8,935	18,416,418	19,680,535
Buildings		81,381		814,348	895,729
Improvements other than buildings		360		359	719
Mobile equipment		287,737	32,987	2,317,382	2,572,132
Furniture and equipment		165,929	15,466	984,478	1,134,941
Leased property under capital leases		15,724		43,199	58,923
Total accumulated depreciation	<u>0</u>	<u>1,824,183</u>	<u>57,388</u>	<u>22,576,184</u>	<u>24,342,979</u>
Total depreciable capital assets, net	<u>9,175,911</u>	<u>(714,919)</u>	<u>20,653</u>	<u>5,625,318</u>	<u>14,065,657</u>
Governmental activities capital assets, net	\$ <u>9,379,973</u>	<u>(451,426)</u>	<u>20,653</u>	<u>5,625,318</u>	<u>14,533,212</u>

\* Adjustments are the cumulative effect of implementing GASB 34 and reclassifying paid out lease purchases.

SUNFLOWER COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 144,259
Public safety	174,865
Public works	1,444,446
Health and welfare	26,604
Conservation of natural resources	1,878
Economic development	<u>32,131</u>
 Total governmental activities depreciation expense	 \$ <u><u>1,824,183</u></u>

As of September 30, 2003, the county had the following commitment with respect to an unfinished capital project:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
CDBG - Delta Western Rail Spur	\$ 304,028	November, 2004

(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.

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 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 \$20,000. 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	\$ 88,198
Plus: Incurred Claims (Including IBNRs)	663,634
Less: Claims Payments	<u>733,881</u>
 Unpaid Claims, End of Fiscal Year	 \$ <u><u>17,951</u></u>

SUNFLOWER COUNTY

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

(9) Capital Leases.

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 174,706
Less: Accumulated depreciation	<u>58,923</u>
Leased Property Under Capital Leases	<u>\$ 115,783</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	\$ 16,949	1,355
2005	13,773	952
2006	14,166	559
2007	<u>12,114</u>	<u>157</u>
Total	<u>\$ 57,002</u>	<u>3,023</u>

(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:			
Jail refunding bonds	\$ 780,000	4.00/4.30	02/08
MBIA bonds - Dollar General	500,000	3.00	11/07
North Sunflower County Hospital bonds 1997	585,000	4.70/5.20	10/12
South Sunflower County Hospital refunding bonds	385,000	4.55/4.70	05/06
Public improvement 2002	820,000	3.50/5.00	08/11
Road & bridge refunding bonds 2003	<u>2,235,000</u>	1.35/3.45	04/12
Total General Obligation Bonds	<u>\$ 5,305,000</u>		

SUNFLOWER COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>B. Capital Leases:</b>			
John Deere trackhoe/excavator	\$ 3,558	4.49	11/03
Tiger ditcher & boom mower	10,026	2.99	07/07
John Deere tractor	<u>43,418</u>	2.99	07/07
Total Capital Leases	<u>\$ 57,002</u>		
<b>C. Other Loans:</b>			
Series 2002 note	\$ 338,874	3.40	09/05
CDBG - Delta Pride Catfish, Inc.	900,684	6.50	05/16
Courthouse roof note	<u>80,431</u>	5.74	06/05
Total Other Loans	<u>\$ 1,319,989</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2004	\$ 725,000	181,625	280,092	73,288
2005	750,000	157,169	237,154	60,656
2006	780,000	131,343	53,943	50,590
2007	655,000	103,386	57,555	46,977
2008	685,000	79,965	61,410	43,123
2009 - 2013	1,710,000	140,547	374,534	148,130
2014 - 2018	<u>                    </u>	<u>                    </u>	<u>255,301</u>	<u>23,454</u>
Total	<u>\$ 5,305,000</u>	<u>794,035</u>	<u>1,319,989</u>	<u>446,218</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 4.33% of the latest property assessments.

SUNFLOWER COUNTY

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

Advance Refunding - On June 1, 2003, the county issued \$2,235,000 in general obligation refunding bonds with an average interest rate of 3.05% to advance refund \$2,075,000 of the following outstanding bond issue:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
Road & bridge bonds 1997	4.98	\$ 2,075,000

The net proceeds of \$2,164,382 (after payment of \$70,618 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Assets.

The county advance refunded the above bonds to reduce its total debt service payments over the next nine years by almost \$49,584 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$49,430.

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

	<u>Balance Oct. 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments *</u>	<u>Balance Sept. 30, 2003</u>	<u>Amount due within one year</u>
Governmental Activities:						
Bonds payable						
General obligation bonds	\$ 5,810,000	2,235,000	(665,000)	(2,075,000)	5,305,000	725,000
Less deferred amounts:						
For issuance discounts		(29,827)	14,914		(14,913)	
On refunding		(89,382)	44,690		(44,692)	
Total bonds payable	<u>5,810,000</u>	<u>2,115,791</u>	<u>(605,396)</u>	<u>(2,075,000)</u>	<u>5,245,395</u>	<u>725,000</u>
Capital leases	44,817	55,638	(43,453)		57,002	16,949
Other loans	1,588,063		(268,074)		1,319,989	280,092
Compensated absences	44,763		(14,372)		30,391	
Claims and judgments	<u>88,198</u>	<u>663,634</u>	<u>(733,881)</u>		<u>17,951</u>	<u>17,951</u>
Total	<u>\$ 7,575,841</u>	<u>2,835,063</u>	<u>(1,665,176)</u>	<u>(2,075,000)</u>	<u>6,670,728</u>	<u>1,039,992</u>

\* The adjustment is to remove liability for refunded bonds.

(11) Deficit Fund Balance of Individual Fund.

The following fund reported a deficit in fund balance at September 30, 2003:

<u>Fund</u>	<u>Deficit Amount</u>
Waste Tire Grant	\$ 10,143

## SUNFLOWER COUNTY

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

(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) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Sunflower County Board of Supervisors appoints six of the 20 members of the college board of trustees. The county appropriated \$468,524 for maintenance and support of the college in fiscal year 2003.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Sunflower County Board of Supervisors appoints one of the members of the 21 district board of commissioners. The county levied a .61 mill tax, which brought in \$80,030 for the maintenance and support of the district in fiscal year 2003.

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 Sunflower County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$57,300 to the entity in fiscal year 2003.

South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Sunflower County Board of Supervisors appoints four of the 22 members of the district board of directors. The county appropriated \$9,378 for support of the district in fiscal year 2003.

(14) Defined Benefit Pension Plan.

Plan Description. Sunflower 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.

SUNFLOWER 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 \$283,979, \$293,758 and \$280,662, respectively, equal to the required contributions for each year.

(15) Other Information.

As a result of revenue shortfalls, the State Tax Commission had to withhold 7.96% of the March 2003 homestead exemption reimbursement from local governments. The amount withheld from Sunflower County during the 2002-2003 fiscal year was \$13,933.

(16) Subsequent Events.

Subsequent to September 30, 2003, Sunflower County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
09/16/04	3.45	\$ 340,000	Negotiable note	Ad valorem taxes

On February 25, 2005, Anna Addison, Tax Assessor-Collector, plead guilty to embezzlement and related offenses. She was sentenced to five years house arrest and five years probation and ordered to pay \$97,766.67 to the county, \$13,720.13 to the State Tax Commission, \$250 to the Crime Victims Compensation Fund, a \$10,000 fine and court cost.

On October 3, 2003, Dandreier Bush, Deputy Tax Collector, plead guilty to embezzlement and related charges and entered into a pretrial diversion program. She was sentenced to three years probation and ordered to pay a fine of \$500, administrative fee of \$500, pay \$250 to the Crime Victim Compensation Fund, restitution of \$480 and court cost.

On October 6, 2003, Gwen Ailes, Purchase Clerk, plead guilty to conspiracy and related charges and entered into a pretrial diversion program. She was sentenced to three years probation and ordered to pay a fine of \$500, administrative fee of \$500, pay \$250 to the Crime Victim Compensation Fund, restitution of \$480 and court cost.

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SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER 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	\$ 3,542,600	3,683,763	3,546,706	(137,057)
Licenses, commissions and other revenue	156,550	341,600	341,537	(63)
Fines and forfeitures	219,000	290,718	289,802	(916)
Intergovernmental revenues	548,175	418,510	418,510	
Charges for services	210,000	350,797	350,797	
Interest income	194,673	58,636	58,636	
Miscellaneous revenues	31,450	109,708	109,708	
Total Revenues	<u>4,902,448</u>	<u>5,253,732</u>	<u>5,115,696</u>	<u>(138,036)</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,757,876	2,899,889	2,899,889	
Public safety	1,493,158	1,603,533	1,603,533	
Public works	214,670	105,100	105,100	
Health and welfare	378,505	354,730	354,730	
Conservation of natural resources	111,890	105,129	105,129	
Economic development and assistance	164,329	112,196	112,196	
Debt service:				
Principal	288,749	20,403	20,403	
Interest	736	403	403	
Total Expenditures	<u>5,409,913</u>	<u>5,201,383</u>	<u>5,201,383</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(507,465)</u>	<u>52,349</u>	<u>(85,687)</u>	<u>(138,036)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	250,000			
Proceeds from sale of capital assets		35,000	35,000	
Compensation for loss of capital assets		1,646	1,646	
Transfers in	72,225	125,000	161,664	36,664
Transfers out		(205,764)	(277,258)	(71,494)
Other financing sources	488,252			
Other financing uses	(293,722)			
Total Other Financing Sources and Uses	<u>516,755</u>	<u>(44,118)</u>	<u>(78,948)</u>	<u>(34,830)</u>
Net Change in Fund Balance	9,290	8,231	(164,635)	(172,866)
Fund Balances - Beginning			565,175	565,175
Fund Balances - Ending	<u>\$ 9,290</u>	<u>8,231</u>	<u>400,540</u>	<u>392,309</u>

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

SUNFLOWER COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Road Maintenance 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	\$ 523,500	569,542	569,542	
Road and bridge privilege taxes	220,000	211,502	211,502	
Licenses, commissions and other revenue		3,531	3,531	
Intergovernmental revenues	539,738	640,324	640,324	
Charges for services	2,000	2,355	2,355	
Miscellaneous revenues		211	211	
Total Revenues	<u>1,285,238</u>	<u>1,427,465</u>	<u>1,427,465</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,839,197	1,806,552	1,806,552	
Debt service:				
Principal		2,195	2,195	
Interest		259	259	
Total Expenditures	<u>1,839,197</u>	<u>1,809,006</u>	<u>1,809,006</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(553,959)</u>	<u>(381,541)</u>	<u>(381,541)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued		55,638	55,638	
Compensation for loss of capital assets		12,559	12,559	
Transfers in		44,538	44,793	255
Transfers out		(11,454)	(11,454)	
Other financing sources	600,991			
Other financing uses	(47,032)			
Total Other Financing Sources and Uses	<u>553,959</u>	<u>101,281</u>	<u>101,536</u>	<u>255</u>
Net Change in Fund Balance	0	(280,260)	(280,005)	255
Fund Balances - Beginning	0	(600,991)	1,049,480	1,650,471
Fund Balances - Ending	<u>\$ 0</u>	<u>(881,251)</u>	<u>769,475</u>	<u>1,650,726</u>

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

## SUNFLOWER COUNTY

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

#### A. Budgetary Information.

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

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

#### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and 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 GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The statement clarifies the budgetary presentation requirements. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

#### C. Budget/GAAP Reconciliation.

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

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

SUNFLOWER 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 Maintenance Fund</u>
Budget (Cash Basis)	\$ (164,635)	(280,005)
Increase (Decrease)		
Net adjustments for revenue accruals	3,002,204	33,238
Net adjustments for expenditure accruals	<u>(2,954,009)</u>	<u>(77,942)</u>
GAAP Basis	<u>\$ (116,440)</u>	<u>(324,709)</u>

SUNFLOWER COUNTY

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SUNFLOWER COUNTY

SUPPLEMENTAL INFORMATION

SUNFLOWER COUNTY

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SUNFLOWER 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 Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grants/state's program	14.228	1119-02-067-ED01	\$ 263,221
HOME investment partnerships program	14.239	M02-SG-28-01-0190	<u>282,067</u>
Total Expenditures of Major Federal Awards			<u>545,288</u>
<b>OTHER FEDERAL AWARDS</b>			
U.S. Department of Justice - Office of Juvenile Justice and Delinquency Prevention/ Passed-through the Mississippi Department of Public Safety/ Juvenile accountability incentive block grants	16.523	OJB1671	240
Office of Justice Programs Local law enforcement block grants program	16.592	N/A	<u>66,401</u>
Total U.S. Department of Justice			<u>66,641</u>
U.S. Department of Labor - Employment and Training Administration/Passed-through the Mississippi Development Authority WIA adult program	17.258	1-S90-005-W7026-1	<u>33,226</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>7,920</u>
U.S. Department of Homeland Security/Passed-through the Mississippi Emergency Management Agency Public assistance grants	97.036	FEMA-1398-DR-MS	<u>36,351</u>
Total Expenditures of Other Federal Awards			<u>144,138</u>
Total Expenditures of Federal Awards			<u>\$ 689,426</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.

SUNFLOWER COUNTY

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SUNFLOWER COUNTY

SPECIAL REPORTS

SUNFLOWER 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  
Sunflower County, Mississippi

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated February 2, 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.

### Compliance

As part of obtaining reasonable assurance about whether Sunflower County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to the management of Sunflower County, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations dated February 2, 2005, included within this document.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sunflower 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 Sunflower 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, 03-2, 03-3 and 03-4.

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 items 03-1 and 03-4 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

February 2, 2005



# 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  
Sunflower County, Mississippi

### Compliance

We have audited the compliance of Sunflower 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 each of its major federal programs for the year ended September 30, 2003. Sunflower County, Mississippi's major federal programs are 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 each of its major federal programs is the responsibility of Sunflower County, Mississippi's management. Our responsibility is to express an opinion on Sunflower 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 Sunflower 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 Sunflower County, Mississippi's compliance with those requirements.

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

### Internal Control Over Compliance

The management of Sunflower 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 Sunflower 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

February 2, 2005





## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

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

Members of the Board of Supervisors  
Sunflower County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Sunflower 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 Sunflower 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 Sunflower 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, Sunflower 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 Sunflower 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

February 2, 2005

SUNFLOWER 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.

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

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

SUNFLOWER 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  
Sunflower County, Mississippi

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, as of and for the year ended September 30, 2003, and have issued our report thereon dated February 2, 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 procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

Tax Assessor-Collector.

1. Finding

Sections 27-49-1 and 27-49-9, Miss. Code Ann. (1972), specify the actions to be taken for the sale of property, real or personal, of business taxpayers who are either insolvent or delinquent. As reported in the prior two years' audit reports, we found no evidence that the Tax Assessor-Collector seized and sold property in order to collect delinquent business taxes.

Recommendation

The Tax Assessor-Collector should make a concerted effort to collect delinquent business taxes through following the procedures specified in the law pertaining to the seizure and sale of property.

Suspended Tax Assessor-Collector's Response

The Tax Assessor-Collector was not available for response.

2. Finding

Section 27-51-41(m), Miss. Code Ann. (1972), provides exemptions from taxes for private carriers of passengers owned by any religious society, ecclesiastical body or any congregation thereof which is used exclusively for such society and not for profit. As reported in the prior two years' audit reports, we noted a significant number of vehicles associated with nonprofit and ecclesiastical functions. These vehicles are essentially circumventing the payment of ad valorem taxes.

Recommendation

The Tax Assessor-Collector should ensure that vehicles not meeting the stipulations required in the aforementioned section are not exempted from ad valorem taxes.

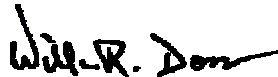
Suspended Tax Assessor-Collector's Response

The Tax Assessor-Collector was not available for response.

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

February 2, 2005



SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY

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SUNFLOWER 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:     | Unqualified |
| 2. | Material noncompliance relating to the primary government financial statements?     | No          |
| 3. | Internal control over financial reporting:  |             |
| a. | Material weaknesses identified?   | Yes         |
| b. | Reportable conditions identified that are not considered to be material weaknesses? | Yes         |

***Federal Awards:***

- |     |   |             |
|-----|---|-------------|
| 4.  | Type of auditor's report issued on compliance for major federal programs:   | Unqualified |
| 5.  | Internal control over major programs:   |             |
| a.  | Material weakness identified?   | No          |
| b.  | Reportable condition identified that is not considered to be a material weakness?   | No          |
| 6.  | Any audit findings reported as required by Section ____.510(a) of Circular A-133?   | No          |
| 7.  | Federal programs identified as major programs:  |             |
| a.  | Community development block grants/state's program, CFDA No. 14.228   |             |
| b.  | HOME investment partnerships program, CFDA No. 14.239   |             |
| 8.  | The dollar threshold used to distinguish between type A and type B programs:  | \$300,000   |
| 9.  | Auditee qualified as a low-risk auditee?  | No          |
| 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 ____.315(b) of OMB Circular A-133? | No          |

SUNFLOWER COUNTY

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

Section 2: Financial Statement Findings

Tax Assessor-Collector.

03-1. Finding

As reported in the prior two years' audit reports, the Tax Assessor-Collector did not settle collections from the computer generated settlement sheets provided by the Tax Assessor-Collector's computer program, but used a computer spreadsheet which required the recalculation of the assessed values and millage to determine settlement amounts. The actual amounts collected per the recapitulation produced by the Tax Assessor-Collector's software program were not reconciled to the manually prepared spreadsheet on a monthly basis. We noted some significant differences in the amounts settled when compared to the amounts that should have been settled based on the assessed values and millage rates.

Recommendation

The Tax Assessor-Collector should use the settlement sheets generated by the Tax Assessor-Collector's computer program or reconcile to the manually prepared spreadsheets to ascertain that collections are being properly settled.

Suspended Tax Assessor-Collector's Response

The Tax Assessor-Collector was not available for response.

03-2. Finding

As reported in the prior two years' audit reports, some checks received for payment of motor vehicle taxes were held for periods of time after release of the automobile license plate.

Recommendation

The Tax Assessor-Collector should ensure that the practice of holding checks while allowing individuals to receive a license plate is stopped immediately.

Suspended Tax Assessor-Collector's Response

The Tax Assessor-Collector was not available for response.

03-3. Finding

As reported in the prior two years' audit reports, we noted that the Tax Assessor-Collector's cash journal was not being posted in a timely manner.

Recommendation

The Tax Assessor-Collector should ensure that the cash journal is posted timely.

Suspended Tax Assessor-Collector's Response

The Tax Assessor-Collector was not available for response.

SUNFLOWER COUNTY

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

03-4. Finding

As reported in the prior year's audit report, internal controls over the handling of cash transactions were inadequate. While a system of internal controls seemed to have been implemented by the Tax Assessor-Collector, controls appear to have been circumvented. Failure to have proper controls and an inadequate segregation of duties in the handling of cash transactions increases the possibility of misuse of public funds.

Recommendation

We recommend:

- a. Accounting functions involving the receipting and disbursing of funds, recording transactions and reconciling accounts be performed by different people.
- b. A separate cash drawer be used for each deputy to ensure that all collections are properly segregated and accounted for.
- c. Each deputy have a computer password that no one else has access to in order to ensure accountability for transactions.

Suspended Tax Assessor-Collector's Response

The Tax Assessor-Collector was not available for response.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.