



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

PHIL BRYANT
State Auditor

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COPIAH COUNTY, MISSISSIPPI

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

*The Office of the State Auditor does not discriminate on the basis of
race, religion, national origin, sex, age or disability*

COPIAH COUNTY

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COPIAH COUNTY

FINANCIAL SECTION

COPIAH COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

Members of the Board of Supervisors
Copiah County, Mississippi

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2005, on our consideration of Copiah County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Copiah County, Mississippi, 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 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



PHIL BRYANT
State Auditor



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

May 13, 2005

COPIAH COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

COPIAH COUNTY
Statement of Net Assets
September 30, 2004

Exhibit 1

	<u>Primary Government</u>
	Governmental
	Activities
	<u> </u>
ASSETS	
Cash	\$ 4,609,398
Property tax receivable	6,022,455
Accounts receivable (net of allowance for uncollectibles of \$100,231)	178,188
Fines receivable (net of allowance for uncollectibles of \$731,254)	40,168
Loans receivable	216,804
Intergovernmental receivables	236,393
Other receivables	53,780
Capital assets, net	<u>12,353,776</u>
Total Assets	<u>23,710,962</u>
LIABILITIES	
Claims payable	400,914
Intergovernmental payables	377,565
Deferred revenue	6,022,455
Other payables	34,185
Long-term liabilities	
Due within one year:	
Capital debt	416,629
Non-capital debt	28,744
Due in more than one year:	
Capital debt	4,063,188
Non-capital debt	<u>305,197</u>
Total Liabilities	<u>11,648,877</u>
NET ASSETS	
Invested in capital assets, net of related debt	7,873,959
Restricted:	
Expendable:	
General government	99,401
Debt service	49,118
Public safety	534,200
Public works	994,748
Culture and recreation	9,633
Economic development	632,347
Unrestricted	<u>1,868,679</u>
Total Net Assets	<u>\$ 12,062,085</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,849,523	661,746	30,550		(2,157,227)
Public safety	2,626,515	494,900	154,084	21,004	(1,956,527)
Public works	3,216,067	540,069	948,370	490,075	(1,237,553)
Health and welfare	415,260		83,700		(331,560)
Culture and recreation	114,305				(114,305)
Conservation of natural resources	90,164				(90,164)
Economic development and assistance	407,511	5,548	111,091	113,817	(177,055)
Interest on long-term debt	325,147				(325,147)
Total Governmental Activities	\$ 10,044,492	1,702,263	1,327,795	624,896	(6,389,538)
General revenues:					
Property taxes				\$ 5,775,347	
Road & bridge privilege taxes				331,246	
Grants and contributions not restricted to specific programs				477,176	
Unrestricted interest income				57,072	
Miscellaneous				121,137	
Total General Revenues				6,761,978	
Changes in Net Assets				372,440	
Net Assets - Beginning				15,874,776	
Prior period adjustment				(4,185,131)	
Net Assets - Beginning, as restated				11,689,645	
Net Assets - Ending				\$ 12,062,085	

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

COPIAH COUNTY
Balance Sheet - Governmental Funds
September 30, 2004

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 2,226,543	502,261	1,880,594	4,609,398
Property tax receivable	3,601,589	1,071,455	1,349,411	6,022,455
Accounts receivable (net of allowance for uncollectibles of \$100,231)			178,188	178,188
Fines receivable (net of allowance for uncollectibles of \$731,254)	40,168			40,168
Loans receivable			216,804	216,804
Intergovernmental receivables	171,329	55,824	9,240	236,393
Other receivables	32,107	665	21,008	53,780
Due from other funds		73,230	75,002	148,232
Total Assets	<u>\$ 6,071,736</u>	<u>1,703,435</u>	<u>3,730,247</u>	<u>11,505,418</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 102,537	83,818	214,559	400,914
Intergovernmental payables	332,766			332,766
Due to other funds	193,031			193,031
Deferred revenue	3,641,757	1,071,455	1,527,599	6,240,811
Other payables	34,185			34,185
Total Liabilities	<u>4,304,276</u>	<u>1,155,273</u>	<u>1,742,158</u>	<u>7,201,707</u>
Fund balances:				
Reserved for:				
Debt service			49,118	49,118
Loans receivable			216,804	216,804
Unreserved, reported in:				
General Fund	1,767,460			1,767,460
Special Revenue Funds		548,162	1,722,167	2,270,329
Total Fund Balances	<u>1,767,460</u>	<u>548,162</u>	<u>1,988,089</u>	<u>4,303,711</u>
Total Liabilities and Fund Balances	<u>\$ 6,071,736</u>	<u>1,703,435</u>	<u>3,730,247</u>	<u>11,505,418</u>

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

COPIAH COUNTY

Exhibit 3-1

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,303,711
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 \$6,310,664.	12,353,776
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	218,356
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	<u>(4,813,758)</u>
Total Net Assets - Governmental Activities	<u>\$ 12,062,085</u>

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

COPIAH COUNTY

Exhibit 4

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

	Major Funds			Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 3,559,082	866,782	1,349,483	5,775,347
Road and bridge privilege taxes		331,246		331,246
Licenses, commissions and other revenue	279,959		28,064	308,023
Fines and forfeitures	353,105		5,211	358,316
Intergovernmental revenues	507,932	1,053,038	868,897	2,429,867
Charges for services	257,251		736,430	993,681
Interest income	29,201	4,705	23,166	57,072
Miscellaneous revenues	104,873	13,048	3,216	121,137
Total Revenues	<u>5,091,403</u>	<u>2,268,819</u>	<u>3,014,467</u>	<u>10,374,689</u>
EXPENDITURES				
Current:				
General government	2,490,868		378,578	2,869,446
Public safety	2,066,575		575,853	2,642,428
Public works	68,097	1,918,026	2,075,611	4,061,734
Health and welfare	387,644			387,644
Culture and recreation	92,750		9,048	101,798
Conservation of natural resources	74,366			74,366
Economic development and assistance	56,597		266,875	323,472
Debt service:				
Principal	141,473	179,674	363,128	684,275
Interest	689	64,232	260,226	325,147
Total Expenditures	<u>5,379,059</u>	<u>2,161,932</u>	<u>3,929,319</u>	<u>11,470,310</u>
Excess of Revenues over (under) Expenditures	<u>(287,656)</u>	<u>106,887</u>	<u>(914,852)</u>	<u>(1,095,621)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			151,066	151,066
Compensation for loss of capital assets	14,375			14,375
Transfers in			100,000	100,000
Transfers out	(100,000)			(100,000)
Total Other Financing Sources and Uses	<u>(85,625)</u>	<u>0</u>	<u>251,066</u>	<u>165,441</u>
Net Changes in Fund Balances	<u>(373,281)</u>	<u>106,887</u>	<u>(663,786)</u>	<u>(930,180)</u>
Fund Balances - Beginning	<u>2,140,741</u>	<u>441,275</u>	<u>2,651,875</u>	<u>5,233,891</u>
Fund Balances - Ending	<u>\$ 1,767,460</u>	<u>548,162</u>	<u>1,988,089</u>	<u>4,303,711</u>

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

COPIAH COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (930,180)
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 \$1,436,783 exceeded depreciation of \$686,725 in the current period.	750,058
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from insurance or the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the loss of \$27,940 and the proceeds from insurance of \$14,375 in the current period.	(42,315)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(13,113)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	55,356
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$684,275 exceeded debt proceeds of \$151,066.	533,209
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 reduction in compensated absences.	<u>19,425</u>
Change in Net Assets of Governmental Activities	<u>\$ 372,440</u>

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

COPIAH COUNTY
 Statement of Fiduciary Assets and Liabilities
 September 30, 2004

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 173,408
Intergovernmental receivables	24,724
Due from other funds	<u>44,799</u>
Total Assets	<u><u>\$ 242,931</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 56,167
Intergovernmental payables	<u>186,764</u>
Total Liabilities	<u><u>\$ 242,931</u></u>

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

COPIAH COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Copiah 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 Copiah County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

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

- Copiah County Economic Development District
- Hardy Wilson Memorial Hospital
- Copiah-Jefferson Regional Library System

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

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

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

COPIAH COUNTY

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

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 that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

COPIAH COUNTY

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

H. Capital Assets.

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

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

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

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

I. Long-term Liabilities.

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

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

COPIAH COUNTY

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

J. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

K. Property Tax Revenues.

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

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

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

COPIAH COUNTY

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

L. Intergovernmental Revenues in Governmental Funds.

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

M. Compensated Absences.

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

(2) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
To adjust capital assets for prior years' accumulated depreciation, for construction in progress omitted in prior year and for non-capital assets included in error in prior year.	\$ <u><u>(4,185,131)</u></u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2004, was \$4,782,806, and the bank balance was \$5,152,027. 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.

COPIAH COUNTY

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance	General	\$ 73,230
Other Governmental Funds	General	75,002
Agency Funds	General	<u>44,799</u>
Total		<u>\$ 193,031</u>

The 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. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	<u>\$ 100,000</u>

The principal purpose of interfund transfers was to provide funds for the continued operation of the Reappraisal Maintenance Fund using Reappraisal Escrow ad valorem collections. This interfund transfer was routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 129,407
Motor vehicle fuel tax	27,928
Motor vehicle licenses	15,065
Other	<u>63,993</u>
Total Governmental Activities	<u>\$ 236,393</u>

(6) Loans Receivable.

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>
CDBG loan - L. C. Industries	12/98	5.25%	03/11	<u>\$ 216,804</u>

COPIAH COUNTY

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

(7) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2003	Additions	Deletions	Adjustments *	Balance Sept. 30, 2004
<u>Non-depreciable capital assets:</u>					
Land	\$ 855,497	2,820		(12)	858,305
Construction in progress		933,541		2,487,400	3,420,941
Total non-depreciable capital assets	<u>855,497</u>	<u>936,361</u>	<u>0</u>	<u>2,487,388</u>	<u>4,279,246</u>
<u>Depreciable capital assets:</u>					
Infrastructure		85,723		111,662	197,385
Buildings	7,953,562	72,180		(156,376)	7,869,366
Improvements other than buildings	585,925	44,180		(4,728)	625,377
Mobile equipment	3,181,698	100,166	122,155	(164,492)	2,995,217
Furniture and equipment	1,359,590	47,107	92,051	(585,364)	729,282
Leased property under capital leases	1,894,892	151,066		(77,391)	1,968,567
Total depreciable capital assets	<u>14,975,667</u>	<u>500,422</u>	<u>214,206</u>	<u>(876,689)</u>	<u>14,385,194</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure		3,950		2,237	6,187
Buildings		142,010		3,026,090	3,168,100
Improvements other than buildings		25,016		70,311	95,327
Mobile equipment		277,916	91,682	1,610,505	1,796,739
Furniture and equipment		47,041	80,209	635,258	602,090
Leased property under capital leases		190,792		451,429	642,221
Total accumulated depreciation	<u>0</u>	<u>686,725</u>	<u>171,891</u>	<u>5,795,830</u>	<u>6,310,664</u>
Total depreciable capital assets, net	<u>14,975,667</u>	<u>(186,303)</u>	<u>42,315</u>	<u>(6,672,519)</u>	<u>8,074,530</u>
Governmental activities capital assets, net	<u>\$ 15,831,164</u>	<u>750,058</u>	<u>42,315</u>	<u>(4,185,131)</u>	<u>12,353,776</u>

* The adjustments consist mainly of the following items: the addition of four state aid road projects that were in progress in the prior year but were not included in the prior year capital assets, recording accumulated depreciation balances as of October 1, 2003, the removal of non-capital assets included in error in the prior year and rounding differences.

COPIAH COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 41,065
Public safety	231,561
Public works	274,139
Health and welfare	27,616
Culture and recreation	12,507
Conservation of natural resources	15,798
Economic development and assistance	<u>84,039</u>
Total governmental activities depreciation expense	<u>\$ 686,725</u>

Commitments with respect to unfinished capital projects at September 30, 2004, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Miller Street Bridge BR-0015(24) BO	\$ 122,770	July, 2005
SAP-15(6) M Overlay Project - Multiple Roads	738,414	September, 2005
Gaddy Lane SAP-15(105)	668,119	October, 2005

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for law enforcement, fire fighters and road construction personnel and \$400,000 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.

COPIAH COUNTY

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

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2004:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,817,501
Furniture and equipment	<u>151,066</u>
Total	1,968,567
Less: Accumulated depreciation	<u>642,221</u>
Leased Property Under Capital Leases	<u><u>\$ 1,326,346</u></u>

The following is a schedule by years of the total payments due as of September 30, 2004:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2005	\$ 240,875	66,166
2006	955,287	12,256
2007	63,610	3,781
2008	32,250	1,773
2009	<u>19,535</u>	<u>312</u>
Total	<u><u>\$ 1,311,557</u></u>	<u><u>84,288</u></u>

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Industrial park - Series 2000	\$ 1,405,000	8.50%	08/20
Industrial development - Series 2001	<u>1,010,000</u>	6.75/8.00*	07/21
Total General Obligation Bonds	<u><u>\$ 2,415,000</u></u>		
B. Capital Leases:			
Bridge equipment - 1 excavator, 2 extend-a-hoes and 2 wheel loaders	\$ 224,927	5.84%	10/05
Road equipment - 1 extend-a-hoe, 2 wheel loaders, 2 dozers, 4 motor graders and 1 chip spreader	729,640	5.84%	10/05

COPIAH COUNTY

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Road equipment - 4 tractors with boom mowers	101,007	5.09%	09/06
Road equipment - 4 dump trucks with dump bodies	116,177	3.69%	06/07
E-911 system equipment	<u>139,806</u>	4.77%	04/09
Total Capital Leases	<u>\$ 1,311,557</u>		
C. Other Loans:			
CAP loan - 2 fire trucks and 1 pumper	\$ 48,927	3.70%	03/07
CDBG loan - L. C. Industries	216,804	5.25%	03/11
CAP loan - 5 fire trucks and equipment	345,723	3.00%	05/11
CAP loan - fire truck and equipment	114,561	3.00%	05/11
CAP loan - Sugar Farm Road	<u>244,049</u>	3.00%	01/21
Total Other Loans	<u>\$ 970,064</u>		

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 80,000	192,936	124,498	32,265
2006	85,000	186,311	129,099	27,665
2007	95,000	179,261	121,405	22,998
2008	100,000	171,411	116,825	18,744
2009	105,000	163,136	121,164	14,405
2010 - 2014	660,000	675,181	248,948	27,314
2015 - 2019	965,000	369,456	84,849	10,120
2020 - 2024	<u>325,000</u>	<u>32,188</u>	<u>23,276</u>	<u>468</u>
Total	<u>\$ 2,415,000</u>	<u>1,969,880</u>	<u>970,064</u>	<u>153,979</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2004, the amount of outstanding debt was equal to 1.8% of the latest property assessments.

COPIAH COUNTY

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

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

	Balance Oct. 1, 2003	Additions	Reductions	Adjustments	Balance Sept. 30, 2004	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 136,562		19,425		117,137	
General obligation bonds	2,610,000		195,000		2,415,000	80,000
Capital leases	1,388,222	151,066	227,731		1,311,557	240,875
Other loans	1,231,608		261,544		970,064	124,498
Total	\$ 5,366,392	151,066	703,700	0	4,813,758	445,373

(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 purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

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

Hospital Revenue Bond Contingencies - The county issues revenue bonds to provide funds for constructing and improving capital facilities of the Hardy Wilson Memorial Hospital. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the county remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the county is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2004, is \$141,463.

(12) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copeiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Copeiah County Board of Supervisors appoints three of the 33 members of the board of directors. The county contributes a small percentage of the district's total revenue.

Copeiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copeiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Copeiah County Board of Supervisors appoints six of the 27 members of the college board of trustees. The county appropriated \$689,932 for maintenance and support of the college in fiscal year 2004.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copeiah, Hinds, Rankin and Warren. The Copeiah County Board of Supervisors appoints one of the 15 members of the college board of trustees. The county appropriated \$131,356 for maintenance and support of the college in fiscal year 2004.

COPIAH COUNTY

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

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin and Simpson. The Copiah County Board of Supervisors appoints one member of the board of commissioners. The county appropriated \$65,000 for support of the commission in fiscal year 2004.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Copiah County Board of Supervisors appoints two of the 26 members of the board. The county provides only modest financial support for the district.

(13) Defined Benefit Pension Plan.

Plan Description. Copiah County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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 \$303,608, \$290,411 and \$268,357, respectively, equal to the required contributions for each year.

(14) Subsequent Events.

Subsequent to September 30, 2004, Copiah 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>
10/15/04	3.00%	\$ 500,000	Other loan	Ad valorem taxes
11/01/04	3.00%	55,633	Other loan*	Ad valorem taxes
03/01/05	3.04%	60,531	Lease purchase	Ad valorem taxes

* Other loan totaling \$55,633 represents a voluntary obligation undertaken by the county to pay the first three years of a CAP loan of which the City of Hazlehurst is obligated and liable. After making 36 monthly payments, the county is excused from further obligation to pay on said issue.

COPIAH COUNTY

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COPIAH COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

COPIAH COUNTY

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COPIAH 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	\$ 3,363,132	3,554,213	3,554,213	
Licenses, commissions and other revenue	233,536	255,444	255,444	
Fines and forfeitures	350,000	354,640	354,640	
Intergovernmental revenues	384,256	526,119	526,119	
Charges for services	300,000	236,280	236,280	
Interest income	45,000	28,836	28,836	
Miscellaneous revenues	83,741	137,362	137,362	
Total Revenues	<u>4,759,665</u>	<u>5,092,894</u>	<u>5,092,894</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,365,494	2,437,182	2,437,182	
Public safety	1,678,765	2,061,601	2,061,601	
Public works	110,655	84,815	84,815	
Health and welfare	358,568	527,648	527,648	
Culture and recreation	92,000	92,750	92,750	
Conservation of natural resources	87,067	75,104	75,104	
Economic development and assistance	91,247	56,597	56,597	
Total Expenditures	<u>4,783,796</u>	<u>5,335,697</u>	<u>5,335,697</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(24,131)</u>	<u>(242,803)</u>	<u>(242,803)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		14,557	14,557	
Transfers out		(100,000)	(100,000)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(85,443)</u>	<u>(85,443)</u>	<u>0</u>
Net Change in Fund Balance	(24,131)	(328,246)	(328,246)	
Fund Balances - Beginning	<u>1,350,000</u>	<u>1,906,479</u>	<u>1,906,479</u>	
Fund Balances - Ending	<u>\$ 1,325,869</u>	<u>1,578,233</u>	<u>1,578,233</u>	<u>0</u>

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

COPIAH 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	\$ 974,050	863,237	863,237	
Road and bridge privilege taxes	320,000	330,304	330,304	
Intergovernmental revenues	948,400	1,046,721	1,046,721	
Interest income	2,000	4,705	4,705	
Miscellaneous revenues	1,800	8,950	8,950	
Total Revenues	<u>2,246,250</u>	<u>2,253,917</u>	<u>2,253,917</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	1,998,767	1,895,373	1,895,373	
Debt service:				
Principal	243,932	243,906	243,906	
Total Expenditures	<u>2,242,699</u>	<u>2,139,279</u>	<u>2,139,279</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>3,551</u>	<u>114,638</u>	<u>114,638</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		11,196	11,196	
Total Other Financing Sources and Uses	<u>0</u>	<u>11,196</u>	<u>11,196</u>	<u>0</u>
Net Change in Fund Balance	3,551	125,834	125,834	
Fund Balances - Beginning	<u>250,000</u>	<u>376,427</u>	<u>376,427</u>	
Fund Balances - Ending	<u>\$ 253,551</u>	<u>502,261</u>	<u>502,261</u>	<u>0</u>

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

COPIAH 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 Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	Countywide Road Maintenance
Budget (Cash Basis)	\$ (328,246)	125,834
Increase (Decrease)		
Net adjustments for revenue accruals	(1,673)	3,756
Net adjustments for expenditure accruals	(43,362)	(22,703)
GAAP Basis	\$ (373,281)	106,887

COPIAH COUNTY

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COPIAH COUNTY

SPECIAL REPORTS

COPIAH COUNTY

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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
Copiah County, Mississippi

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Copiah County, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the county's basic primary government financial statements and have issued our report thereon dated May 13, 2005. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Copiah County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the primary government financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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



PHIL BRYANT
State Auditor



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

May 13, 2005



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

Members of the Board of Supervisors
Copiah County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Copiah 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 Copiah 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 Copiah 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, Copiah 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 Copiah County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



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

May 13, 2005

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

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
04/05/04	Chiller barrel	\$ 6,000	Star Service	Time factor, since court was in session and air conditioning did not work.
07/16/04	Fiber optic cable	2,622	BCI	A vehicle hit a telephone pole and cut the cable connected to the county computer system.

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

Schedule 3

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

COPIAH COUNTY

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COPIAH COUNTY

SCHEDULE OF FINDINGS

COPIAH COUNTY

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COPIAH COUNTY

Schedule of Findings
For the Year Ended September 30, 2004

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.