



Leflore County, Mississippi

Audited Financial Statements & Special Reports
For the Year Ended September 30, 2012

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May 30, 2014

Members of the Board of Supervisors
Leflore County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2012 financial and compliance audit report for Leflore County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Leflore County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Leflore County. If I can be of any further assistance, please contact me or my staff at (601) 951-8318.

Respectfully submitted,

JOSHUA J. SHOEMAKER, CPA PLLC

LEFLORE COUNTY

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LEFLORE COUNTY

FINANCIAL SECTION

LEFLORE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Leflore County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of and for the year ended September 30, 2012, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Greenwood Leflore Hospital, a component unit, which represents 100 percent of the assets, net assets, and revenues of the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of September 30, 2012, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of Leflore 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.

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Leflore County, Mississippi's basic financial statements. The accompanying Schedule of Surety Bonds for County Officials is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of

Federal Awards and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

JOSHUA J. SHOEMAKER, CPA PLLC

May 30, 2014

LEFLORE COUNTY

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MANAGEMENT DISCUSSION AND ANALYSIS

LEFLORE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

The discussion and analysis of Leflore County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2012. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is supplemented by the more detailed information contained elsewhere in this County's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$712,739, which represents a 1.4% decrease from fiscal year 2011. This was due primarily because of a decrease in expenditures in the Delta Correctional Facility Fund.
- General revenues account for \$14,670,493 in revenue, or 66% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,543,772 or 34% of total revenues.
- The County had \$21,501,526 in total expenses; only \$7,543,772 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$14,670,493 were adequate to provide for the remainder of these programs.
- Among major funds, the General Fund had \$12,038,325 in revenues and \$11,665,182 in expenditures. The General Fund's fund balance increased \$165,935 over the prior year.
- Among major funds, the HUD Section 108 Loan Fund had \$246,206 in revenues and \$490,000 in expenditures. The HUD Section 108 Loan Fund's fund balance decreased by \$243,794 over the prior year.
- Among major funds, the Delta Correctional Facility Fund had \$2,254,905 in revenues and \$2,252,799 in expenditures. The Delta Correctional Facility Fund's fund balance decreased \$12,501.
- Among major funds, the 2012 Construction Fund had \$8,388 in revenues and \$70,989 in expenditures. The county also issued long-term capital debt in the amount of \$4,000,000. The 2012 Construction Fund's fund balance increased \$3,937,399.
- Capital assets, net of accumulated depreciation, increased by \$1,568,032 primarily due to increased construction in progress.
- Long-term debt due in more than one year increased from \$17,817,091 to \$20,217,111, an increase of \$2,400,020, due to the issuance of general obligation bonds and the refunding of a previous bond issuance.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

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

Both of these government-wide financial statements outline functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt.

The County has the following discretely presented component unit.

Greenwood Leflore Hospital

This discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the primary government.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the County's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing

decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual government funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental fund.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund.

Additionally, a schedule of expenditures of federal awards is required by OMB Circular A-133 and is included in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$51,552,589 as of September 30, 2012.

By far the largest portion of the County's net assets (95%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment, furniture and equipment, leased property under capital leases, infrastructure assets, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the county; consequently these assets are not available for future spending.

The County's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a comparative summary of the County's net assets for the fiscal year ended September 30, 2012.

	2011	2012
Current and other assets	\$ 26,823,226	\$ 27,795,953
Capital assets, net	57,440,289	59,008,321
 Total Assets	 84,263,515	 86,804,274

Current liabilities	15,606,574	15,034,574
Long-term debt outstanding	<u>17,817,091</u>	<u>20,217,111</u>
 Total Liabilities	 <u><u>33,423,665</u></u>	 <u><u>35,251,685</u></u>
 Net Assets		
Invested in capital assets, net of related debt	\$ 48,773,826	\$ 48,745,837
Restricted	9,075,838	10,840,710
Unrestricted	<u>(7,009,814)</u>	<u>(8,033,958)</u>
 Total Net Assets	 <u><u>50,839,850</u></u>	 <u><u>51,552,589</u></u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The increase in current assets was due mainly to cash balance increases in the other governmental funds.
- The Board of Supervisors issued \$8,070,000 in general obligation bonds, and refunded \$4,070,000 of general obligation refunding bonds.

Changes in net assets. The County's total revenues for the fiscal year ended September 30, 2012 were \$22,214,264. The total cost of all programs and services was \$21,501,526. The increase in net assets was \$712,739. The following table presents a comparative summary of the changes in net assets for the fiscal year ended September 30, 2012.

	<u>2011</u>	<u>2012</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 12,707,990	\$ 2,569,225
Operating Grants & Contributions	2,384,987	4,429,978
Capital Grants & Contributions	1,129,964	544,569
General Revenues		
Property Taxes	12,461,737	12,900,534
Road and Bridge Privilege Taxes	316,635	277,512
Grants and Contributions not Restricted	430,956	756,307
Unrestricted Interest Income	455,835	76,281
Miscellaneous	<u>884,254</u>	<u>659,859</u>
 Total Revenues	 <u><u>30,772,358</u></u>	 <u><u>22,214,265</u></u>

Expenses:

General Government	5,368,308	4,572,856
Public Safety	16,816,769	7,240,229
Public Works	5,019,017	4,680,386
Health and Welfare	652,093	698,451
Culture and Recreation	934,173	706,450
Conservation of Natural Resources	142,360	129,172
Economic Development and Assistance	612,241	2,712,878
Interest on Long-Term Liabilities	1,000,587	761,104
	<hr/>	<hr/>
Total Expenses	30,545,548	21,501,526
	<hr/>	<hr/>
Increase/(Decrease) in Net Assets	226,810	712,739
	<hr/>	<hr/>

Governmental activities. The following table presents the cost of eight major county functional activities: general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance and interest on long-term debt. The comparative table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

	2011	2011	2012	2012
	Total	Net (Expense)	Total	Net (Expense)
	Expenses	Revenue	Expenses	Revenue
General Government	\$ 5,368,308	\$ (4,428,011)	\$ 4,572,856	\$ (2,621,480)
Public Safety	16,816,769	(4,696,672)	7,240,229	(5,015,287)
Public Works	5,019,017	(2,665,926)	4,680,386	(1,941,417)
Health and Welfare	652,093	(489,046)	698,451	(470,381)
Culture and Recreation	934,173	(773,739)	706,450	(476,467)
Conservation of Natural Resources	142,360	(142,360)	129,172	(129,172)
Economic Development and Assistance	612,241	(126,266)	2,712,878	(2,542,446)
Interest on Long-Term Liabilities	1,000,587	(1,000,587)	761,104	(761,104)
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 30,545,548	\$ (14,322,607)	\$ 21,501,526	\$ (13,957,754)

Net cost of governmental activities of \$13,957,754, was financed by general revenue, which is made up of property taxes of \$12,900,534, road and bridge privilege of \$277,512, grants and contributions not restricted to specific programs of \$756,307, interest earning of \$76,281, miscellaneous revenues of \$659,859.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the county's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the county's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the county's net resources available for spending at the end of the fiscal year.

The financial performance of the county as a whole is reflected in its governmental funds. As the county completed the year, its governmental funds reported a combined fund balance of \$15,189,013. The amount of \$4,477,365 or 29% of the fund balance constitutes unreserved and undesignated fund balance, which is available to be expended by the county. The remaining fund balance of \$10,711,648 or 71% is reserved or designated to indicate that it is not available for spending because it has already been committed for loans receivable, debt service, and unemployment compensation.

The General Fund is the principal operating fund of the county. The increase in fund balance in the General Fund for the fiscal year was \$165,935. The fund balance of the Delta Correctional Facility fund decreased by \$12,501. The fund balance of Other Governmental Funds showed a decrease of \$1,901,298. The fund balance of the HUD Section 108 Loan fund decreased by \$243,794. The fund balance of the 2012 Construction fund increased by 3,937,399.

BUDGETARY HIGHLIGHTS

Over the course of the year, the county revised the annual operating budget. This was due to new grants and unanticipated expenses.

A schedule showing the original and final budget amounts compared to the county's actual financial activity for the General Fund and other major funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2012, the county's total capital assets were \$140,579,395, including land, construction in progress, buildings, improvements other than buildings, infrastructure, mobile equipment, leased property under capital leases, and furniture and equipment. This amount represents an increase of \$3,054,834 from the previous year. The majority of this increase is due to the purchase of mobile equipment, furniture and equipment and improvements other than buildings, along with a substantial increase in construction in progress.

Total accumulated depreciation as of September 30, 2012 was \$81,571,074 and total depreciation expense for the year was \$1,629,793.

The balance in total net assets was \$59,008,321 at year end.

Additional information of the county's capital assets can be found in Note 6 of this report.

Debt Administration. At September 30, 2012, the county had \$22,409,896 in general obligation bonds and all other long-term obligations outstanding, of which \$2,192,785 is due within one year.

The county maintains an A3 bond rating.

Additional information of the county's long-term debt can be found in Note 9 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

If you have any questions about this report, contact the Chancery Clerk's Office of Leflore County, P. O. Box 250, Greenwood, MS 38935-0250.

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FINANCIAL STATEMENTS

LEFLORE COUNTY
Statement of Net Assets
September 30, 2012

Exhibit I

	Primary Government		Component Unit
	Governmental		Greenwood
	Activities		Leflore Hospital
ASSETS			
Cash	\$	11,120,864	17,601,489
Assets limited as to use			1,648,480
Property tax receivable		10,337,162	
Patient accounts receivable (net of allowance for uncollectibles of \$19,626,617)			27,486,044
Accounts receivable (net of allowance for uncollectibles of \$626,110)		301,998	
Fines receivable (net of allowance for uncollectibles of \$2,790,238)		139,488	
Loans receivable		4,000,000	
Capital leases receivable		165,112	
Intergovernmental receivables		728,330	
Other receivables		473,586	1,738,214
Other assets			2,064,686
Interest on capital lease receivable		47,088	
Prepaid items		482,325	2,887,051
Estimated third-party settlements			3,860,279
Inventories			2,363,357
Noncurrent cash and investments			
Funds internally designated for capital investments			20,000,000
Funds restricted by creditor for capital improvements			2,736,766
Capital assets:			
Land and construction in progress		7,711,216	12,338,069
Other capital assets, net		51,297,105	42,635,632
Total Assets		<u>86,804,274</u>	<u>137,360,067</u>
LIABILITIES			
Claims payable		1,312,038	
Accounts payable			7,348,334
Accrued expenses, including payroll taxes withheld			7,865,786
Intergovernmental payables		67,530	
Accrued interest payable		447,049	
Deferred revenue		10,952,125	
Other payables		63,047	
Long-term liabilities			
Due within one year:			
Capital debt		1,134,913	263,431
Non-capital debt		1,057,872	
Due in more than one year:			
Capital debt		9,127,571	9,836,569
Non-capital debt		11,089,540	
Total Liabilities		<u>35,251,685</u>	<u>25,314,120</u>
NET ASSETS			
Invested in capital assets, net of related debt		48,745,837	44,873,701
Restricted:			
Capital Improvements			2,736,766
Use in self-insurance			1,648,480
Specific operating activities			42,319
Expendable:			
General government		4,718,545	
Debt service		4,681,967	
Public safety		97,306	
Public works		573,914	
Culture and recreation		(29,068)	
Economic development		765,980	
Unemployment compensation		32,066	
Expendable for capital improvements			
Expendable for specific operating activities			
Unrestricted		(8,033,958)	62,744,681
Total Net Assets	\$	<u>51,552,589</u>	<u>112,045,947</u>

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

LEFLORE COUNTY
Statement of Activities
For the Year Ended September 30, 2012

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Component Unit Greenwood Leflore Hospital
Primary government:						
Governmental activities:						
General government	\$ 4,572,856	688,721	1,262,655	-	(2,621,480)	
Public safety	7,240,229	1,173,097	1,051,845	-	(5,015,287)	
Public works	4,680,386	707,407	1,569,212	462,350	(1,941,417)	
Health and welfare	698,451	-	228,070	-	(470,381)	
Culture and recreation	706,450	-	215,696	14,287	(476,467)	
Education	-	-	-	-	-	
Conservation of natural resources	129,172	-	-	-	(129,172)	
Economic development and assistance	2,712,878	-	102,500	67,932	(2,542,446)	
Interest on long-term debt	761,104	-	-	-	(761,104)	
Total Governmental Activities	21,501,526	2,569,225	4,429,978	544,569	(13,957,754)	
Component unit:						
Greenwood Leflore Hospital	\$ 127,419,104	127,197,570	-	-		(221,534)
General revenues:						
Property taxes					\$ 12,900,534	-
Road & bridge privilege taxes					277,512	-
Grants and contributions not restricted to specific programs					756,307	-
Unrestricted interest income					76,281	371,260
Miscellaneous					659,859	(76,842)
Total General Revenues					14,670,493	294,418
Changes in Net Assets					712,739	72,884
Net Assets - Beginning					50,839,850	111,973,063
Net Assets - Ending					\$ 51,552,589	112,045,947

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

LEFLORE COUNTY
Balance Sheet - Governmental Funds
September 30, 2012

Exhibit 3

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	DCF Fund	HUD Fund	Construction Fund		
ASSETS						
Cash	\$ 3,993,719	-	6,757	3,937,399	3,182,989	11,120,864
Property tax receivable	7,233,936	-	-	-	3,103,226	10,337,162
Accounts receivable (net of allowance for uncollectibles of \$626,110)	-	-	-	-	301,998	301,998
Fines receivable (net of allowance for uncollectibles of \$2,790,238)	139,488	-	-	-	-	139,488
Loans receivable	-	-	4,000,000	-	-	4,000,000
Intergovernmental receivables	445,618	-	-	-	282,712	728,330
Other receivables	19,523	-	-	-	1,580	21,103
Advances to other funds	324,349	-	-	-	64,067	388,416
Inventories and prepaid items	482,325	-	-	-	-	482,325
Total Assets	\$ 12,638,958	-	4,006,757	3,937,399	6,936,572	27,519,686
LIABILITIES AND FUND BALANCES						
Liabilities:						
Claims payable	\$ 887,402	-	-	-	430,301	1,317,703
Intergovernmental payables	45,920	-	-	-	(1,079)	44,841
Advances from other funds	-	-	-	-	385,416	385,416
Deferred revenue	7,233,936	-	-	-	3,297,435	10,531,371
Other payables	(5,665)	-	-	-	57,007	51,342
Total Liabilities	8,161,593	-	-	-	4,169,080	12,330,673
Fund balances:						
Restricted for:						
General government	-	-	-	-	661,934	661,934
Public safety	-	-	-	-	97,306	97,306
Public works	-	-	-	3,937,399	466,549	4,403,948
Health and welfare	-	-	-	-	34,914	34,914
Culture and recreations	-	-	-	-	(29,068)	(29,068)
Economic development	-	-	-	-	765,980	765,980
Debt service	-	-	4,006,757	-	737,811	4,744,568
Unemployment compensation	-	-	-	-	32,066	32,066
Unassigned	4,477,365	-	-	-	-	4,477,365
Total Fund Balances	4,477,365	-	4,006,757	3,937,399	2,767,492	15,189,013
Total Liabilities and Fund Balances	\$ 12,638,958	-	4,006,757	3,937,399	6,936,572	27,519,686

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

LEFLORE COUNTY
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
 September 30, 2012

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 15,189,013
Amounts reported for governmental activities 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 \$81,571,074	59,008,321
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(22,409,896)
Capital leases are not available to pay for current period expenditures and, therefore, therefore, is not reported in the funds.	212,200
Accrued interest payable is not due and payable in the current period and, are deferred in the funds..	<u>(447,049)</u>
Total Net Assets - Governmental Activities	\$ <u><u>51,552,589</u></u>

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

LEFLORE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2012

Exhibit 4

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	DCF Fund	HUD Fund	Construction Fund		
REVENUES						
Property taxes	\$ 8,880,347	-	-	-	4,020,187	12,900,534
Road and bridge privilege taxes	-	-	-	-	277,512	277,512
Licenses, commissions and other revenue	411,561	-	-	-	10,729	422,290
Fines and forfeitures	281,381	-	-	-	-	281,381
Intergovernmental revenues	1,093,541	-	-	-	3,667,388	4,760,929
Charges for services	795,703	2,252,799	-	-	1,080,580	4,129,082
Interest income	78,563	2,106	246,206	8,388	50,379	385,642
Miscellaneous revenues	497,229	-	-	-	161,630	658,859
Total Revenues	<u>12,038,325</u>	<u>2,254,905</u>	<u>246,206</u>	<u>8,388</u>	<u>9,268,405</u>	<u>23,816,229</u>
EXPENDITURES						
Current:						
General government	5,052,943	-	-	70,989	413,588	5,537,520
Public safety	4,541,170	2,252,799	-	-	1,461,260	8,255,229
Public works	322,223	-	-	-	5,228,581	5,550,804
Health and welfare	651,193	-	-	-	47,258	698,451
Culture and recreation	668,782	-	-	-	37,668	706,450
Conservation of natural resources	129,171	-	-	-	-	129,171
Economic development and assistance	212,483	-	-	-	2,500,395	2,712,878
Debt service:						
Principal	77,642	-	250,000	-	1,671,777	1,999,419
Interest	9,575	-	240,000	-	451,060	700,635
Bond issue costs	-	-	-	-	15,000	15,000
Total Expenditures	<u>11,665,182</u>	<u>2,252,799</u>	<u>490,000</u>	<u>70,989</u>	<u>11,826,587</u>	<u>26,305,557</u>
Excess of Revenues over (under) Expenditures	<u>373,143</u>	<u>2,106</u>	<u>(243,794)</u>	<u>(62,601)</u>	<u>(2,558,182)</u>	<u>(2,489,328)</u>
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	-	-	-	4,000,000	4,269,500	8,269,500
Refunding bonds issued	-	-	-	-	565,000	565,000
Proceeds from sale of capital assets	300	-	-	-	220,269	220,569
Transfers in	310,999	-	-	-	2,120,346	2,431,345
Transfers out	(518,507)	(14,607)	-	-	(1,898,231)	(2,431,345)
Payment to bond refunding escrow agent	-	-	-	-	(4,620,000)	(4,620,000)
Total Other Financing Sources and Uses	<u>(207,208)</u>	<u>(14,607)</u>	<u>-</u>	<u>4,000,000</u>	<u>656,884</u>	<u>4,435,069</u>
Net Changes in Fund Balances	165,935	(12,501)	(243,794)	3,937,399	(1,901,298)	1,945,741
Fund Balances - Beginning	<u>4,311,430</u>	<u>12,501</u>	<u>4,250,551</u>	<u>-</u>	<u>4,668,790</u>	<u>13,243,272</u>
Fund Balances - Ending	\$ <u><u>4,477,365</u></u>	<u><u>-</u></u>	<u><u>4,006,757</u></u>	<u><u>3,937,399</u></u>	<u><u>2,767,492</u></u>	<u><u>15,189,013</u></u>

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

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, 2012

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 1,945,741
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$3,550,918 exceeded depreciation of \$1,629,793 in the current period.	1,921,125
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$496,084 and the proceeds of \$142,991.	(353,093)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(152,528)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	8,814
Compensation for the loss of capital assets that was deferred in the fund financial statements because it was not available to pay for current period expenditures	(220,569)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$8,269,500 exceeded debt repayments of \$ 1,999,419.	(6,270,081)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences	(81,729)
Increase in accrued interest payable	(60,469)
The refunding of outstanding bond issue.	4,055,000
Refunding bond deferred charges	(3,830)
Discount on refunding bond	(40)
Premium on refunding bond	1,030
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 payments received increase financial resources. Thus, the change in net assets differs from change in fund balances by the principal collections on the capital leases.	(76,632)
Change in Net Assets of Governmental Activities	\$ 712,739

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

LEFLORE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2012

Exhibit 8

	Agency Funds
ASSETS	
Cash and investments	33,756
Total Assets	<u>33,756</u>
LIABILITIES	
Other liabilities	2,353
Intergovernmental payables	28,403
Advances from other funds	3,000
Total Liabilities	<u>33,756</u>

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

LEFLORE COUNTY

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LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the following component unit of the county. It is reported in a separate column to emphasize that it is legally separate from the county. A majority of the members of the governing body of this component unit are appointed by the county Board of Supervisors.

The Greenwood Leflore Hospital is a 248 bed acute care hospital and related psychiatric, rehabilitation and outpatient care facilities and physician clinics principally located in Greenwood, Mississippi.

The discretely presented component unit is audited by an independent auditor, and its financial statements are issued under separate cover. The audited financial statements are available from Greenwood Leflore Hospital.

C. 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, fund financial statements and accompanying note disclosures 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 and its component unit. 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. The primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide 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.

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 2013 liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate 2013 liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

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

Delta Correctional Facility Fund - This fund is used to account for proceeds of the reimbursement from the state to house and feed the state prisoners and the expenditures made to a contractor for housing and feeding state prisoners held at the Delta Correctional Facility.

HUD Section 108 Loan Fund - This fund is used to account for the note receivable from Enterprise Corporation of the Delta (ECD) for HUD Section 108 Loan granted to Mid-Delta Community and Individual Investment Corporation (MDCIIC) for loans to small businesses. MDCIIC was subsequently acquired by ECD.

2012 Construction Fund - This fund is used to account for the construction activities from bond revenue raised in 2012.

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND TYPE

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

E. 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.

F. Deposits and Investments.

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

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

G. Receivables.

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

H. 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 nonspendable fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets

I. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial 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;

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

K. Long-term Liabilities.

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

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

In the fund financial statements, Governmental Fund Types recognize bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2012

Unassigned fund balance is the residual classification for the General fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General fund. The General fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the county's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the county's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

M. 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 percent of the amount which resulted from the assessments of the previous year.

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

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

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

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

(2) Deposits and Investments.

Primary Government:

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2012, was \$11,120,864, and the bank balance was \$10,912,631. In addition, the county's agency funds had total deposits with financial institutions at September 30, 2012 of \$33,756. 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 Deposit Insurance Corporation (FDIC).

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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

Treasurer on behalf of the county.

Discretely Presented Component Unit:
Greenwood Leflore Hospital

Custodial credit risk is the risk that, in the event of a bank failure, the hospital's deposits might not be recovered. 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 hospital'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 Deposit Insurance Corporation (FDIC). All deposits with financial institutions must be collateralized in an amount equal to 105 percent of uninsured deposits and are therefore fully insured. The collateralized and insured bank balance was \$40,517,442 at September 30, 2012.

Investments:

Discretely Presented Component Unit:
Greenwood Leflore Hospital

The statutes of the State of Mississippi restrict authorized investments of the hospital to obligations of the U.S. Treasury, agencies and instrumentalities of the United States and certain other types of investments. The hospital does not have a formal investment policy that further limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The hospital's investments generally are reported at fair value. At September 30, 2012, the hospital had the following investments and maturities all of which were held in the hospital's name by a custodial bank that is an agent of the hospital:

Investments balances at September 30, 2012, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of deposits	Less than 1 year	\$ 3,108,888
Certificates of deposits	1 - 5 years	<u>2,009,380</u>
Total		<u>\$ 5,118,268</u>

Deposits and investments are presented on the balance sheet as of September 30, 2012 as follows:

Cash and cash equivalents	\$ 36,868,467
Investments	<u>5,118,268</u>
Total	<u>\$ 41,986,735</u>
Cash and Cash equivalents	\$ 17,601,489
Assets limited as to use	1,648,480
Internally designated for capital improvements	20,000,000
Restricted by creditor for capital improvements	<u>2,736,766</u>
Total	<u>41,986,735</u>

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2012:

A. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 321,349
Other Governmental Funds	Other Governmental Funds	64,067
General Fund	Agency Funds	<u>3,000</u>
Total		<u>388,416</u>

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

The amount payable from Other Governmental Funds represents expenditures for a federal grant, which will be repaid when funds have been reimbursed by the granting agency. The amount payable from Agency Funds represents interest not transferred to General Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	310,999
Other Governmental Funds	General Fund	518,507
Other Governmental Funds	Delta Correctional Facility Fund	14,607
Other Governmental Funds	Other Governmental Funds	<u>1,587,232</u>
Total		\$ <u><u>2,431,345</u></u>

The principal purpose of interfund transfers was to provide funds for grant matches, capital outlay, debt service, or to provide funds as budgeted for operations. Interfund transfers are also used to repay expenditures made from the General Fund for specific operating purposes. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2012, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 158,587
Reimbursement for housing prisoners	131,022
DUI Enforcement Grant	1,545
Occupant Restraints	2,268
State Share Emergency Management	32,495
Edward Byrne Memorial Grant	61,647
Jail Building Project	23,076
Meth Initiative Grant	7,906
NRCS Agreement	34,914
Reimbursement for state aid road	60,645
Reimbursement for Department of Human Services	12,783
Motor vehicle fuel tax	54,007
Waste Tire Grant	20,668
Motor vehicle licenses	11,119
Oil severance tax	1,887
Timber severance tax	79
E911 Surcharge	28,832
Garbage Collection Fee	57,052
Library restoration	240
Other	27,558
Total Governmental Activities	\$ <u><u>728,330</u></u>

(5) Loans Receivable.

Loans receivable balances at September 30, 2012, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Enterprise Corporation of the Delta (ECD) Section 108 Loan	8/11/2003	4.60/5.20%	8/11/2023	\$4,000,000

In accordance with legal agreements entered into by the county, Mid-Delta Community and Individual Investment Corporation (MDCIIC), the U.S. Department of Housing and Urban Development (HUD), Enterprise Corporation of the Delta (ECD, the guarantor) and the Mississippi Development

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

Authority (MDA), MDCIIC may make loans to small businesses in the Mid-Delta, when approved by the Mississippi Development Authority. ECD has acquired the common stock of MDCIIC and is responsible for making loans to small businesses in the Mid-Delta Region of Mississippi. ECD is obligated to repay Leflore County for the HUD loan of \$4,500,000 (plus interest), equal to \$250,000 principal per year, which matures August 2023. ECD has assumed the liability of MDCIIC and is responsible for the payment of the principal and interest on the HUD Section 108 loan that Leflore County entered into. This loan is guaranteed by the pledged assets of ECD and further guaranteed in case of default by ECD by future Community Development Block Grant Funds to be received by the State of Mississippi.

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2012:

Primary Government:

Governmental activities:

	Oct. 1, 2011	Additions	Deletions	Sept. 30, 2012
Non-depreciable capital assets:				
Land	\$ 3,908,062	75,000	75,000	3,908,062
Construction in progress	1,445,158	2,615,801	257,805	3,803,154
Total non-depreciable capital assets	5,353,220	2,690,801	332,805	7,711,216
Depreciable capital assets				
Infrastructure	94,232,365			94,232,365
Buildings	17,112,732	79,321		17,192,053
Improvements other than buildings	3,795,563	178,484		3,974,047
Mobile equipment	7,990,765	137,960	145,981	7,982,744
Furniture and equipment	2,579,882	65,684	17,298	2,628,268
Leased property under capital leases	6,460,034	398,668		6,858,702
	132,171,341	860,117	163,279	132,868,179
Less accumulated depreciation for:				
Infrastructure	65,910,001	152,796		66,062,797
Buildings	3,637,096	340,933		3,978,029
Improvements other than buildings	1,060,636	160,191		1,220,827
Mobile equipment	6,071,324	393,013	126,734	6,337,603
Furniture and equipment	1,749,660	143,945	16,257	1,877,348
Leased property under capital leases	1,655,555	438,915		2,094,470
Total accumulated depreciation	80,084,272	1,629,793	142,991	81,571,074
Total depreciable capital assets, net	52,087,069	(769,676)	20,288	51,297,105
Governmental activities capital assets, net	57,440,289	1,921,125	353,093	59,008,321

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

Depreciation expense was charged to the following functions:

Governmental Activities:	
General government	\$ 203,529
Public safety	477,034
Public works	561,812
Health and welfare	32,693
Culture and recreation	9,104
Conservation of natural resources	3,153
Economic development and assistance	<u>342,468</u>
Total governmental activities depreciation expense	<u>1,629,793</u>

The unfinished capital project at September 30, 2012 primarily consists of a road, the Highway 7/Highway 49 connector (Public Land Highway Viking Range Road), which is paid by a State Aid Road appropriation. The Viking Range Road is in the preliminary engineering phase and is a long-term infrastructure project. County funds are not committed for completion of this project.

Discretely Presented Component Unit:
Greenwood Leflore Hospital

	Balance Oct. 1, 2011	Additions	Deletions	Balance Sept. 30, 2012
<u>Non-depreciable capital assets:</u>				
Land	\$ 643,475	-	80,550	562,925
Construction in progress	5,179,080	11,033,680	4,437,616	11,775,144
Total non-depreciable capital assets	<u>5,822,555</u>	<u>11,033,680</u>	<u>4,518,166</u>	<u>12,338,069</u>
<u>Depreciable capital assets:</u>				
Land improvements	1,238,276	-	-	1,238,276
Buildings	36,245,441	276,036	412,986	36,108,491
Fixed equipment	6,006,961	21,074	-	6,028,035
Movable equipment	96,995,391	5,671,944	211,455	102,455,880
Total depreciable capital assets	<u>140,486,069</u>	<u>5,969,054</u>	<u>624,441</u>	<u>145,830,682</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	250,914	25,763	-	276,677
Buildings	9,334,916	912,918	15,466	10,232,368
Fixed equipment	3,500,999	46,113	-	3,547,112
Movable equipment	82,576,464	6,735,293	172,864	89,138,893
Total accumulated depreciation	<u>95,663,293</u>	<u>7,720,087</u>	<u>188,330</u>	<u>103,195,050</u>
Total depreciable capital assets, net	<u>44,822,776</u>	<u>(1,751,033)</u>	<u>436,111</u>	<u>42,635,632</u>
Capital assets, net	<u>\$ 50,645,331</u>	<u>9,282,647</u>	<u>4,954,277</u>	<u>54,973,701</u>

The hospital had approximately \$2,678,000 in construction commitments outstanding as of September 30, 2012. Interest capitalized and included in construction in progress for the year ended September 30, 2012 totaled \$359,600.

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage,

LEFLORE COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2012

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 Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2012, to January 1, 2013. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2012:

<u>Class of Property</u>	<u>Amount</u>
Buildings	<u>\$ 5,672,807</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2012, are as follows:

	<u>Principal</u>	<u>Interest</u>
2013	42,118	7,416
2014	44,564	4,970
2015	47,153	2,381
2016	<u>12,937</u>	<u>3,573</u>
Total	<u>146,772</u>	<u>18,340</u>

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2012:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Buildings	\$ 4,200,000
Mobile equipment	2,275,791
Furniture and equipment	<u>382,911</u>
Total	6,858,702
Less: Accumulated depreciation	<u>2,094,470</u>
Leased Property under Capital Leases	<u><u>4,764,232</u></u>

The following is a schedule by years of the total payments due as of September 30, 2012:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	352,343	28,763
2014	365,606	15,500
2015	273,867	4,903
2016-2020	<u>124,347</u>	<u>1,410</u>
Total	1,116,163	50,576

The State of Mississippi will convey title of the County Jail (Camp F) to Leflore County when the maturity date of the bonds for the entire Delta Correctional Facility is reached in December 2016 in accordance with the lease purchase agreement.

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

(9) Long-term Debt.

Debt outstanding as of September 30, 2012, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate Percentage	Final Maturity Date
<u>Primary government:</u>			
Governmental Activities:			
A. <u>General Obligation Bonds:</u>			
General obligation bonds (Series 2008)	\$ 3,645,000	4.50/5.00	11-2028
General obligation bonds (Series 2004)	490,000	3.25/4.00	05-2015
Jail construction bonds (Series 2004)	565,000	3.70/4.50	12-2023
General obligation (Series 2010)	2,080,000	2.50/3.38	04-2025
General obligation (Series 2011)	1,065,000	3.00/3.50	12-2026
General obligation (Series 2011A)	275,000	3.00/3.50	12-2026
Jail Refunding (Series 2012)	4,070,000	5.00	12-2023
GO Public Improvement Bonds (2012)	4,000,000	3.00	07-2032
Total General Obligation Bonds	\$ 16,190,000		
B. <u>Capital Leases:</u>			
Five Caterpillar motor graders	\$ 282,434	4.19	06-2015
Mapping and reappraisal equipment	97,130	3.78	11-2014
Two International garbage trucks	122,888	3.06	04-2015
5 Trucks and trailers	420,575	2.25	11-2015
Commercial Pumper	193,136		
Total Capital Leases	\$ 1,116,163		
C. <u>Other Loans:</u>			
Note for HUD Section 108 loans	\$ 4,000,000	4.60-5.20	08-2023
MDA capital improvements loan	147,602	5.66	01-2016
MDA mitigation capital improvements loan	189,128	3.00	09-2019
MDA capital improvements loan	63,894	2.00	05-2019
Civic Center notes	246,941	2.95	10-2014
Total Other Loans	\$ 4,647,565		

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans *	
	Principal	Interest	Principal	Interest
2013	\$ 1,385,000	476,784	406,094	228,810
2014	1,205,000	444,467	411,840	215,925
2015	1,245,000	405,581	417,824	202,762
2016	1,095,000	373,712	300,716	189,169
2017	855,000	345,087	287,974	175,273
2018-2022	4,750,000	1,347,175	2,323,117	573,899
2023-2027	3,800,000	633,456	500,000	29,850
2028-2032	1,855,000	147,131	-	-
	<u>16,190,000</u>	<u>4,173,393</u>	<u>4,647,565</u>	<u>1,615,688</u>

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

* The principal and interest amounts for the MDA loans are based on the original amortization schedules and any immaterial differences are reflected in the final years' payments for each loan.

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2012, the amount of outstanding debt was equal to 6.83% of the latest property assessments.

Current Refunding - On April 4, 2012, the county issued \$4,070,000 in general obligation refunding bonds with an average interest rate of 5% to refund \$4,070,000 of the following outstanding bond issue:

Issue	Interest Rate	Amount Refunded
Jail Construction Bonds	3.70/4.25%	\$ 4,620,000

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2012:

Governmental Activities:	Balance Oct. 1, 2011	Additions	Reductions	Refunded	Balance Sept. 30, 2012	Amount due within one year
Compensated absences	\$ 417,010	81,729			498,739	45,942
General obligation bonds	13,340,000	8,070,000	1,165,000	(4,055,000)	16,190,000	1,385,000
Less:						
Deferred amount on refunding	(61,258)	3,830			(57,428)	
Discounts	(633)	40			(593)	
Add:						
Premiums	16,480		1,030		15,450	
Capital leases	1,283,970	199,500	367,307		1,116,163	355,749
Other loans	5,114,677		467,112		4,647,565	406,094
Total	\$ 20,110,246	8,355,099	2,000,449	(4,055,000)	22,409,896	2,192,785

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, County-wide Road Maintenance Fund and E-911 Fund.

Discretely Presented Component Unit:
Greenwood Leflore Hospital

Debt outstanding as of September 30, 2012, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
Notes Payable Equipment Notes Payable	\$ 10,100,000	3.56%	12/2017

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	263,431	356,449
2014	362,346	344,308
2015	375,458	331,195
2016	389,045	317,609
2017	403,123	303,531
2018-2020	<u>8,306,597</u>	<u>73,624</u>
Total	\$ <u>10,100,000</u>	<u>1,726,716</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2012:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>Oct. 1, 2011</u>			<u>Sept 30, 2012</u>	<u>One Year</u>
Capital leases	90,186	-	190,186	-	-
Note Payable	10,100,000	-	-	10,100,000	263,431
Total	\$ <u>10,290,186</u>	<u>-</u>	<u>190,186</u>	<u>10,100,000</u>	<u>263,431</u>

December 22, 2010, the Hospital entered into an Equipment Lease-Purchase Agreement by issuing a bond in the amount of \$10,100,000 maturing December 22, 2017. The proceeds are held in escrow in a public money market account to be used to purchase equipment in accordance with the Equipment Lease-Purchase Agreement. The balance as of September 30, 2012 was \$2,736,766.

(10) Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balances at September 30, 2012:

<u>Fund</u>	<u>Deficit Amount</u>
Road & Bridges	\$ 7,789
Bridge & Culvert	3,659

(11) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes.

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

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However,

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

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.

(12) Related Organizations.

The Leflore 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 appointments and in making small appropriations, if any, to these organizations:

East Leflore Water & Sewer District Minter City
Water & Sewer District Blue Lake Water &
Sewer District Philipston Water District
Teoc Drainage District
Big Sand Drainage District
Abiaca Drainage District
Fighting Bayou Drainage District Pecan
Bayou Drainage District Abotapoota Drainage
District Leflore County Drainage District
New Jones Walton Drainage District
Cude Drainage District
Rucker Ellsberry Drainage District
Lake Henry Drainage District

(13) Joint Ventures.

The county participates in the following joint ventures:

Leflore County is a participant with the City of Greenwood in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Greenwood-Leflore County Airport. The joint venture was created to provide airport services and is governed by a five-member board of commissioners with two appointed by the Leflore County Board of Supervisors, two appointed by the City of Greenwood and one jointly appointed. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$125,206. Complete financial statements for the Greenwood-Leflore Airport can be obtained from the Greenwood-Leflore County Airport, P.O. Box 378, Greenwood, MS 38930.

Leflore County entered into an interlocal agreement with Claiborne, Grenada, Holmes and Humphreys Counties and the Cities of Itta Bena, Greenwood and Grenada to provide a multi-jurisdictional drug enforcement task force known as North Central Narcotics Task Force. Most of the funding is provided by a federal grant, with the local entities contributing a minimum of 25 percent. Leflore County contributed \$26,728 to the task force. The accounting for the project is performed by Leflore County. All of the project's transactions are reflected in the financial statements of Leflore County.

Leflore County is a participant with the City of Greenwood in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Greenwood-Leflore Public Library. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Leflore County and three members are appointed by the City of Greenwood. The county's appropriation from the General Fund this year to the joint venture amounted to \$171,935. Complete financial statements for the Greenwood-Leflore Public Library can be obtained from the following address: 405 West Washington, Greenwood, MS 38930.

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Leflore County Board of Supervisors appoints one of the eight members of the board of commissioners. Leflore County contributed \$121,500 for the support of the center in fiscal year 2012.

Yazoo-Mississippi Delta 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 Leflore County Board of Supervisors appoints two of the 21 members of the district board of commissioners. The county levied a .61 mill tax resulting in \$109,034 for the maintenance and support of the district in fiscal year 2012.

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Leflore County Board of Supervisors appoints four of the 28 members of the district board of

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2012

directors. Leflore County contributed \$33,212 for the support of the district in fiscal year 2012.

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Leflore County Board of Supervisors appoints two of the 20 members of the college board of trustees. The county appropriated \$543,738 for maintenance and support of the college in fiscal year 2012.

Greenwood-Leflore Industrial Board members are appointed by the Greenwood-Leflore-Carroll Economic Foundation whose membership is open to the public. Leflore County and the City of Greenwood fund the industrial board equally. The county contributed \$69,822 in support of the industrial board in fiscal year 2012.

(15) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 2012, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2012 was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2012, 2011 and 2010 were \$810,696, \$704,910, and \$678,454, respectively, equal to the required contributions for each year.

(15) Subsequent Events

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Leflore County evaluated the activity of the County through May 30, 2014, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2012, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
01/18/14	1.96%	172,933	Capital lease	Ad valorem taxes

LEFLORE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LEFLORE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	8,484,776	8,754,880	8,757,190	2,310
Licenses, Commissions and Other Revenue	365,600	391,469	389,340	(2,129)
Fines and Forfeitures	327,000	294,434	294,434	-
Intergovernmental Revenues	870,221	1,118,428	1,118,428	-
Charges for Services	805,000	683,731	683,731	-
Interest Income	85,967	75,023	75,023	-
Miscellaneous Revenues	170,400	579,725	580,026	301
Total Revenues	11,108,964	11,897,690	11,898,172	482
EXPENDITURES				
Current:				
General Government	5,250,398	5,546,355	5,278,689	267,666
Public Safety	4,079,759	4,546,750	4,483,021	63,729
Public Works	136,456	125,206	125,206	-
Health and Welfare	722,316	649,591	649,591	-
Culture and Recreation	713,517	685,350	685,350	-
Conservation of Natural Resources	138,632	127,798	127,798	-
Economic Development and Assistance	162,737	203,757	203,757	-
Debt Service:				
Principal	77,642	77,642	77,642	-
Interest	9,577	9,575	9,575	-
Total Expenditures	11,291,034	11,972,024	11,640,629	331,395
Excess of Revenues over (under) Expenditures	(182,070)	(74,334)	257,543	331,877
OTHER FINANCING SOURCES (USES)				
Transfers In	341,203	311,299	310,999	(300)
Transfers Out	(536,870)	(545,957)	(518,507)	27,450
Total Other Financing Sources and Uses	(195,667)	(234,658)	(207,508)	27,150
Net Changes in Fund Balance	(377,737)	(308,992)	50,035	359,027
Fund Balances - Beginning	2,501,810	1,931,543	6,021,357	4,089,814
Fund Balances - Ending	2,124,073	1,622,551	6,071,392	4,448,841

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

LEFLORE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Delta Correctional Facility Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	12,000,000	3,092,371	3,092,371	-
Interest Income	7,000	2,106	2,106	-
Total Revenues	<u>12,007,000</u>	<u>3,094,477</u>	<u>3,094,477</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	12,000,000	3,092,371	3,092,371	
Total Expenditures	<u>12,000,000</u>	<u>3,092,371</u>	<u>3,092,371</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>7,000</u>	<u>2,106</u>	<u>2,106</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(19,333)	(14,607)	(14,607)	
Total Other Financing Sources and Uses	<u>(19,333)</u>	<u>(14,607)</u>	<u>(14,607)</u>	<u>-</u>
Net Changes in Fund Balance	(12,333)	(12,501)	(12,501)	-
Fund Balances - Beginning	(15,000)	(15,000)	10,501	25,501
Fund Balances - Ending	<u>(27,333)</u>	<u>(27,501)</u>	<u>(2,000)</u>	<u>25,501</u>

The accompanying Notes to the Required Supplementary Information are an integral part of this schedule.

LEFLORE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 HUD Section 1089 Loan Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest Income	10	218	218	-
Miscellaneous Revenue	490,000	495,988	495,988	-
Total Revenues	<u>490,010</u>	<u>496,206</u>	<u>496,206</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt Service:				
Principal	250,000	250,000	250,000	-
Interest	240,000	240,000	240,000	-
Total Expenditures	<u>490,000</u>	<u>490,000</u>	<u>490,000</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>10</u>	<u>6,206</u>	<u>6,206</u>	<u>-</u>
Net Changes in Fund Balance	10	6,206	6,206	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>4,500,551</u>	<u>4,500,551</u>
Fund Balances - Ending	<u>10</u>	<u>6,206</u>	<u>4,506,757</u>	<u>4,500,551</u>

The accompanying Notes to the Required Supplementary Information are an integral part of this schedule.

LEFLORE COUNTY
 Budgetary Comparison Schedule –
 Budget and Actual (Non-GAAP Basis)
 2012 Construction Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest Income	7,000	8,388	8,388	-
Total Revenues	7,000	8,388	8,388	-
EXPENDITURES				
Current:				
General Government	70,000	70,989	70,989	-
Total Expenditures	70,000	70,989	70,989	-
Excess of Revenues over (under) Expenditures	(63,000)	(62,601)	(62,601)	-
OTHER FINANCING SOURCES (USES)				
Long-term Capital Debt Issued	4,000,000	4,000,000	4,000,000	-
Total Other Financing Sources and Uses	4,000,000	4,000,000	4,000,000	-
Net Changes in Fund Balance	3,937,000	3,937,399	3,937,399	-
Fund Balances - Beginning	-	-	-	-
Fund Balances – Ending	3,937,000	3,937,399	3,937,399	-

The accompanying Notes to the Required Supplementary Information are an integral part of this schedule.

Notes to the Required Supplementary Information
For the Year Ended September 30, 2012

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, the Tax Assessor and the Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types			
	General Fund	Delta Correctional Facility Fund	HUD Section 108 Loan Fund	2012 Construction Fund
Budget (Cash Basis)	\$ 50,035	(12,501)	6,206	3,937,399
Increase (Decrease)				
Net adjustments for revenue accruals	(573,568)	-	(250,000)	-
Net adjustments for expenditure accruals	689,468	-	-	-
GAAP Basis	<u>165,935</u>	<u>(12,501)</u>	<u>(243,794)</u>	<u>3,937,399</u>

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OTHER INFORMATION

LEFLORE COUNTY
Schedule of Surety Bonds of County Officials
For the Year Ended September 30, 2012
UNAUDITED

Name	Position	Company	Bond
Anjuan Brown	Supervisor	Brierfield Insurance Company	\$ 100,000
Robert Collins	Supervisor	Brierfield Insurance Company	\$ 100,000
Robert Moore	Supervisor	State Farm Fire and Casualty Company	\$ 100,000
Wayne Self	Supervisor	Western Surety Company	\$ 100,000
Phil Wolfe	Supervisor	EMC Insurance Companies	\$ 100,000
Sam Abraham	Chancery Clerk	Brierfield Insurance Company	\$ 100,000
Sam Abraham	County Administrator	Brierfield Insurance Company	\$ 100,000
Elmus Stockstill	Circuit Clerk	Brierfield Insurance Company	\$ 100,000
Annie Conley	Tax Collector	Western Surety Company	\$ 100,000
Leroy Ware	Tax Assessor	State Farm Fire and Casualty Company	\$ 100,000
Frederick "Ricky" Banks	Sheriff	Brierfield Insurance Company	\$ 100,000
Johnny Gary, Jr	Deputy Circuit Clerk	Travelers Casualty and Surety of America	\$ 75,000
Lisa Henry	Deputy Circuit Clerk	Travelers Casualty and Surety of America	\$ 75,000
Kelly Roberts	Deputy Circuit Clerk	Travelers Casualty and Surety of America	\$ 75,000
Lisa Roberts	Deputy Circuit Clerk	Travelers Casualty and Surety of America	\$ 75,000
Larresia Hunt	Justice Court Clerk	Travelers Casualty and Surety of America	\$ 50,000
James Campbell, Jr	Justice Court Judge	Brierfield Insurance Company	\$ 50,000
James Littleton	Justice Court Judge	State Farm Fire and Casualty Company	\$ 50,000
Carlos Palmer	Justice Court Judge	Travelers Casualty and Surety of America	\$ 50,000
Steve Purnell	Justice Court Judge	Western Surety Company	\$ 50,000
Andrew McQueen	Constable	State Farm Fire and Casualty Company	\$ 50,000
Vonzell Self	Constable	Western Surety Company	\$ 50,000
Kimilia Sigers	Deputy Tax Collector	Travelers Casualty and Surety of America	\$ 50,000
Kim Williams	Deputy Tax Collector	Travelers Casualty and Surety of America	\$ 50,000
Robert Willis	County Engineer	Brierfield Insurance Company	\$ 50,000
Tyneiseca Epps	Solid Waste Clerk	Travelers Casualty and Surety of America	\$ 50,000
Rebecca Kwong	Purchase Clerk	Travelers Casualty and Surety of America	\$ 75,000
Mark Hicks	Assistant Purchase Clerk	Travelers Casualty and Surety of America	\$ 50,000
Cathy Mai	Receiving Clerk	Travelers Casualty and Surety of America	\$ 75,000
Martha Massey	Inventory Control Clerk	Travelers Casualty and Surety of America	\$ 75,000
Lennon Powell	Road Manager	Travelers Casualty and Surety of America	\$ 50,000
Ken Spencer	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Perell Westbrook	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Danny Henry	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Rodney Spencer	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Coy Keys	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Eddie Cates	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Jason Darling	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Bessie Flowers	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Jermey Smith	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Michael Baldwin	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000

LEFLORE COUNTY
Schedule of Surety Bonds of County Officials
For the Year Ended September 30, 2012
UNAUDITED

Name	Position	Company	Bond
Travis Summers	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
William Staten	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Robert Quinn	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Matthew Brown	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Scott Stewart	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
John Bailey	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Len Wooden	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Mark Head	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Fredrick Randle	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Bobby Norwood	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Cody Vandlandingham	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Jerome Cooley	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Bernard Wiggins	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Otis Abron	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Marcus Spinks	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Jerry Smith	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Wendalyn Brown	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972)	Travelers Casualty and Surety of America	\$ 50,000
Lisa Henry	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Barbara Tedford	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Bobbie McKay	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Cathy Mai	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Jelinda Wade	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Bobbie Brewer	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Ethyl Davis	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Jerome Black	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Martin Roby	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Ken Spencer	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Jimmy Gibson	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Kim Sigers	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Jeremy Smith	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Sam Hodges	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
James Cleveland	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Andrew Powell	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000

LEFLORE COUNTY
Schedule of Surety Bonds of County Officials
For the Year Ended September 30, 2012
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Chris Grays	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Randy Moore	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
William Sullivan	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Gary Fulgham	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000
Jennifer Flautt	Assistant Receiving Clerk	Travelers Casualty and Surety of America	\$ 50,000

SUPPLEMENTAL INFORMATION

LEFLORE COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2012

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture – Natural Resources Conservation Services			
NRCS Agreement	10.923	68-4423-12-2334	<u>34,914</u>
Total U.S. Department of Agriculture			<u>34,914</u>
Direct			
Juvenile Accountability Block Grant Edward Byrne Memorial Justice Assistance Grant Program	16.523	08-JB-1421	23,076
Edward Byrne Memorial Justice Assistance Grant Program	16.579	10NM1421	48,593
BVP Grant	16.579	09NM1422	90,173
Public Safety Partnerships and Community Policing Grants	16.607	2011-BUBX-11059-223	5,900
	16.710	2010-CK-WX-0453	<u>85,172</u>
Total U.S. Department of Justice			<u>252,914</u>
U.S. Department of Transportation/Federal Highway Administration (Passed-through the Mississippi Department of Transportation)			
Highway Planning and Construction*	20.205	STP-0702 (4) B	15,330
Highway Planning and Construction*	20.205	STP 0402 (4) B	30,661
Highway Planning and Construction*	20.205	FIN-BR NBIS 076 B	18,400
Highway Planning and Construction*	20.205	PLH 0042 18 B	<u>395,422</u>
Subtotal			<u>459,813</u>
U.S. Department of Transportation – National Highway Traffic Safety Administration (Passed-through the Mississippi Department of Public Safety)			
State and Community Highway Safety	20.600	12-OP-142-1	3,269
State and Community Highway Safety	20.600	11-TA-142-1	4,123
State and Community Highway Safety	20.600	12-TA-142-1	<u>44,702</u>
Subtotal			<u>52,094</u>
Total U.S. Department of Transportation			<u>511,907</u>

LEFLORE COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 20121

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security (Passed-through the Mississippi Emergency Management Agency)			
Emergency Management Performance Grants	97.042	10EMP	36,021
Subtotal			36,021
U.S. Department of Homeland Security (Passed-through the Mississippi Department of Public Safety)			
Homeland Security Grant Program	97.067	A9HS042T	11,340
Subtotal			11,340
Total U.S. Department of Homeland Security			47,361
Total Expenditures of Federal Awards			847,096

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

* Denotes major federal award program

LEFLORE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2012

Operating Expenditures, Cash Basis:

Salaries	404,983
Contractual services	88,090
Garbage disposal	211,068
Consumable supplies	122,449
Solid Waste Cash Basis Operating Expenditures	<u>826,590</u>
Full Cost Expenses:	
Indirect administrative costs	26,697
Depreciation on equipment	18,817
Solid Waste Full Cost Operating Expenses	<u>872,104</u>

LEFLORE COUNTY

SPECIAL REPORTS

LEFLORE COUNTY

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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
Leflore County, Mississippi

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of and for the year ended September 30, 2012, which collectively comprise the county's basic financial statements and have issued our report thereon dated May 30, 2014. Our report includes a reference to another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Another auditor audited the financial statements of the Greenwood Leflore Hospital, as described in our report on Leflore County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control and on compliance and other matters that are reported separately by the other auditor.

Internal Control Over Financial Reporting

Management of the county is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Leflore County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leflore 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*.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

JOSHUA J. SHOEMAKER, CPA PLLC

May 30, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors
Leflore County, Mississippi

Compliance

We have audited the compliance of Leflore County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. Leflore County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Leflore County, Mississippi's management. Our responsibility is to express an opinion on Leflore County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Leflore County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Leflore County, Mississippi's compliance with those requirements.

In our opinion, Leflore County, Mississippi, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012

Internal Control Over Compliance

The management of Leflore County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Leflore County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

A deficiency in a county's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

JOSHUA J. SHOEMAKER, CPA PLLC

May 30, 2014

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
Leflore County, Mississippi

We have examined Leflore County, Mississippi's (the County) compliance with 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) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2012. The Board of Supervisors of Leflore County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Leflore County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Leflore County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2012.

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 examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Leflore 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.

JOSHUA J. SHOEMAKER, CPA PLLC

May 30, 2013

LEFLORE COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2012

Schedule 1

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

LEFLORE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2012

Schedule 2

Our test results did not identify any emergency purchases.

LEFLORE COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2012

Schedule 3

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Leflore County, Mississippi

In planning and performing our audit of the financial statements of Leflore County, Mississippi for the year ended September 30, 2012, we considered Leflore 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 Leflore 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 May 30, 2014, on the financial statements of Leflore County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, there procedures and 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.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

JOSHUA J. SHOEMAKER, CPA PLLC

May 30, 2014

LEFLORE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LEFLORE COUNTY

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LEFLORE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section __.510(a) of OMB Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| a. | Highway Planning and Construction, CFDA # 20.205 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

LEFLORE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to financial statements.

Section 3: Federal Award Findings and Questioned Costs

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

LEFLORE COUNTY

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