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BOLIVAR COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2007

Bridgers & Company, P.C.
Certified Public Accountants
Vicksburg, Mississippi

BOLIVAR COUNTY
TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	5
Statement of Net Assets	6
Statement of Activities	7
Balance Sheet - Governmental Funds	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Assets - Proprietary Fund	13
Statement of Revenues, Expenses and Changes in Fund Net Assets	14
Statement of Cash Flows - Proprietary Fund	15
Statement of Fiduciary Assets and Liabilities	16
Notes to Financial Statements	18
REQUIRED SUPPLEMENTARY INFORMATION	36
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)	
General Fund	37
Countywide Road Maintenance Fund	38
MDB Loan Fund	39
Notes to the Required Supplementary Information	40
SPECIAL REPORTS	42
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 <i>Government Auditing Standards</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	52

BOLIVAR COUNTY

FINANCIAL SECTION

BOLIVAR COUNTY

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PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT
ON
THE 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, 2007, which collectively comprise the county's basic financial statements of the county's primary government, as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 do not include financial data for the county's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

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, reported on the Statement of Net Assets and in the General Fund, as of September 30, 2007. 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 unable to determine the source of all of the Circuit Clerk cash at September 30, 2007, and the related revenues and liabilities.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Bolivar County, Mississippi, as of September 30, 2007, or the changes in financial position thereof for the year then ended.

In our opinion, except for the effects of any adjustments, if any, as might have been determined to be necessary had we been able to examine adequate evidence to determine the net realizable value of the Circuit Clerk 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, the 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, 2007, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi, as of September 30, 2007, 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 December 19, 2008, on our consideration of Bolivar 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.

Bolivar 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 Schedule 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.

Bridgers & Company, P.C.

Bridgers & Company, P.C.
Certified Public Accountants
Vicksburg, Mississippi

December 19, 2008

BOLIVAR COUNTY

FINANCIAL STATEMENTS

Bolivar County
Statement of Net Assets
September 30, 2007

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and investments	\$ 9,328,062	1,837,003	11,165,065
Accrued interest receivable	11,184	105	11,289
Property tax receivable	11,571,138		11,571,138
Fines receivable, (net of allowance for uncollectibles of \$809,564)	72,862		72,862
Loans receivable, (net of allowance for uncollectibles of \$935,441)	0		0
Intergovernmental receivables	139,650	13,009	152,659
Other receivables	16,652		16,652
Internal balances	163,985	-163,985	0
Lease payments receivable	2,360,052		2,360,052
Capital assets, net	54,178,585	6,542,620	60,721,205
Total Assets	77,842,170	8,228,752	86,070,922
LIABILITIES			
Claims payable	596,430	122,601	719,031
Intergovernmental payables	323,108		323,108
Accrued interest payable	45,592	91,103	136,695
Deferred revenue	12,277,738		12,277,738
Other payables	320,152		320,152
Long-term liabilities			
Due within one year:			
Capital related debt	1,063,073	290,000	1,353,073
Non-capital debt	292,809		292,809
Due in more than one year:			
Capital related debt	3,653,842	7,535,000	11,188,842
Non-capital debt	1,855,000	41,572	1,896,572
Total Liabilities	20,427,744	8,080,276	28,508,020
NET ASSETS			
Invested in capital assets, net of related debt	49,461,670		49,461,670
Restricted:			
Expendable:			
Debt service	2,754,505	148,476	2,902,981
Public safety	297,300		297,300
Economic development	55,427		55,427
Public works	672,875		672,875
Health and welfare	29,117		29,117
Culture and recreation	2,072		2,072
Capital projects	27,814		27,814
Unrestricted	4,113,646		4,113,646
Total Net Assets	\$ 57,414,426	148,476	57,562,902

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

Bolivar County
Statement of Activities
For the Year Ended September 30, 2007

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,127,120	591,847	4,208		-3,531,065		-3,531,065
Public safety	4,083,572	361,621	483,565		-3,218,388		-3,218,388
Public works	7,234,510	50,248	55,732	59,684	-7,068,846		-7,068,846
Health and welfare	971,946	36,000			-935,946		-935,946
Culture and recreation	437,422				-437,422		-437,422
Conservation of natural resources	185,351				-185,351		-185,351
Economic development and assistance	1,986,748				-1,986,748		-1,986,748
Interest on long-term debt	301,519				-301,519		-301,519
Total Governmental Activities	19,308,188	1,039,716	543,505	59,684	-17,665,283		-17,665,283
Business-type activities:							
Correctional facility	4,847,085	5,463,035				615,950	615,950
Total Business-type Activities	4,847,085	5,463,035				615,950	615,950
Total Primary Government	\$ 24,155,273	6,502,751	543,505	59,684	-17,665,283	615,950	-17,049,333
General revenues:							
Property taxes				\$	11,914,339		11,914,339
Road & bridge privilege taxes					416,594		416,594
Grants and contributions not restricted to specific programs					2,916,163		2,916,163
Unrestricted investment income					580,717	44,568	605,285
Miscellaneous					2,367,865	422	2,368,287
Total General Revenues					18,175,678	44,990	18,220,668
Changes in Net Assets					510,395	660,940	1,171,335
Net Assets - Beginning					56,904,031	-512,464	56,391,567
Net Assets - Ending				\$	57,414,426	148,476	57,562,902

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

Bolivar County
Balance Sheet - Governmental Funds
September 30, 2007

Exhibit 3

ASSETS	Major Funds					Total Governmental Funds
	Countywide					
	General Fund	Maintenance Fund	Road Fund	MDB Loan Fund	Other Governmental Funds	
Cash	5,066,427	1,191,574		4,216	2,106,128	8,368,345
Investments				959,717		959,717
Property tax receivable	7,417,635	1,848,310			2,305,193	11,571,138
Interest receivable	8,615	1,266			1,303	11,184
Fines receivable (net of allowance for uncollectibles of \$ 809,564)	72,862					72,862
Loans receivable (net of allowance for uncollectibles of \$ 935,441)					0	0
Intergovernmental receivables	139,650					139,650
Advances to other funds	132,045			1,255,276		1,387,321
Due from other funds	31,940	16,074			27,510	75,524
Other receivables	16,652					16,652
Lease payments receivable					2,360,052	2,360,052
Total Assets	12,885,826	3,057,224		2,219,209	6,800,186	24,962,445
LIABILITIES AND FUND BALANCES						
Liabilities:						
Claims payable	314,124		113,183		169,123	596,430
Intergovernmental payables	323,108					323,108
Advances from other funds	80,000	920,964			254,312	1,255,276
Due to other funds	62,720					62,720
Deferred revenue	7,490,497	1,848,310			4,665,244	14,004,051
Other payables	301,016					301,016
Total Liabilities	8,571,465	2,882,457		0	5,088,679	16,542,601
Fund balances						
Reserved for:						
Advances	132,045			1,255,276		1,387,321
Debt service				963,933	534,008	1,497,941
Loans receivable						0
Unreserved, reported in:						
General Fund	4,182,316		174,767		1,149,708	4,182,316
Special Revenue Funds					27,791	1,324,475
Capital Projects Funds					1,711,507	27,791
Total Fund Balances	4,314,361	174,767		2,219,209	1,711,507	8,419,844
Total Liabilities and Fund Balances	\$ 12,885,826	3,057,224		2,219,209	6,800,186	24,962,445

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, 2007

Exhibit 3-1

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 8,419,844
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 \$ 72,686,117.	54,178,585
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	72,862
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	-6,864,724
Capital leases are not available to pay for current period expenditures and, therefore, are not reported in the funds.	1,653,451
Accrued interest payable is not due and payable in the current - period and, therefore, is not reported in the funds.	-45,592
Total Net Assets - Governmental Activities	\$ <u>57,414,426</u>

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

Bolivar County

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances For Governmental Funds
For the Year Ended September 30, 2007

	Countywide				Total Governmental Funds
	General Fund	Maintenance Fund	Road Fund	MDB Loan Fund	
REVENUES					
Property taxes	\$ 7,747,151	1,846,391			11,914,339
Road and bridge privilege taxes		416,594			416,594
Licenses, commissions and other revenue	348,879	3,402			363,436
Fines and forfeitures	227,161				227,161
Intergovernmental revenues	856,094	2,721,218			4,029,613
Charges for services	368,947			8,849	354,946
Interest income	240,057				560,717
Miscellaneous revenues					469,939
Total Revenues	9,788,289	5,054,647	8,849	3,484,960	18,336,745
EXPENDITURES					
Current:					
General government	4,674,320				4,831,800
Public safety	3,177,413				3,687,447
Public works		6,685,767			8,003,260
Health and welfare	754,673				935,046
Culture and recreation	423,360				423,360
Conservation of natural resources	184,291				184,291
Economic development and assistance	122,026			1,861,433	1,983,459
Debt service:					
Principal				39,000	334,727
Interest				143,619	273,715
Total Expenditures	9,336,083	6,685,767	182,619	4,452,636	20,657,105
Excess of Revenues over (under) Expenditures	452,206	-1,631,120	-173,770	-967,676	-2,320,360

OTHER FINANCING SOURCES (USES)

Long-term capital debt issued				1,035,000	1,035,000
Proceeds from sale of capital assets					1,260,660
Transfers in	1,000	1,259,660			111,187
Transfers out	4,633		106,554		-111,187
Lease principal payments	-7,000	-88,574	-4,633	-10,980	42,898
Total Other Financing Sources and Uses	-1,367	1,171,086	101,921	1,066,918	2,338,558
Net Changes in Fund Balances	450,839	-460,034	-71,849	99,242	18,198
Fund Balances - Beginning	3,973,522	1,933,813	0	1,736,384	7,643,719
Prior period adjustment	-110,000	-1,299,012	2,291,058	-124,119	757,927
Fund Balance - Beginning, as restated	3,863,522	634,801	2,291,058	1,612,265	8,401,646
Fund Balances - Ending	\$ 4,314,361	174,767	2,219,209	1,711,507	8,419,844

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

Bolivar County
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2007

Exhibit 4-1

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 18,198

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 \$4,017,355 exceeded depreciation of \$2,947,029 in the current period.

1,070,326

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 \$862,926
 and the proceeds from the sale of \$ 1,260,660 in the current period.

-397,734

In the Statement of Activities, only interest income from payments received on capital leases are reported,
 whereas in the governmental funds, both principal and interest proceeds increase financial resources.
 Thus, the change in net assets differs from change in fund balance by the principal collections on
 the capital leases.

992,102

Fine revenue recognized on the modified accrual basis in the funds during the current year, is increased
 because fines were collected for which prior year recognition would have been required on the
 Statement of Activities using the full-accrual basis of accounting.

-416,088

Debt proceeds provide current financial resources to Government 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
 proceeds of \$1,035,000, exceeds debt repayments of \$ 334,727.

-700,273

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 balance by a combination of the following items:

Accrued interest payable	-27,804
Compensated absences	-28,332

Change in Net Assets of Governmental Activities	\$ 510,395
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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, 2007

Exhibit 5

Business-type Activities - Enterprise Funds

	<u>BCRCF</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 1,837,003
Interest receivable	105
Intergovernmental receivables	13,009
 Total Current Assets	 <u>1,850,117</u>
Noncurrent assets:	
Capital assets, net	6,542,620
Total Noncurrent Assets	<u>6,542,620</u>
 Total Assets	 <u>8,392,737</u>
 LIABILITIES	
Claims payable	122,601
Due to other funds	31,940
Advances to other funds	132,045
Accrued interest payable	91,103
Capital related debt - current	290,000
 Total Current Liabilities	 <u>667,689</u>
Noncurrent liabilities:	
Capital related debt:	7,535,000
Non-capital debt:	
Compensated absences payable	41,572
Total Noncurrent Liabilities	<u>7,576,572</u>
 NET ASSETS	
Invested in capital assets, net of related debt	-1,282,380
Restricted for public works	<u>1,430,856</u>
 Total Net Assets	 <u>\$ 148,476</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, 2007

Exhibit 6

	<u>BCRCF</u> <u>Fund</u>
<u>Business-type Activities - Enterprise Funds</u>	
Operating Revenues	
Charges for services	\$ 5,463,035
Miscellaneous	993
Total Operating Revenues	<u>5,464,028</u>
Operating Expenses	
Personal services	2,179,127
Contractual services	741,357
Consumable supplies	1,296,697
Depreciation expense	174,757
Indirect administrative cost	31,940
Total Operating Expenses	<u>4,423,878</u>
Operating Income (Loss)	<u>1,040,150</u>
Nonoperating Revenues (Expenses)	
Interest income	44,568
Interest expense	-423,207
Loss on sale of fixed assets	-571
Net nonoperating Revenue (Expenses)	<u>-379,210</u>
Change in Net Assets	660,940
Net Assets - Beginning	<u>-512,464</u>
Net Assets - Ending	<u>\$ 148,476</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, 2007

Exhibit 7

Business-type Activities - Enterprise Funds

	<u>BCRCF</u> <u>Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 5,472,480
Payments to suppliers	-2,035,882
Payments to employees for services	-2,183,065
Other operating cash receipts	993
Net Cash Provided (Used) by Operating Activities	<u>1,254,526</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of investments	-683,534
Acquisition of fixed assets	-378,920
Principal paid on debt	-270,000
Interest paid on debt	-377,311
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-1,709,765</u>
Cash Flows From Noncapital Financing Activities	
Interest on investments	45,003
Net Cash Provided (Used) by Noncapital Financing Activities	<u>45,003</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-410,236
Cash and Cash Equivalents at Beginning of Year	<u>1,563,705</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,153,469</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	<u>1,040,150</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	174,757
Changes in assets and liabilities:	
(Increase) decrease in governmental receivables	9,445
Increase (decrease) in claims payable	-7,255
Increase (decrease) in compensated absences liability	5,489
Increase (decrease) in interfund payables	31,940
Total Adjustments	<u>214,376</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,254,526</u>

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

Bolivar County
Statement of Fiduciary Assets and Liabilities
September 30, 2007

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 268,375
Due from other funds	19,136
Other receivables	<u>47</u>
Total Assets	<u><u>287,558</u></u>
LIABILITIES	
Intergovernmental payables	<u>287,558</u>
Total Liabilities	<u><u>\$ 287,558</u></u>

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

BOLIVAR COUNTY

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BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

(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 units which has a 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.

- * 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 are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and 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, 2007

The Statement of Net Assets presents the financial condition of the governmental activities 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 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, proprietary 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, Proprietary Funds and Fiduciary Funds (excluding agency 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. Agency funds have no measurement focus, but use the accrual basis of accounting.

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 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:

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

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 highway maintenance.

MDB Loan Fund - This fund is used to account for loan funds received under the Mississippi Development Bank Act.

The county reports the following major Proprietary Fund:

Bolivar County Regional Correctional Facility (BCRCF) - This fund is used to account 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, interest and related costs.

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

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 2005 by the Government Finance Officers Association.

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).

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental 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 not 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 market value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements and Proprietary Funds. 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 and estimated useful lives:

	<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	•	•

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

* 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 and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type or Proprietary Fund 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 or regulation of other governments; or law through constitutional provisions or enabling legislation.

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

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

K. Property Tax Revenues.

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

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 vehicle and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

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 applied 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 Fund 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 Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 4 - Statement of Revenues, Expenditures, and Changes in
Fund Balances For Governmental Funds

1. To reclassify prior year principal payments that were made on advances against a \$ 4,000,000 loan issued under the Mississippi Development Bank Act. These funds were placed in a renewal account by MDB for the purpose of providing additional funding for the county. \$ 757,927
2. Upon establishing a loan fund to account for funds issued under the MDB Act., it was necessary to reclassify loan proceeds that were expended by the various governmental funds as advances from the MDA Loan Fund.

General Fund	-110,000
Countywide Road Maintenance	-1,299,012
MDA Loan Fund	1,533,131
Other Governmental Funds	<u>-124,119</u>
Total	<u>\$ 757,927</u>

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2007, was \$ 9,790,189, and the bank balance was \$ 10,362,474. 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.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the county are handled through a trust indenture between the county and the trustee related to the operation of the Bolivar County Regional Correction Facility.

Investment balances at September 30, 2007, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury Bill	Less than one year	\$683,534	
Total		<u>\$683,550</u>	

The following investments are handled by Hancock Bank, as trustee, under the provisions of the Mississippi Development Bank Act. The Mississippi Development Bank has elected to reinvest a portion of the principal payments made by the county on loans with MDB. These funds are placed in a renewal account so that they will be available to the county at a later date. The underlying debt with MDB is not reduced by the principal payments placed in the renewal account. These funds have been invested in Guaranteed Investment Contracts with Westdeutsche Landesbank and represent 99.56% of the renewal account.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
GIC	7/1/2024	\$959,717	
Total		<u>\$959,717</u>	

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

Interest Rate Risk. The county does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29. The county does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2007.

Due From / To Other Funds:

A.	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	General Fund	Enterprise Fund	31,940
	Countywide Road Maintenance	General Fund	16,074
	Other Governmental Fund	General Fund	27,510
	Agency Fund	General Fund	19,136
			<u>\$ 94,660</u>

The General Fund receivable is for indirect administrative cost due from BCRF. All other receivables represent the tax revenue collected but not settled until October, 2007. 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	132,045
	MDB Loan Fund	General	80,000
	MDB Loan Fund	Countywide Road Maintenance	920,964
	MDB Loan Fund	Other Governmental Fund	254,312
			<u>\$ 1,387,321</u>

The General Fund receivable is the amount of indirect cost not paid within one year. The MDB Loan Fund receivable is for amounts expended from the MDB loan proceeds that have not been repaid.

BOLIVAR COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2007

C. Transfers In / Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	MDB Loan Fund	4,633
MDB Loan Fund	General	7,000
MDB Loan Fund	Countywide Road Maintenance	88,574
MDB Loan Fund	Other Governmental Fund	10,980
		<u>\$ 111,187</u>

The transfer to General Fund was to transfer interest earned on the renewal account established by Mississippi Development Bank on behalf of the county. The transfers to the MDB Loan Fund represents the amount of interest on each of the applicable funds advances.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2007, consisted of the following:

<u>Governmental Activities:</u>	<u>Amount</u>
Legislative tax credit	\$ 139,650
 Total Governmental Activities	 <u>\$ 139,650</u>
 <u>Business-type Activities:</u>	
Reimbursement for inmates	\$ 13,009
 Total Business-type Activities	 <u>\$ 13,009</u>

(6)

Loans Receivable.

Loans receivable balances at September 30, 2007, 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	\$ 137,879
CDBG - Knightline	10-02	4.0	02-19	567,662
MDEZA - Knightline	05-03	4.0	02-19	230,100
				<u>935,441</u>
			Less: Allowance for uncollectibles	-935,441
				<u>\$ 0</u>

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2007:

Governmental activities:

	Balance Oct. 1, 2006	Additions	Deletions	Adjustments	Balance Sept. 30, 2007
Non-depreciable capital assets:					
Land	\$ 1,047,226				1,047,226
Depreciable capital assets:					
Infrastructure	75,711,426	2,011,344			77,722,770
Buildings	36,907,891				36,907,891
Improvements other than buildings	255,942				255,942
Mobile equipment	7,593,201	1,719,787	1,432,052		7,880,936
Furniture and equipment	2,889,375	286,224	125,602		3,049,997
Total depreciable capital assets	123,357,835	4,017,355	1,557,654	0	125,817,536
Less accumulated depreciation for:					
Infrastructure	51,357,094	1,353,732			52,710,826
Buildings	12,375,148	375,760			12,750,908
Improvements other than buildings	205,712				205,712
Mobile equipment	4,591,205	1,061,975	1,035,574		4,617,606
Furniture and equipment	2,369,909	155,562	124,346		2,401,125
Total accumulated depreciation	70,899,068	2,947,029	1,159,920	0	72,686,177
Total depreciable capital assets, net	52,458,767	1,070,326	397,734	0	53,131,359
Governmental activities capital assets, net	53,505,993	1,070,326	397,734	0	54,178,585

Business-type activities:

	Balance Oct. 1, 2006	Additions	Deletions	Adjustments	Balance Sept. 30, 2007
Non-depreciable capital assets:					
Land	\$ 3,878				3,878
Construction in progress	0	53,920			53,920
Total Non-depreciable capital assets	3,878	53,920		0	57,798
Depreciable capital assets:					
Buildings	6,653,802	325,000			6,978,802
Improvements other than buildings	912,603				912,603
Mobile equipment	92,218		5,710		86,508
Furniture and equipment	203,315				203,315
Total depreciable capital assets	7,861,938	325,000	5,710	0	8,181,228
Less accumulated depreciation for:					
Buildings	1,079,396	136,536			1,215,932
Improvements other than buildings	243,392	36,421			279,813
Mobile equipment	61,127	1,800	5,139		57,788
Furniture and equipment	142,873				142,873
Total accumulated depreciation	1,526,788	174,757	5,139	0	1,696,406
Total depreciable capital assets-net	6,335,150	150,243	571		6,484,822
Business -type activities assets, net	6,339,028	204,163	571	0	6,542,620

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 1,447,053
Public safety	600,027
Public works	845,698
Health and welfare	36,900
Culture and recreation	14,062
Economic development	<u>3,289</u>
 Total governmental activities depreciation expense	 \$ <u>2,947,029</u>
Business-type activities :	
Public safety	\$ <u>174,757</u>
 Total business-type activities depreciation expense	 \$ <u>174,757</u>

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Worker's 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, 2007 to January 1, 2008. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

(9) 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.

The Board of Supervisors, through an act of the legislature, created the Bolivar Medical Center 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 \$ 5,577 for the year ended September 30, 2007. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2008	\$ 220
	<u>\$ 220</u>

(10) Capital Leases.

As Lessor:

The county has joined the City of Cleveland in building and leasing a building to Faurecia. The county's portion of the project was \$ 750,000, which was financed by a CAP loan in the amount of \$ 750,000. This loan is being paid by the county's portion of the lease payments.

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2007, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 44,203	17,949
2009	45,547	16,605
2010	46,932	15,219
2011	48,360	13,791
2012	49,831	12,320
2013- 2017	272,833	37,926
2018- 2019	110,745	3,212
Total	<u>618,451</u>	<u>117,022</u>

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

(11) Long - term Debt.

Debt outstanding as of September 30, 2007, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Jail Bonds, Series 1998	\$ 1,995,000	1.1 to 3.6	09-18
2006 Baxter Bonds	1,035,000	7.5 to 6.3	11-21
	<hr/>		
Total General Obligation Bonds	\$ <u>3,030,000</u>		
B. Other Loans:			
Health department building	\$ 206,217	4.25	08/11
Expo annex	37,528	3.00	02/09
CDBG Knight Line Products, Inc.	567,662	4.00	02/09
Mississippi Development Bank	2,252,058	Variable	20/24
CAP Loan - Faurecia	618,451	3.00	07/19
	<hr/>		
Total Other Loans	\$ <u>3,681,916</u>		
Business-type Activities:			
Limited Obligation Bonds:			
MS Development Bank special obligation bonds, Series 2002A	\$ 5,820,000	3.00/5.125	07/25
MS Development Bank special obligation bonds, Series 2002B	2,005,000	3.00/5.125	07/25
	<hr/>		
Total Limited Obligation Bonds	\$ <u>7,825,000</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>
2008	\$ 185,000	180,716	1,018,073	66,400
2009	195,000	147,946	553,319	62,193
2010	205,000	137,784	552,748	58,492
2011	220,000	127,026	545,683	54,689
2012	225,000	116,545	500,242	52,321
2013-2017	1,320,000	388,516	272,864	37,926
2018-2022	680,000	84,446	239,087	28,721
	<hr/>			
Total	\$ <u>3,030,000</u>	<u>1,181,979</u>	<u>3,681,916</u>	<u>360,742</u>

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

<u>Year Ending September 30</u>	<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 290,000	367,038
2009	300,000	355,812
2010	310,000	344,000
2011	330,000	331,760
2012	340,000	317,360
2013-2017	2,010,000	1,348,060
2018-2022	2,460,000	838,120
2023-2025	1,785,000	186,037
Total	\$ 7,825,000	4,088,187

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 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, 2007, the amount of outstanding debt was equal to 5.30 % of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2007:

	Balance 10/1/2008	Additions	Reductions	Adjustments	Balance 9/30/2007	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 124,477	28,332			152,809	
General obligation bonds	2,167,000	1,035,000	172,000		3,030,000	185,000
Other loans	3,086,715		162,727	757,927	3,681,915	1,018,073
Total	\$ 5,378,192	1,063,332	334,727	757,927	6,864,724	1,203,073
Business-type Activities:						
Compensated absences	\$ 38,083	5,489			41,572	
Limited obligation bonds	8,095,000		270,000		7,825,000	290,000
Total	\$ 8,131,083	5,489	270,000		7,866,572	290,000

The adjustment for other loans is the amount of principal payments by the county that were placed into a renewal account by Mississippi Development Bank. This account is in the name of Bolivar County and the funds are available for Bolivar County to draw against. These amounts were not applied as principal payments by the Mississippi Development Bank.

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

(12) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. In fiscal years 2002 & 2003, grants were received for the purpose of making loans in the amount of \$ 841,528 to Knightline Products, Inc. and \$ 139,679 to River Run, for purposes of economic development. These loans have become delinquent and the county is currently pursuing collection. It is unclear at this time, whether the county will incur liability to repay the grant funds, should the loans prove to be uncollectible. No provision for any liability that may result has been recognized in the county's financial statements.

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

(13) 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 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, 2007

(14) 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 \$237,800 for maintenance and support of the commission in fiscal year 2007.

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 2007.

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 \$249,227 in taxes for maintenance and support of the college in fiscal year 2007.

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 \$249,227 in taxes for maintenance and support of the college in the fiscal year 2007.

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 \$146,642 in taxes to support the district in fiscal year 2007.

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 \$36,392 for maintenance and support of the organization in fiscal year 2007.

(15) 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 rate at September 30, 2007 was 11.85% 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 to PERS for the years ending September 30, 2007, 2006, and 2005 were \$722,593, \$660,452, \$610,052, respectively, equal to the required contributions for each year.

BOLIVAR COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2007

(16) Subsequent Events.

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, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,702,735	7,768,029	7,768,029	
Licenses, commissions and other revenue	284,500	340,365	340,365	
Fines and forfeitures	241,500	240,133	240,133	
Intergovernmental revenues	592,000	860,301	860,301	
Charges for services	20,000			
Interest income	125,000	355,422	355,422	
Miscellaneous revenues	158,400	230,751	230,751	
Total Revenues	9,124,135	9,795,001	9,795,001	0
EXPENDITURES				
Current:				
General government	4,571,219	4,814,891	4,814,891	
Public safety	2,138,405	2,180,728	2,180,728	
Health and welfare	742,873	693,683	693,683	
Culture and recreation	405,579	398,164	398,164	
Conservation of natural resources	137,067	183,487	183,487	
Economic development and assistance	182,879	122,099	122,099	
Debt Service		73,000	73,000	
Total Expenditures	8,178,022	8,466,052	8,466,052	0
Excess of Revenues over (under) Expenditures	946,113	1,328,949	1,328,949	0
OTHER FINANCING SOURCES (USES)				
Sources	375,000	273,115	273,115	
Uses	-1,300,830	-1,194,240	-1,194,240	
Total Other Financing Sources and Uses	-925,830	-921,125	-921,125	0
Net Change in Fund Balance	20,283	407,824	407,824	0
Fund Balance - Beginning	4,456,489	4,456,489		0
Fund Balance - Ending	\$ 4,476,772	4,864,313	407,824	0

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
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,861,310	1,849,485	1,849,485	
Road and bridge privilege taxes	350,000	416,594	416,594	
Licenses, commissions and other revenue	3,000	3,402	3,402	
Intergovernmental revenues		649,874	649,874	
Interest income	30,000	69,429	69,429	
Miscellaneous revenues		670	670	
Total Revenues	<u>383,000</u>	<u>2,989,454</u>	<u>2,989,454</u>	<u>0</u>
EXPENDITURES				
Public works	3,148,447	4,706,408	4,706,408	
Debt service		466,623	466,623	
Total Expenditures	<u>3,148,447</u>	<u>5,173,031</u>	<u>5,173,031</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>-2,765,447</u>	<u>-2,183,577</u>	<u>-2,183,577</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Sources		1,259,660	1,259,660	
Uses				
Total Other Financing Sources and Uses	<u>0</u>	<u>1,259,660</u>	<u>1,259,660</u>	<u>0</u>
Net Change in Fund Balance	-2,765,447	-923,917	-923,917	0
Fund Balance - Beginning	1,933,813	1,933,813	1,933,813	
Fund Balance - Ending	<u>\$ -831,634</u>	<u>1,009,896</u>	<u>1,009,896</u>	<u>0</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)
 MDB Loan Fund
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 8,849	8,849	8,849	0
Total Revenues	<u>8,849</u>	<u>8,849</u>	<u>8,849</u>	<u>0</u>
EXPENDITURES				
Current:				
Debt service	145,554	145,554	145,554	0
Total Expenditures	<u>145,554</u>	<u>145,554</u>	<u>145,554</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>-136,705</u>	<u>-136,705</u>	<u>-136,705</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Sources	106,554	106,554	106,554	
Uses	<u>-4,633</u>	<u>-4,633</u>	<u>-4,633</u>	
Total Other Financing Sources and Uses	<u>101,921</u>	<u>101,921</u>	<u>101,921</u>	<u>0</u>
Net Change in Fund Balance	-34,784	-34,784	-34,784	0
Fund Balance - Beginning	<u>998,717</u>	<u>998,717</u>	<u>998,717</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 963,933</u>	<u>963,933</u>	<u>963,933</u>	<u>0</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, 2007

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 Maint. Fund	MDB Loan Fund
	<u> </u>	<u> </u>	<u> </u>
Budget	\$ 407,824	-923,917	-34,784
Increase (Decrease)			
Net adjustments for revenue accruals	-274,194	2,065,193	
Net adjustments for expenditure accruals	317,209	-1,601,310	-37,065
	<u> </u>	<u> </u>	<u> </u>
GAAP Basis	<u>\$ 450,839</u>	<u>-460,034</u>	<u>-71,849</u>

BOLIVAR COUNTY

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BOLIVAR COUNTY

SPECIAL REPORTS

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PRACTICE SECTION

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

Members of the Board of Supervisors
Bolivar County, Mississippi

We have audited the 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, 2007, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 19, 2008. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the reporting entity that include the financial data of the component units. The report is qualified on the governmental activities and the General Fund because we were unable to satisfy ourselves as to the fair presentation of the fines receivable and cash of the Circuit Clerk. 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 *Governmental 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bolivar County's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the county's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 07-1, 07-2 and 07-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-1 and 07-2 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 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*.

However, we noted certain matters that we reported to the management of Bolivar County, Mississippi, in the Independent Auditor's Report on Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 19, 2008, included within this document.

Bolivar County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit Bolivar County's responses and, accordingly, we express no opinion on them.

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.

Bridgers & Company, P.C.
BRIDGERS & COMPANY, P.C.
Certified Public Accountants
Vicksburg, Mississippi

December 19, 2008

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PRACTICE SECTION

**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, 2007. 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.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your response are disclosed below:

Inventory Control Clerk.

1. Finding

Depreciation had been incorrectly applied to several capital assets. This was done with the initial set-up of these assets, when the county established a fixed asset reporting system in compliance with GASB 34.

Recommendation

The Inventory Control Clerk should test the accumulated depreciation taken on each asset in inventory. Each asset should be manually calculated and compared with the computer records.

Inventory Control Clerk's Response

Continuing efforts are being made to insure that the accumulated depreciation reported is correct on all assets.

In our opinion, except for the noncompliance referred to in the preceding paragraph, 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.

Bolivar County's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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.

Bridgers & Company, P.C.

BRIDGERS & COMPANY, P.C.

Certified Public Accountants

Vicksburg, Mississippi

December 19, 2008

BOLIVAR COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2007

Schedule 1

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

BOLIVAR COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2007

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, 2007

Schedule 3

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

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PRACTICE SECTION

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, 2007 we considered Bolivar County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions 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 December 19, 2008, on the financial statements of Bolivar County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Sheriff's Office

1 Finding

Section 19-25-74 " Feeding of prisoners - log of meals served " requires the Sheriff to submit, on a monthly basis with as affidavit as to correctness, a log of the meals served to prisoners . This log should be kept on file by the Board of Supervisors. The logs have been filed, but some months did not include the meals served to state prisoners.

Recommendation

The Sheriff should insure that the log submitted to the Board of Supervisors includes meals served to all prisoners. The Sheriff should also have a board order indicating acceptance of the monthly log.

Sheriff's Response

The above recommendation will be followed.

Tax Collector's Office

1 Finding

A number of individuals were found to have their automobiles registered in the wrong taxing district.

Recommendation

The Tax Collector should extend due diligence as it relates to insuring that all vehicles are placed in the proper taxing district. Suggested procedures are as follows:

- (1) Institute an internal audit process by which motor vehicle licenses issued are randomly selected and cross referenced to other county offices.
- (2) Request the State Tax Commission to offer guidance and assistance in training of staff on policy and procedures available in verification of addresses.
- (3) Meet with staff on a regular basis to discuss problems encountered and monitor progress of making required corrections.

Tax Collector's Response

A great deal of effort has gone in to making appropriate changes to the addresses used in vehicle registrations where required. The above recommendations will be followed on a regular basis.

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 party. However, this report is a matter of public record and its distribution is not limited.

Bridgers & Company, P.C.

Bridgers & Company, P.C.
Certified Public Accountants
Vicksburg, Mississippi

December 19, 2008

BOLIVAR COUNTY

SCHEDULE OF FINDINGS

BOLIVAR COUNTY
 Schedule of Findings
 For the Year Ended September 30, 2007

Section 1: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued on the basic financial statements:	
	Governmental activities	Qualified
	Business type activities, aggregate discreetly presented	Unqualified
	Aggregate discreetly presented component units	Adverse
	General Fund	Qualified
	Countywide Road Maintenance Fund	Unqualified
	MDB Loan Fund	Unqualified
	Aggregate remaining fund information	Unqualified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiencies identified that are not considered to be a material weaknesses?	Yes
3.	Noncompliance material to the financial statements?	No

Section 2: Financial Statement Findings

Board of Supervisors

Significant Deficiency - Material Weakness

07-1 Finding

A critical aspect of effective financial management is the maintenance of accurate accounting records. Management does not have personnel that possess the necessary qualifications and training to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked the expertise to apply generally accepted accounting principles in recording the entity's financial transactions and adequate controls in place over the recording and reporting of financial records, the risk increases that inaccurate information may be reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

Board of Supervisors' Response

The Board will establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

BOLIVAR COUNTY
Schedule of Findings
For the Year Ended September 30, 2007

Circuit Clerk.

Significant Deficiency - Material Weakness

07-2. 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. This is a repeat finding and has been reported on the last four audit reports.

Recommendation

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

Circuit Clerk's Response

We are working to insure that our fines receivable records are correct. We anticipate that during the next fiscal year we will be able to provide correct information.

Significant Deficiency - Material Weakness

07-3 Finding

Internal control procedures were inadequate for maintaining records documenting the activity of the civil and criminal courts. As of September 30, 2007, the Circuit Clerk had a balance of \$ 134,568 in the Circuit Clerk Criminal bank account and \$ 154,547 in the Circuit Clerk Civil bank account. We were provided records, but we were unable to identify related liabilities. The Circuit Clerk cash was included in the financial statements. The unidentified liability was reflected as other payables. The Independent Auditor's Report is qualified on the General Fund because we were unable to identify the liabilities relating to Circuit Clerk cash.

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.

Circuit Clerk's Response

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.