

BOLIVAR COUNTY, MISSISSIPPI

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

Buckner, Buckner & Bridgers
Certified Public Accountants
Vicksburg, Mississippi

BOLIVAR COUNTY
TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT	3
PRIMARY GOVERNMENT FINANCIAL STATEMENTS	5
Statement of Net Assets	6
State of Activities	8
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	10
State of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Assets - Proprietary Fund	14
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	15
Statement of Cash Flows - Proprietary Fund	16
Statement of Fiduciary Assets and Liabilities	17
Notes to Financial Statements	18
REQUIRED SUPPLEMENTARY INFORMATION	34
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	35
Countywide Road Maintenance Fund	36
Notes to the Required Supplementary Information	37
SUPPLEMENTAL INFORMATION	38
Schedule of Expenditures of Federal Awards	39
Notes to Schedule of Expenditures of Federal Awards	40
SPECIAL REPORTS	41
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 <i>in Accordance with Government Auditing Standards</i>	42
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in <i>Accordance with OMB Circular A-133</i>	43
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)	45
Limited Internal Control and Compliance Review Management Report	50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	51
AUTITEE'S CORRECTIVE ACTION PLAN	57
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	61

BOLIVAR COUNTY

FINANCIAL SECTION

BOLIVAR COUNTY

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

Members of the Board of Supervisors
Bolivar County, Mississippi

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

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

Management did not maintain adequate subsidiary records documenting the fines receivable of the Circuit Court. Due to the nature of the county's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported on the Statement of Net Assets and in the General Fund at \$507,257, as of September 30, 2004. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

Management did not maintain adequate records documenting the activity of the Circuit Court criminal and civil accounts. We were not able to examine records documenting the Circuit Court cash at September 30, 2004, and the related revenues and liabilities.

The financial statements referred to above include only the primary government of Bolivar 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 Bolivar County, Mississippi, as of September 30, 2004, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence to determine the net realizable value of the Circuit Court fines receivable for the General Fund as described in the third paragraph and except for the adjustments, if any, as might have been determined to be necessary had we been able to examine evidence to determine the amount of the Circuit Clerk's cash and related revenues and liabilities as described in the fourth paragraph, financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund for the primary government of Bolivar County, Mississippi, as of September 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

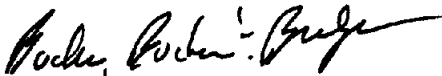
In addition, in our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the Countywide Road Maintenance Fund and the aggregate remaining fund information for the primary government of Bolivar County, Mississippi, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated July 20, 2006, on our consideration of Bolivar County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

The Budgetary Comparison Schedules and corresponding notes on pages 33 through 36 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bolivar County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, dated July 20, 2006, 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.



Buckner, Buckner, & Bridgers
Certified Public Accountants
Vicksburg, Mississippi

July 20, 2006

BOLIVAR COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

Bolivar County
Statement of Net Assets
September 30, 2004

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 7,350,356	1,098,860	8,449,216
Accrued interest receivable	9,506		9,506
Property tax receivable	7,980,245		7,980,245
Fines receivable, (net of allowance for uncollectibles of \$407,147)	507,257		507,257
Loans receivable	979,207		979,207
Intergovernmental receivables	144,288	147,689	291,977
Other receivables	5,395		5,395
Internal balances	61,479	-61,479	0
Lease payments receivable	921,929		921,929
Capital assets, net	46,710,995	6,611,402	53,322,397
			0
Total Assets	\$ 64,670,657	7,796,472	72,467,129
LIABILITIES			
Claims payable	\$ 891,297	108,462	999,759
Intergovernmental payables	269,511		269,511
Accrued interest payable	16,321	50,205	66,526
Deferred revenue	8,908,324		8,908,324
Other payables	6,380		6,380
Long-term liabilities			0
Due within one year:			0
Capital related debt	559,769	255,000	814,769
Non-capital debt	205,000		205,000
Due in more than one year:			0
Capital related debt	1,460,990	8,360,000	9,820,990
Non-capital debt	3,109,996	21,298	3,131,294
Total Liabilities	\$ 15,427,588	8,794,965	24,222,553

NET ASSETS			
Invested in capital assets, net of related debt			42,686,638
Restricted:		-2,003,598	
Expendable:			
Debt service	593,893		593,893
Public safety	635,244		635,244
Public works	806,159		806,159
Health and welfare	214,754		214,754
Economic development	792,783		792,783
Capital projects	83,227		83,227
Unrestricted	1,426,773	1,005,105	2,431,878
Total Net Assets	\$ 49,243,069	<u>-998,493</u>	<u>48,244,576</u>

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

Bolivar County
Statement of Activities
For the Year Ended September 30, 2004

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		Total
					Governmental Activities	Business Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,816,117				-4,816,117		-4,816,117
Public safety	2,716,725	281,947	29,755	126,664	-2,278,359		-2,278,359
Public works	4,788,025	69,904	41,335	1,750	-4,655,036		-4,655,036
Health and welfare	1,845,146				-1,845,146		-1,845,146
Culture and recreation	383,240				-383,240		-383,240
Conservation of natural resources	134,333				-134,333		-134,333
Economic development and assistance	1,614,634		8,663	175,715	-1,630,256		-1,630,256
Interest on long-term debt	176,437				-176,437		-176,437
Total Governmental Activities	\$ 16,654,657	351,851	79,753	304,129	-15,918,924	0	-15,918,924
Business-type activities:							
Correctional facility	3,888,948	3,470,855	0	0	0	-418,093	-418,093
Total Business-type Activities	3,888,948	3,470,855	0	0	0	-418,093	-418,093
Total Primary Government	\$ 20,543,605	3,822,706	79,753	304,129	-15,918,924	-418,093	-16,337,017
General revenues:							
Property taxes	\$ 10,172,311						10,172,311
Road & bridge privilege taxes	406,391						406,391
Grants and contributions not restricted to specific programs	2,457,260						2,457,260
Unrestricted investment income	112,564					3,431	115,995
Miscellaneous	1,347,850					3,568	1,351,418
Other financing source-lease principle payments	10,358						10,358
Total General Revenues	\$ 14,506,734					6,999	14,513,733
Changes in Net Assets					-1,412,190	-411,094	-1,823,284
Net Assets - Beginning, as restated					50,655,259	-587,399	50,067,860
Net Assets - Ending					\$ 49,243,069	-998,493	48,244,576

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

	Major Funds			
	Countywide		Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund		
ASSETS				
Cash and investments	\$ 4,173,927	857,589	2,318,840	7,350,356
Accrued interest receivable	2,907	431	6,168	9,506
Property tax receivable	5,192,318	1,162,086	1,625,841	7,980,245
Fines receivable (net of allowance for uncollectibles \$ 407,147)	507,257			507,257
Loans receivable			979,207	979,207
Intergovernmental receivables	144,288			144,288
Other receivables	5,395			5,395
Advances to other funds	40,677			40,677
Due from other funds	20,802	54,090	29,688	104,580
Lease payments receivable			921,929	921,929
Total Assets	\$ 10,087,571	2,074,196	5,881,673	18,043,440
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 177,876	261,168	452,253	891,297
Intergovernmental payables	258,358			258,358
Due to other funds	94,931			94,931
Deferred revenue	5,699,575	1,162,086	2,553,920	9,415,581
Other payables	6,380			6,380
Total Liabilities	6,237,120	1,423,254	3,006,173	10,666,547
Fund balances				
Reserved for:				
Advances				
Debt service			592,264	592,264
Loans receivable			979,207	979,207
Other				
Unreserved, reported in:				
General Fund	3,850,451			3,850,451
Special Revenue Funds		650,942	1,220,802	1,871,744
Capital Projects Funds			83,227	83,227
Total Fund Balances	3,850,451	650,942	2,875,500	7,376,893
Total Liabilities and Fund Balances	\$ 10,087,571	2,074,196	5,881,673	18,043,440

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

Bolivar County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2004

Exhibit 3-1

Amount

Total fund balance - Governmental Funds \$ 7,376,893

Amounts reported for governmental services in the Statement of Net Assets are different because:

Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$ 60,043,895 46,710,995

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. 507,257

Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds. -5,335,755

Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds. -16,321

Total Net Assets - Governmental Activities \$ 49,243,069

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

Bolivar County

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

Exhibit 4

	Major Funds				Total Governmental Funds
	Countywide			Other Governmental Funds	
	General Fund	Maintenance Fund	Road Fund		
REVENUES					
Property taxes	\$ 6,620,808	1,537,058		2,014,445	10,172,311
Road and bridge privilege taxes		406,391			406,391
Licenses, commissions and other revenue	398,045	3,465		17,946	419,456
Fines and forfeitures	407,461				407,461
Intergovernmental revenues	801,152	734,066		456,200	1,991,418
Charges for services				351,851	351,851
Interest income	65,831		17,251	29,482	112,564
Miscellaneous revenues	150,954	238,225		626,672	1,015,851
Total Revenues	8,444,251	2,936,456		3,496,596	14,877,303
EXPENDITURES					
Current:					
General government	4,268,087			72,978	4,341,065
Public safety	2,209,664			704,961	2,914,625
Public works		5,296,741		1,424,596	6,721,337
Health and welfare	730,226			1,176,556	1,906,782
Culture and recreation	376,707			26,392	403,099
Conservation of natural resources	134,333				134,333
Economic development and assistance	112,184			1,968,382	2,080,566
Debt service:					
Principal		369,809		348,793	718,602
Interest		13,842		162,727	176,569
Total Expenditures	7,831,201	5,680,392		5,885,385	19,396,978
Excess of Revenues over (under) Expenditures	613,050	-2,743,936		-2,388,789	-4,519,675

OTHER FINANCING SOURCES (USES)

Long-term capital debt issued	120,000	261,501	864,000	1,245,501
Proceeds from sale of capital assets		1,544,663	3,684	1,548,347
Transfers in			26,000	26,000
Transfers out	26,000			26,000
Lease principal payments			10,358	10,358
Total Other Financing Sources and Uses	<u>94,000</u>	<u>1,806,164</u>	<u>904,042</u>	<u>2,804,206</u>
Net Changes in Fund Balances	707,050	-937,772	-1,484,747	-1,715,469
Fund Balances - Beginning	3,143,401	1,588,714	4,360,247	9,092,362
Fund Balances - Ending	<u>\$ 3,850,451</u>	<u>650,942</u>	<u>2,875,500</u>	<u>7,376,893</u>

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

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ -1,715,469

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$ 3,555,659 exceeded depreciation of \$ 1,511,292 in the current period.

2,044,367

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the gain of \$ 331,399 and the proceeds from the sale of \$ 1,548,347 in the current period.

-1,216,948

Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because on the Statement of Activities, the full - accrual basis of accounting is used to recognize revenue from fines.

23,407

Debt proceeds provide current financial resources to Government 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 \$ 1,245,501 exceeded debt repayments of \$ 718,602.

-526,899

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting, when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by the amount of increase in interest payable, compensated absences and claims and judgments payable.

-20,648

Change in Net Assets of Governmental Activities	\$ <u>-1,412,190</u>
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The notes to the financial statements are an integral part of this statement.

Bolivar County
Statement of Net Assets - Proprietary Funds
September 30, 2004

Exhibit 5

Business-type Activities - Enterprise Funds

	<u>BCRCF Fund</u>
ASSETS	
Current assets:	
Cash and Investments	\$ 1,098,860
Intergovernmental receivables	<u>147,689</u>
Total Current Assets	<u>1,246,549</u>
Noncurrent assets:	
Capital assets, net	<u>6,611,402</u>
Total Noncurrent Assets	<u>6,611,402</u>
Total Assets	<u>7,857,951</u>
 LIABILITIES	
Claims payable	108,462
Interfund payables	61,479
Accrued interest payable	50,205
Total Current Liabilities	<u>220,146</u>
Noncurrent liabilities:	
Capital related debt:	8,615,000
Non-capital debt:	
Compensated absences payable	<u>21,298</u>
Total Noncurrent Liabilities	<u>8,636,298</u>
 NET ASSETS	
Invested in capital assets, net of related debt	-2,003,598
Unrestricted	<u>1,005,105</u>
Total Net Assets	<u>\$ -998,493</u>

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

Bolivar County
 Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
 For the Year Ended September 30, 2004

Exhibit 6

Business-type Activities - Enterprise Funds

	<u>Total</u>
Operating Revenues	
Charges for services	\$ 3,470,855
Miscellaneous	3,568
Total Operating Revenues	<u>3,474,423</u>
Operating Expenses	
Personal services	1,819,621
Contractual services	382,724
Materials and supplies	1,132,851
Depreciation expense	188,061
Indirect administrative cost	20,802
Total Operating Expenses	<u>3,544,059</u>
Operating Income (Loss)	<u>-69,636</u>
Nonoperating Revenues (Expenses)	
Interest income	3,431
Interest expense	-344,889
Net Operating Revenue (Expenses)	<u>-341,458</u>
Change in Net Assets	-411,094
Net Assets - Beginning	<u>-587,399</u>
Net Assets - Ending	<u>\$ -998,493</u>

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

Bolivar County
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2004

Exhibit 7

	<u>BCRCF</u>
	<u>Fund</u>
<u>Business - type Activities - Enterprise Funds</u>	
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,442,182
Payments to suppliers	-1,461,601
Payments to employees for services	-1,819,621
Other operating cash receipts	3,568
Net Cash Provided (Used) by Operating Activities	<u>164,528</u>
Cash Flows From Capital and Related Financing Activities	
Interest paid on debt	<u>-392,912</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-392,912</u>
Cash Flows From Noncapital Financing Activities	
Interest on investments	<u>3,431</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>3,431</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-224,953
Cash and Cash Equivalents at Beginning of Year	<u>1,323,813</u>
Cash and Cash Equivalents at End of Year	<u><u>1,098,860</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	<u>-69,636</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	188,061
Changes in assets and liabilities:	
(Increase) decrease in governmental receivable	-28,583
Increase (decrease) in claims payable	48,385
Increase (decrease) in compensated absences liability	5,499
Increase (decrease) in interfund payables	<u>20,802</u>
Total Adjustments	<u>234,164</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 164,528</u>

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

Bolivar County
Statement of Fiduciary Assets and Liabilities
September 30, 2004

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 226,475
Accrued interest receivable	1,154
Due from other funds	<u>11,153</u>
 Total Assets	 <u><u>238,782</u></u>
 LIABILITIES	
Amounts held in custody for others	150,943
Intergovernmental payables	<u>87,839</u>
 Total Liabilities	 <u><u>\$ 238,782</u></u>

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

BOLIVAR COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Bolivar 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 Bolivar County to present these financial statements on the primary government and its component unit which has a significant operational or financial relationship with the county.

Management has chosen to omit from these financial statements the following component units which have a significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all of the component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- * Bolivar County Port Commission
- * Bolivar County Economic Development District
- * Bolivar County Library
- * Bolivar Medical Center Foundation

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are generally financed through taxes, intergovernmental revenues and other nonexchange revenues are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

BOLIVAR COUNTY

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

The Statement of Net Assets presents the financial condition of the governmental activities of and business-type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the good or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 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 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.

BOLIVAR COUNTY

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

The county reports the following major Governmental Funds:

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

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

The county reports the following major Proprietary Fund:

Bolivar County Regional Correctional Facility (BCRCF) - This fund accounts for the county's activities of operating the correctional facility.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

BOLIVAR COUNTY

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

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.

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. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial

H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are 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.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

BOLIVAR COUNTY

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

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 respected assets.

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

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

I. Long-term liabilities.

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

In the government-wide financial statements and in the Proprietary Funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Assets.

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."

BOLIVAR COUNTY

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

Fund Financial Statements:

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

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

K. Property Tax Revenues.

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

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

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

Therefore, the county's full liability in the amount of \$77,996 for accumulated unpaid personal leave up to a maximum of 20 days per employee payable from Governmental Funds is reported as a liability in the Statement of Net Assets. In Proprietary Funds, the compensated absences are reported as a liability of the fund in the amount of \$21,298, which represents an amount up to a maximum of 20 days per employee.

BOLIVAR COUNTY

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

(2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2004, was \$7,998,302, and the bank balance was \$8,661,852. 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.

Investments.

At year end, the carrying amount of the county's investments was \$677,389, and the cost was \$677,389. The county's investments at year end consisted entirely of U.S. Treasury Notes. The investments are uninsured and unregistered and are held by the counterparty, its trust department or its agent, but not in the county's name.

(3) Interfund Transactions and Balances

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

Due From / To Other Funds:

A.	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	General Fund	Enterprise Fund	20,802
	Highway Maintenance Fund	General Fund	54,090
	Other Governmental Fund	General Fund	29,688
	Agency	General Fund	<u>11,153</u>
	Total		<u>\$ 115,733</u>

The General Fund receivable is for indirect administrative cost due from BCRCF. All other receivables represent the tax revenue collected but not settled until October, 2004. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances to / from Other Funds

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	General Fund	Enterprise Fund	<u>\$ 40,677</u>
	Total		<u>\$ 40,677</u>

The General Fund receivable represents the amount of indirect administrative cost that was not paid within one year.

BOLIVAR COUNTY

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

C.	<u>Transfers In</u>	<u>Transfers Out</u>	Amount
	Other Governmental	General	<u>26,000</u>
			\$ <u><u>26,000</u></u>

The transfer of \$ 26,000 from the general fund was to help pay the debt service payments in the Public Health I&S Fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

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

Governmental Activities:

<u>Description</u>	
Legislative tag credit	\$ <u>144,288</u>
Total Governmental Activities	\$ <u><u>144,288</u></u>

Business-type Activities:

Reimbursements for inmates	\$ <u>147,689</u>
Total Business-type Activities	\$ <u><u>147,689</u></u>

(5) Loans Receivables.

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

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
MDEZA - River Run	10-02	2.0	09-37	137,679
CDBG - Knightline	10-02	4.0	02-19	600,000
MDEZA - Knightline	05-03	4.0	02-19	<u>241,528</u>
				\$ <u><u>979,207</u></u>

BOLIVAR COUNTY

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

(6) Capital Assets:

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

Governmental activities:

	Balance				Balance
	Oct. 1, 2003	Additions	Deletions	Adjustments	Sept. 30, 2004
Non-depreciable capital assets:					
Land	\$ 1,021,104	30,000			1,051,104
Depreciable capital assets:					
Infrastructure	72,479,080	349,488			72,828,568
Buildings	22,133,837				22,133,837
Improvements other than buildings	255,132	35,502			290,634
Mobile equipment	7,340,491	3,005,133	2,536,406		7,809,218
Furniture and equipment	2,551,699	135,536	45,706		2,641,529
Total depreciable capital assets	104,760,239	3,525,659	2,582,112	0	105,703,786
Less accumulated depreciation for:					
Infrastructure	46,226,566	167,529			46,394,095
Buildings	7,520,864	370,780			7,891,644
Improvements other than buildings	205,712				205,712
Mobile equipment	4,091,489	749,331	1,319,518		3,521,302
Furniture and equipment	1,853,136	223,652	45,646		2,031,142
Total accumulated depreciation	59,897,767	1,511,292	1,365,164	0	60,043,895
Total depreciable capital assets, net	44,862,472	2,014,367	1,216,948	0	45,659,891
Governmental activities capital assets, net	45,883,576	2,044,367	1,216,948	0	46,710,995

Business-type activities:

	Balance				Balance
	Oct. 1, 2003	Additions	Deletions	Adjustments*	Sept. 30, 2004
Non-depreciable capital assets:					
Land	\$ 3,878				3,878
Depreciable capital assets:					
Buildings	6,550,812				6,550,812
Improvements other than buildings	912,603				912,603
Mobile equipment	92,218				92,218
Furniture and equipment	205,392		2,077		203,315
Total depreciable capital assets	7,761,025		2,077		7,758,948

BOLIVAR COUNTY

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

	Balance Oct. 1, 2003	Additions	Deletions	Adjustments	Balance Sept. 30, 2004
Less accumulated depreciation for:					
Buildings	689,292	130,034			819,326
Improvements other than buildings	133,835	36,718			170,553
Mobile equipment	34,392	10,719			45,111
Furniture and equipment	107,921	10,590	2,077		116,434
Total accumulated depreciation	<u>965,440</u>	<u>188,061</u>	<u>2,077</u>	<u>0</u>	<u>1,151,424</u>
Total depreciable capital assets, net	6,795,585	-188,061			6,607,524
Business-type activities assets, net	<u>\$ 6,799,463</u>	<u>-188,061</u>			<u>6,611,402</u>

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 574,095
Public safety	211,403
Public works	725,794
Total governmental activities depreciation expense	<u>\$ 1,511,292</u>
Business-type activities:	
Public safety	<u>188,061</u>
Total business-type activities depreciation expense	<u>188,061</u>

(7) 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, 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.

(8) Operating Leases.

As Lessor:

On March 30, 2000, Bolivar County entered into a lease agreement with PHC-Cleveland Inc., a wholly owned subsidiary of Province Healthcare Corporation to lease the Bolivar County Medical Center for 40 years. Bolivar County received prepaid lease payments of \$26,400,000 or \$660,000 per year. The lease term began April 15, 2000, and concludes April 14, 2040.

BOLIVAR COUNTY

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

The Board of Supervisors, through an act of the legislature, created the Bolivar Medical Center Foundation (Foundation), a non profit corporation, to manage the proceeds of the hospital lease and placed \$23,400,000 in the Foundation. As explained in Note (1)A., the Bolivar Medical Center Foundation is a component unit of Bolivar County.

As Lessee:

The county has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$28,340 for the year ended September 30, 2004. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2005	12,403
2006	7,689
2007	5,577
2008	220
Total	<u>25,889</u>

(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 Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Bolivar County Port, Series 1980	\$ 150,000	5.00	06/07
Bolivar County Port, Series 1987	107,000	6.40/6.75	03/07
Jail Bonds, Series 1998	<u>2,380,000</u>	4.30/6.125	09/18
Total General Obligation Bonds	<u>\$ 2,637,000</u>		
B. Other Loans:			
Health department building	\$ 346,267	4.25	08/11
Expo annex	131,395	3.00	02/09
CDBG Knight Line Products, Inc.	600,000	4.00	02/09
Mississippi Development Bank, Advance # 1	317,509	Variable	09/05
Mississippi Development Bank, Advance # 2	66,804	Variable	03/07
Mississippi Development Bank, Advance # 3	110,200	5.39	09/06
Mississippi Development Bank, Advance # 4	209,201	5.39	09/08
Mississippi Development Bank, Advance # 5	96,000	5.39	07/09
CAP Loan - Faurecia	<u>743,383</u>	3.00	07/19
Total Other Loans	<u>\$ 2,620,759</u>		
Business-type Activities:			
Limited Obligation Bonds:			
MS Development Bank special obligation bonds - Series 202A	\$ 2,210,000	3.00/5.125	07/25
MS Development Bank special obligation bonds - Series 2002B	<u>6,405,000</u>	3.00/5.125	07/25
Total Limited Obligation Bonds	<u>\$ 8,615,000</u>		

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

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2005	\$ 205,000	123,325	592,107	81,301
2006	215,000	111,113	277,466	47,019
2007	222,000	100,171	266,849	40,782
2008	140,000	80,616	261,050	35,849
2009	150,000	84,596	156,597	31,946
2010-2014	860,000	322,848	550,019	123,900
2015-2019	845,000	100,364	516,671	45,589
Total	\$ 2,637,000	933,033	2,620,759	406,186

Business-type Activities

Year Ending September 30	Limited Obligation Bonds	
	Principal	Interest
2005	\$ 255,000	392,912
2006	265,000	385,262
2007	270,000	377,312
2008	\$ 290,000	367,038
2009	300,000	355,812
2010 - 2014	1,720,000	1,582,840
2015 - 2019	2,195,000	1,164,260
2020 - 2024	2,695,000	586,206
2025 - 2029	625,000	32,032
Total	\$ 8,615,000	5,243,674

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 1.18% 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:

Governmental Activities:	Balance	Additions	Reductions	Adjustments	Balance	Amount due within one year
	10/1/2003				9/30/2004	
Compensated absences	\$ 57,216	20,780			77,996	
General obligation bonds	2,842,000		205,000		2,637,000	205,000
Limited obligation bonds	729,464			-729,464	0	
Other loans	1,159,396	1,245,501	513,602	729,464	2,620,759	559,769
Total	\$ 4,788,076	1,266,281	718,602	0	5,335,755	764,769

Adjustments are to reclassify loans that were classified as bonds payable @ September 30, 2003.

BOLIVAR COUNTY

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

	Balance 10/1/2003	Additions	Reductions	Adjustments	Balance 9/30/2004	Amount due within one year
Business-type Activities:						
Compensated absences	\$ 15,799	5,499			21,298	
Limited obligation bonds	8,615,000				8,615,000	255,000
Total	\$ 8,630,799	5,499			8,636,298	255,000

(10) Deficit Fund Balances of Individual Funds.

The following fund reported a deficit in net assets at September 30, 2004:

Fund	Deficit Amount
Bolivar County Regional Correctional Facility	\$ <u>-998,493</u>

(11) Contingencies.

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

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 council believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

(12) Related Organizations.

The Bolivar County Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations does not extend beyond making the appointments and in making small annual appropriations, if any, to these organizations:

- Bogue Hasty Drainage District
- Northern Drainage District
- Sub-Drainage District Number 12
- Number 11 Drainage District

BOLIVAR COUNTY

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

(13) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The board of commissioners is comprised of one appointee from each county Board of Supervisors. The county appropriated \$232,800 for maintenance and support of the commission in fiscal year 2004.

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The governing body is a 22-member board of directors, with four appointed by the Board of Supervisors of Bolivar County. The county appropriated \$12,963 for maintenance and support of the district in fiscal year 2004.

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Bolivar County Board of Supervisors appoints two of the 20 members of the college board of trustees. The county levied \$243,779 in taxes for maintenance and support of the college in fiscal year 2004.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Bolivar County Board of Supervisors appoints two of the 12 members of the college board of trustees. The county levied \$243,779 in taxes for maintenance and support of the college in the fiscal year 2004.

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 Bolivar County Board of Supervisors appoints two of the 21 members of the board of commissioners. The county levied \$122,838 in taxes to support the district in fiscal year 2004.

Bolivar County Community Action Program, Inc. was created as a non-profit organization by non-government individuals in 1964 pursuant to federal community action legislation. The Bolivar County Board of Supervisors appoints seven of the 21 board members. Most of the entity's revenues are derived from federal grants. The county appropriated \$26,000 for maintenance and support of the organization in fiscal year 2004.

(14) Defined Benefit Pension Plan.

Plan Description - Bolivar 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 39201-1055 or by calling 1-800-444-PERS.

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2004, 2003 and 2002 were \$528,063, \$484,482, and \$496,506, respectively, equal to the required contributions for each year.

(15) Subsequent Events.

Subsequent to September 30, 2004, Bolivar County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
06-29-05	5.39	\$ 1,628,742	Limited obligation bonds	Road funds
06-29-05	5.39	150,000	Limited obligation bonds	General funds

On March 8, 2004, Bolivar County was notified of action by the Medicaid Fraud Division of the Attorney General against Bolivar County to recoup overpayments made by the Division of Medicaid to the Bolivar Medical Center (a/k/a Bolivar County Emergency Medical Services) between the period of July, 1998 through May, 2001. A proposed settlement has been made by the Medicaid Fraud Division of the Office of the Attorney General to Bolivar County to pay restitution only in the amount of \$106,136 plus \$5,000 in investigative cost. The total amount of the settlement proposal is \$111,136. The Board of Supervisors of Bolivar County has agreed to accept the offer of settlement; however, the settlement agreement and release between the parties has not been finalized.

On June 6, 2006, Bolivar County received a letter from Mid-Delta Empowerment Zone Alliance, Inc., regarding Knight Line Products, Inc., Project # M01-ECD-0048. The letter stated that due to the lack of information provided MDEZA, relating to the above referenced project, MDEZA considers Bolivar County in breach of the grant agreement and has asked that Bolivar Count repay the entire grant amount of \$ 250,000. The outcome of this matter has not been determined.

On June 6, 2006, Bolivar County received a letter from Mid-Delta Empowerment Zone Alliance, Inc., regarding River Run Cafe, Inc., Project # M01-ECD-0027. The letter stated that due to the lack of information provided MDEZA, relating to the above referenced project, MDEZA considers Bolivar County in breach of the grant agreement and has asked that Bolivar Count repay the entire grant amount of \$ 140,000. The outcome of this matter has not been determined.

BOLIVAR COUNTY

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BOLIVAR COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,498,180	6,626,959	6,626,950	-9
Licenses, commissions and other revenue	288,750	402,840	402,834	-6
Fines and forfeitures	275,000	407,464	407,461	-3
Intergovernmental revenues	543,000	625,258	625,253	-5
Charges for services				0
Interest income	56,500	64,814	64,901	87
Miscellaneous revenues	106,012	270,855	270,855	0
Total Revenues	<u>7,767,442</u>	<u>8,398,190</u>	<u>8,398,254</u>	<u>64</u>
EXPENDITURES				
Current:				
General government	3,969,731	4,301,836	4,301,836	0
Public safety	1,846,798	1,952,462	1,952,462	0
Public works		0	0	0
Health and welfare	696,992	716,750	716,750	0
Culture and recreation	373,917	380,340	380,331	9
Conservation of natural resources	134,967	134,428	134,420	8
Economic development and assistance	114,184	112,184	112,184	0
Total Expenditures	<u>7,136,589</u>	<u>7,598,000</u>	<u>7,597,983</u>	<u>17</u>
Excess of Revenues over (under) Expenditures	<u>630,853</u>	<u>800,190</u>	<u>800,271</u>	<u>47</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		1,686	1,685	1
Compensation for loss of capital assets				0
Transfers in	407,517	239,286	239,285	1
Transfers out	(1,192,517)	(466,286)	(466,286)	0
Other financing uses				
Total Other Financing Sources and Uses	<u>(785,000)</u>	<u>(225,314)</u>	<u>(225,316)</u>	<u>2</u>
Net Change in Fund Balance	\$ (154,147)	574,876	574,955	49
Adjustments to GAAP basis:				
Decrease in accrued revenue			165,997	
Increase in accrued expense			(233,217)	
Increase in other financial sources			199,315	
Net Change in Fund Balance - GAAP basis				
Fund Balance - Beginning			<u>3,143,401</u>	
Fund Balance - Ending			<u>3,850,451</u>	

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

Bolivar County
 Budgetary Comparison Schedule
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,469,691	1,532,983	1,532,980	-3
Licenses, commissions, & other revenue		3,466	3,466	0
Road and bridge privilege taxes	400,000	405,939	405,939	0
Intergovernmental revenues	500,000	734,068	734,066	-2
Interest income	30,000	18,017	18,017	0
Miscellaneous revenues		499,727	499,726	-1
Total Revenues	<u>2,399,691</u>	<u>3,194,200</u>	<u>3,194,194</u>	<u>-6</u>
EXPENDITURES				
Current:				
Public works	2,612,909	5,378,352	5,378,352	0
Debt service:				0
Principal		369,809	369,809	0
Interest		13,843	13,842	1
Total Expenditures	<u>2,612,909</u>	<u>5,762,004</u>	<u>5,762,003</u>	<u>1</u>
Excess of Revenues over (under) Expenditures	<u>(213,218)</u>	<u>(2,567,804)</u>	<u>(2,567,809)</u>	<u>-7</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	230,000			
Proceeds from sale of assets		1,544,663	1,544,663	0
Transfer in				
Total Other Financing Sources (Uses)	<u>230,000</u>	<u>1,544,663</u>	<u>1,544,663</u>	<u>0</u>
Net Change in Fund Balance	\$ 16,782	(1,023,141)	(1,023,146)	-7
Adjustments to GAAP basis:				
Decrease in accrued revenue			3,763	
Increase in accrued expense			81,611	
Decrease in other financial sources				
Net Change in Fund Balance - GAAP basis			<u>85,374</u>	
Fund Balance - Beginning			<u>1,588,714</u>	
Fund Balance - Ending			<u><u>650,942</u></u>	

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

BOLIVAR COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	General Fund	Countywide Road Maintenance Fund
	<u> </u>	<u> </u>
Net Change in Fund Balance - Budget (Cash Basis)	\$ 574,955	-1,023,146
Increase (Decrease)		
Net adjustments for revenue accruals	-74,974	3,763
Net adjustments for expenditure accruals	207,069	81,611
Net Change in Fund Balance - GAAP Basis	\$ <u>707,050</u>	<u>-937,772</u>

BOLIVAR COUNTY

SUPPLEMENTAL INFORMATION

BOLIVAR COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2004

<u>Federal Grantor/ Pass - through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass - through Number</u>	<u>Federal Expenditures</u>
MAJOR FEDERAL AWARDS			
U.S. Department of Agriculture/Passed-through the Mid-Delta Empowerment Zone Alliance Empowerment zones program	10.772	MO1ECD0048	\$ 240,000
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grant/state's program	14.228	02-006-RV-01	608,664
Total Expenditures of Major Federal Awards			<u>848,664</u>
OTHER FEDERAL AWARDS			
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority/ HOME investment partnership program	14.239	M02-SG-280-929	165,715
U.S. Department of Justice-Office of Community Oriented Policing Services	16.710	N/A	33,500
U.S. Department of Transportation - Federal Highway Administration/Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205	N/A	5,240
Total Expenditures of Other Federal Awards			<u>204,455</u>
Total Expenditures of Federal Awards			<u>\$ 1,053,119</u>

BOLIVAR COUNTY
Schedule of Expenditures of Federal Awards
For the year Ended September 30, 2004

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.

Note B - Empowerment zones program

The value of federal awards expended in the form of loans made to Knight Line Products, Inc., as of September 30, 2003, is \$ 240,000. This project was included in this schedule because of continuing compliance requirements and is carried at the value of the unpaid balance of the loan.

Note C - Community development block grant/state's program

The value of federal awards expended in the form of loans made to Knight Line Products, Inc., as of September 30, 2003, is \$ 600,000. This project was included in this schedule because of continuing compliance requirements and is carried at the value of the unpaid balance of the loan.

BOLIVAR 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
Bolivar County, Mississippi

We have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the county's financial statements and have issued our report thereon dated July 20, 2006. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. Our report includes a qualified opinion on the General Fund because county did not maintain adequate subsidiary records documenting the fines receivable or the cash of the Circuit Court. Except for the limitations related to the qualified opinion, 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 Bolivar 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 Bolivar 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, findings 04-1 and 04-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider findings number 04-01 and 04-02, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bolivar 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 which we have reported to the management of Bolivar County, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations and the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated July 20, 2006, included within this document.

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.


Buckner, Buckner, & Bridgers
Certified Public Accountants
Vicksburg, Mississippi

July 20, 2006

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
Bolivar County, Mississippi

Compliance

We have audited the compliance of Bolivar 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, 2004. Bolivar 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 its major federal programs are the responsibility of Bolivar County, Mississippi's management. Our responsibility is to express an opinion on Bolivar 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 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 Bolivar 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 Bolivar County, Mississippi's compliance with those requirements.

As described in items 04-3, 04-4 and 04-5 in the accompanying Schedule of Findings and Questioned Costs, Bolivar County, Mississippi, did not comply with requirements regarding matching, level of effort, earmarking and special tests and provisions that are applicable to its Empowerment Zone Program and its Community Development Block Grant/States Program.

In our opinion, except for the effects of the noncompliance described in the preceding paragraph, Bolivar County, Mississippi, complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2004.

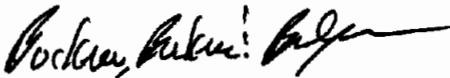
Internal Control Over Compliance

The management of Bolivar 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 Bolivar 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.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could affect Bolivar County, Mississippi's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 04-3, 04-4 and 04-5.

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. Our consideration of the internal control over compliance 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 considered the reportable conditions described above 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.



Buckner, Buckner, & Bridgers
Certified Public Accountants
Vicksburg, Mississippi

July 20, 2006

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
Bolivar County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Bolivar 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.

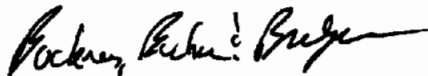
The Board of Supervisors of Bolivar County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Bolivar 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, Bolivar 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 Bolivar 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.



Buckner, Buckner and Bridgers
Certified Public Accountants
Vicksburg, Mississippi

July 20, 2006

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

Schedule 1

Date	Item Purchased	Amount Paid	Vendor	Lowest Bid	Reason for Accepting Other Than the Lowest Bid
03-15-04	4 Tandem Axle Bob trucks	\$ 84,108 each	Tri-State Mack Truck Center	\$ 80,717	The mandatory requirement for conditions of guaranteed repurchase and trade value at the end of three, four & five years were marked "not available" by the lowest bidder. In addition, lowest bidder had 90 day delivery time as opposed to Tri-State's 30 day delivery time.
03-24-04	4 Tractor Trucks	\$ 77,336 each	Tri-State Mack Truck Center	\$ 74,976	Same as above.

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
09-29-04	Workstations	\$ 2,875	Heritage Solutions

BOLIVAR COUNTY

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

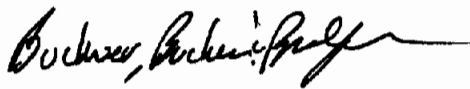
Members of the Board of Supervisors
Bolivar County, Mississippi

In planning and performing our audit of the financial statements of Bolivar County, Mississippi for the year ended September 30, 2004, we considered Bolivar 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 Bolivar 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 July 20, 2006, on the financial statements of Bolivar County, Mississippi.

Although, no findings came to our attention as a result of these review procedures and compliance tests, these review procedures and compliance tests cannot and do not provide absolute assurance that Bolivar County, Mississippi has complied with all state legal requirements. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance 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.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Buckner, Buckner and Bridgers
Certified Public Accountants
Vicksburg, Mississippi

July 20, 2006

BOLIVAR COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BOLIVAR COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2004

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness identified?	Yes
	b. Reportable condition identified that is not considered to be a material weakness?	No
5.	Type of auditor's report issued on compliance for major programs:	Qualified
6.	Any audit finding reported as required by Section ___510(a) of Circular A-133?	No
7.	Federal programs identified as a major program: Empowerment zone program, CFDA # 10.772 Community development block grant/state's program, CFDA # 14.228	
8.	The dollar threshold used to distinguish between type A and type B programs:	\$300,00
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 year audit findings as discussed in Section ___315(b) of OMB Circular A-133?	Yes

BOLIVAR COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2004

Section 2: Financial Statement Findings

Circuit Clerk.

04-1. Finding

Management did not maintain adequate subsidiary records documenting the fines receivable in the Circuit Clerk's office. Therefore, the Independent Auditor's Report is qualified on the General Fund because we were not able to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable in the General Fund.

Recommendation

The Circuit Clerk should establish procedures documenting the subsidiary fines receivable.

04-2. Finding

Internal control procedures were inadequate for maintaining records documenting the activity of the civil and criminal courts. The Circuit Clerk did not provide any records for the civil or criminal accounts to the auditors to be audited. As of September 30, 2004, the Circuit Clerk had a balance of \$67,835.40 in the Circuit Court Criminal bank account and \$102,785.94 in the Circuit Court Civil bank account. As there were no record provided to audit, the book balance associated with these accounts could not be determined nor could we determine the identify of these funds. As a result, the Circuit Clerk's cash could not be recorded in the Bolivar County financial statements for the fiscal year ending September 30, 2004. Therefore, the Independent Auditor's Report is qualified on the General Fund because we were not able to examine records documenting the Circuit Court cash at September 30, 2004, and the related revenues and liabilities.

Since late 1994, the Office of the State Auditor has worked with and offered to help the Circuit Clerk on numerous occasions. During that time, twelve audit reports have been issued addressing this issue. On February 29, 2000, the Circuit Clerk was put under a court order and given 42 weeks to completely reconcile bank statements to the cash journal for all accounts (civil and criminal) and post the cash journals (civil and criminal) for each year covering the period of October 1, 1993, through September 30, 2000, on or prior to January 12, 2001.

Due to the Circuit Clerk's failure to comply with the court order, the Circuit Clerk's records were seized by the Office of the State Auditor during the fiscal year ended September 30, 2001. The Office of the State Auditor reconstructed records and made settlements accordingly.

No records have been provided for audit since that time.

BOLIVAR COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2004

Recommendation

The Circuit Clerk should prepare and maintain the necessary records to document the transactions of the civil and criminal courts or hire someone who is competent to prepare the records. She should also provide these records to the auditors to be audited. These records should include receipts for all collections, cash journals recording all receipts and disbursements, court dockets, accounts receivable records, and bank reconciliations. The Circuit Clerk should also ensure that all funds in these accounts are properly identified and settled.

Section 3: Federal Award Findings and Questioned Costs

Board of Supervisors.

04-3. Finding

14.228 Community development block grant/state's program
Grant number 02-006-RV-01, U.S. Department of Housing and Urban
Development/Passed-through the Mississippi Development Authority

Compliance Requirement: Matching, Level of Effort, Earmarking - Controls Should Be Strengthened
Over Matching Requirements

The grant application and budget for the Community Development Block Grant specifies a match of \$65,000 in funding for equipment to be provided by the loan recipient. Controls should be in place to prevent or detect a material noncompliance of the matching requirement in a timely manner. During our audit, we noted no controls in place to ensure that the matching requirement for the loan recipient to provide \$ 65,000 in equipment was satisfied. As a result, we noted no evidence that equipment for \$65,000 was purchased with funds provided by the loan recipient.

Recommendation

The Bolivar County Board of Supervisors should take measures to ensure that controls are in place to determine that the required equipment was in place, the method for determining the value of the equipment and that there is a periodic monitoring to ensure the equipment has not been disposed of in some manner thereby ensuring that the required funding is provided from all sources as detailed in the grant agreement.

04-4. Finding

14.228 Community development block grant/state's program
Grant number 02-006-RV-01, U.S. Department of Housing and Urban
Development /Passed-through the Mississippi Development Authority

Compliance Requirement: Special Tests and Provisions - Controls Over Special Tests and Provisions
Requirements Should be Strengthened

The Community Development Block Grant revolving loan agreement specified the following special conditions and/ or requirements applicable to the grant:

- a. At the inception of the agreement, Bolivar County and the Cleveland-Bolivar County Chamber of Commerce will share a perfected first priority collateral position on all assets of the company. This perfected first priority collateral position is required to be evidenced by proper UCC registration.

BOLIVAR COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2004

- b. At the inception of the agreement, Bolivar County and the Cleveland-Bolivar County Chamber of Commerce will share a perfected first priority collateral position on all real property of the company. This perfected first priority collateral position on all real property is required to be evidenced by Security Agreements and Deed of Trust on all the real property as listed in this agreement.
- c. A perfected first position on all of the other unencumbered manufacturing equipment owned by the company, and a perfected second position on all other encumbered manufacturing equipment is required. These perfected collateral positions are required to be evidenced by proper UCC registration.
- d. The company shall obtain key-person life insurance for \$600,000 and shall name Bolivar County as beneficiary. Each year, on the anniversary date of that policy, proof shall be provided by the company to Bolivar County that the premium is paid for the upcoming year.
- e. The company shall obtain hazard insurance on the company's assets used as collateral for the CDBG loan and shall provide evidence that Bolivar County is considered as loss payee on the company's assets and evidence that the company agrees to provide Bolivar County, each year on the anniversary date of the policy, proof of payment for the upcoming year.

Controls should be in place to prevent or detect a material noncompliance of any special test or provisions required by the grant in a timely manner. We noted no evidence that controls were in place to ensure that the above listed required special tests and provisions of the Community Development Block Grant Agreement were satisfied and noted no evidence that the County ensured compliance by the company with these special conditions.

Recommendation

The Bolivar County Board of Supervisors should take measures to ensure that controls are in place to detect or prevent a material noncompliance with special requirements and provisions of the grant contract and ensure that all applicable grant/revolving loan conditions are satisfied.

04-5.

Finding

10.772

Empowerment Zone Program
Grant number MO1ECD0048, U.S. Department of Agriculture/Passed-through the
Mid-Delta Empowerment Zone Alliance

Compliance Requirement: Special Tests and Provisions - Controls Over Special Tests and Provisions
Requirements Should be Strengthened

The Mid-Delta Empowerment Zone Alliance revolving loan agreement specified the following special conditions and/ or requirements applicable to the grant:

- a. At the inception of the agreement, Bolivar County and the Cleveland-Bolivar County Chamber of Commerce will share a perfected first priority collateral position on all assets of the company. This perfected first priority collateral position is required to be evidenced by proper UCC registration.
- b. At the inception of the agreement, Bolivar County and the Cleveland-Bolivar County Chamber of Commerce will share a perfected first priority collateral position on all real property of the company. This perfected first priority collateral position on all real property is required to be evidenced by Security Agreements and Deed of Trust on all the real property as listed in this agreement.

BOLIVAR COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2004

- c. The loan shall be utilized by the company to purchase the equipment listed in the loan agreement.
- d. Bolivar County shall, at all times following the release of the funds, require the company to purchase and maintain adequate insurance on all real property (including improvements) and equipment used in connection with the project, and the policy shall name Bolivar County as loss-payee.
- e. All payments received by Bolivar County from the company shall be governed by an escrow agreement.

Controls should be in place to prevent or detect a material noncompliance of any special test or provisions required by the grant in a timely manner. We noted no evidence that controls were in place to ensure that the above listed required special tests and provisions of Mid-Delta Empowerment Zone Alliance Agreement were satisfied and noted no evidence that the County ensured compliance by the company with these special conditions.

Recommendation

The Bolivar County Board of Supervisors should take measures to ensure that controls are in place to detect or prevent a material noncompliance with special requirements and provisions of the grant contract and ensure that all applicable grant/revolving loan conditions are satisfied.

BOLIVAR COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

Bern Prewitt, President
District Five, Shaw

Eddie Andrew Williams III
District One, Vice President, Rosedale

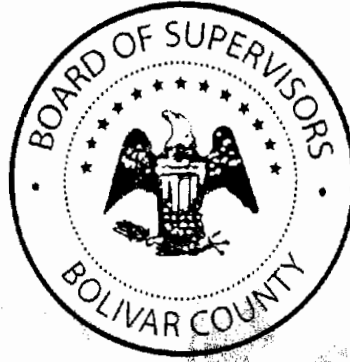
F. E. "Donny" Whitten
District Two, Cleveland

Jeanne R. Walker
Chancery Clerk

H. M. "Mack" Grimmert
Sheriff

Adrian L. Brown
County Administrator

David James, Sr.
County Road Manager



Richard M. Coleman, Sr.
District Three, Shelby

James McBride
District Four, Cleveland

Nancy J. Havens
Tax Assessor/Collector

Rosie S. Simmons
Circuit Clerk

Linda F. Coleman
Board Attorney

Robert B. Eley
County Engineer

BOLIVAR COUNTY, MISSISSIPPI

P.O. Box 698
CLEVELAND, MISSISSIPPI 38732
PHONE: 662.846.5877
FAX: 662.846.5880
www.co.bolivar.ms.us

July 25, 2006

CORRECTIVE ACTION PLAN

September 30, 2004

Office of State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Gentleman:

Bolivar County respectfully submits the following corrective action plans for the year ended September 30, 2004.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION 2: FINANCIAL STATEMENT FINDINGS

04-1 Corrective Action Planned: The programmers for the accounting program were contacted regarding the subsidiary records, which were not on hand. The accounting program had been updated to provide the information, but the Circuit Clerk's office had not been informed of the update. The Circuit Clerk is now able to comply with the recommendation after additional data input.

Anticipated Completion Date:
June 30, 2006

Name of Contact Person Responsible for Corrective Action:
Rosie S. Simmons, Circuit Clerk

04-2

Corrective Action Planned:

My staff and I are continuing to identify funds in these accounts. Most of the funds are accumulated from a failure in our computer program during a power outage while transferring data from the Rosedale office to the server in the Cleveland office for backup. Funds are being identified using case files and deposit books. The Circuit Clerk will comply.

Anticipated Completion Date:
June 30, 2006

Name of Contact Person Responsible for Corrective Action:
Rosie S. Simmons, Circuit Clerk

SECTION 3: FEDERAL AWARD FINDINGS

04-3

Corrective Action Planned:

The Bolivar County Board of Supervisors has appointed a grants officer, who will be responsible for insuring that all grant conditions and compliance requirements are met. When matching funds or equipment is required as part of the grant conditions, the grants officer shall be responsible for determining that the requirements have been met and shall perform periodic monitoring to insure that all the matching is not subsequently withdrawn.

Anticipated Completion Date:
June 30, 2006

Name of Contact Person Responsible for Corrective Action:
Jeanne R. Walker, Interim County Administrator

04-4

Corrective Action Planned:

The Bolivar County Board of Supervisors has appointed a grants officer, who will be responsible for insuring that grant conditions and compliance requirements are met. Special conditions and requirements of each grant shall be identified and controls shall be developed to insure compliance with said conditions and requirements.

Anticipated Completion Date:
June 30, 2006

Name of Contact Person Responsible for Corrective Action:
Jeanne R. Walker, Interim County Administrator

04-5

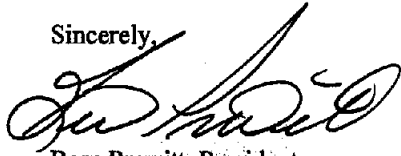
Corrective Action Planned:

The Bolivar County Board of Supervisors has appointed a grants officer, who will be responsible for insuring that all grant conditions and compliance requirements are met. Special conditions and requirements of each grant shall be identified and controls shall be developed to insure compliance with said conditions and requirements.

Anticipated Completion Date:
June 30, 2006

Name of Contact Person Responsible for Corrective Action:
Jeanne R. Walker, Interim County Administrator

Sincerely,



Bern Prewitt, President
Bolivar County Board of Supervisors
662-843-8012



BOLIVAR COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

BOLIVAR COUNTY
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2004

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Passed-through the Mississippi Development Authority

FINDING 03-5: Community development block grant/state's program, CFDA # 14.228

Condition: This finding was a reportable condition stating that controls were not in place to insure that Federal awards were expended only for allowable activities.

Recommendation: The Bolivar County Board of Supervisors should take steps to ensure that controls are in place to ensure that all cost incurred are allowable and that the supporting records support these costs as being true and accurate, thereby ensuring that all costs are adequately documented prior to releasing grant funds to reimburse these expenditures.

Current Status: A grants officer was appointed in June 2006 with the responsibility of implementing the above recommendation.

FINDING 03-6: Community development block grant/state's program, CFDA # 14.228

Condition: This finding was a reportable condition stating that controls were not in place to insure compliance with the Davis Bacon Act.

Recommendation: The Bolivar County Board of Supervisors should take steps to ensure that controls are in place that would detect or prevent noncompliance with the Davis-Bacon Act.

Current Status: A grants officer was appointed in June 2006 with the responsibility of implementing the above recommendation.

FINDING 03-7: Community development block grant/state's program, CFDA # 14.228

Condition: This finding was a reportable condition stating that controls were not in place to insure that matching requirements were met.

Recommendation: The Bolivar County Board of Supervisors should take measures to ensure that controls are in place to determine that the required equipment was in place, the method for determining the value of the equipment and that there is periodic monitoring to ensure the equipment has not been disposed of in some manner thereby ensuring that the required funding is provided from all sources as detailed in the grant agreement.

Current Status: A grants officer was appointed in June 2006 with the responsibility of implementing the above recommendation.

BOLIVAR COUNTY
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2004

FINDING 03-8: Community development block grant/state's program, CFDA # 14.228

Condition: This finding was a reportable condition stating that controls were not in place to detect noncompliance with any special tests or provisions required by the grant.

Recommendation: The Bolivar County Board of Supervisors should take measures to ensure that controls are in place to detect or prevent a material noncompliance with special requirements and provisions of the grant contract and ensure that all applicable grant/revolving loan conditions are satisfied.

Current Status: A grants officer was appointed in June 2006 with the responsibility of implementing the above recommendation.

U.S. DEPARTMENT OF AGRICULTURE

Passed-through the Mid-Delta Empowerment Zone Alliance

FINDING 03-9: Empowerment zone program, CFDA # 10.772

Condition: This finding was a reportable condition stating that controls were not in place to insure that Federal awards were expended only for allowable activities.

Recommendation: The Bolivar County Board of Supervisors should take steps to ensure that controls are in place to ensure that all cost incurred are allowable and that the supporting records support these costs as being true and accurate, thereby ensuring that all costs are adequately documented prior to releasing grant funds to reimburse these expenditures.

Current Status: A grants officer was appointed in June 2006 with the responsibility of implementing the above recommendation.

FINDING 03-10: Empowerment zone program, CFDA # 10.772

Condition: This finding was a reportable condition stating that controls were not in place to insure compliance with the Davis Bacon Act.

Recommendation: The Bolivar County Board of Supervisors should take steps to ensure that controls are in place that would detect or prevent noncompliance with the Davis-Bacon Act.

Current Status: A grants officer was appointed in June 2006 with the responsibility of implementing the above recommendation.

BOLIVAR COUNTY
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2004

FINDING 03-11: Empowerment zone program, CFDA # 10.772

Condition: This finding was a reportable condition stating that controls were not in place to detect noncompliance with any special tests or provisions required by the grant.

Recommendation: The Bolivar County Board of Supervisors should take measures to ensure that controls are in place to detect or prevent a material noncompliance with special requirements and provisions of the grant contract and ensure that all applicable grant/revolving loan conditions are satisfied.

Current Status: A grants officer was appointed in June 2006 with the responsibility of implementing the above recommendation.