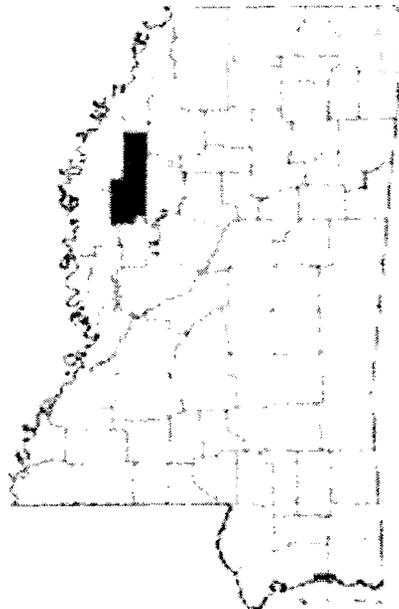




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SUNFLOWER COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2014



Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

SUNFLOWER COUNTY

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SUNFLOWER COUNTY

FINANCIAL SECTION



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Sunflower Medical Center, the South Sunflower County Hospital or the Sunflower County Library, component units, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, as of September 30, 2014, and the respective changes in financial position, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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 and the other auditors 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 we 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.

Omission of Required Supplementary Information

Sunflower County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sunflower County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2015, on our consideration of Sunflower 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunflower County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
June 18, 2015

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY
Statement of Net Position
September 30, 2014

Exhibit 1

	Primary	Component Units			Total
	Government	North Sunflower	South Sunflower	Sunflower	
	Governmental	North Sunflower	South Sunflower	Sunflower	Total
	Activities	Medical Center	County Hospital	County Library	Component Units
ASSETS					
Cash	\$ 5,843,968	\$ 12,269,239	\$ 1,937,021	\$ 421,714	\$ 14,627,974
Plant fund designated investments			11,133,098		11,133,098
Property tax receivable	6,766,600				
Accounts receivable, (net of allowance for uncollectibles of \$647,622)	15,418	10,154,032	3,796,091	16,169	13,966,292
Fines receivable, (net of allowance for uncollectibles of \$9,743,307)	248,074				
Note receivable		618,573	647,573		1,266,146
Intergovernmental receivables	124,044				
Other receivables	16,853	1,091,276	1,399,602	2,000	2,492,878
Inventories		1,993,027	398,701		2,391,728
Prepaid expenses		832,599	152,833		985,432
Investments		1,951,990			1,951,990
Land and construction in progress	1,520,643	793,945	335,884		1,129,829
Other capital assets, net	33,509,025	17,442,265	6,125,348	210,188	23,777,801
Total Assets	48,044,625	47,146,946	25,926,151	650,071	73,723,168
LIABILITIES					
Claims payable	597,574	2,189,405	813,282	21,390	3,024,077
Intergovernmental payables	249,404				
Accrued interest payable	24,161				
Accrued expenses		3,655,779	1,542,241		5,198,020
Other payables	416,443		1,210,232		1,210,232
Amounts held in custody	28,495				
Long-term liabilities					
Due within one year:					
Capital related debt	873,985	3,373,310			3,373,310
Non-capital debt	440,016				
Due in more than one year:					
Capital related debt	638,308	5,189,158			5,189,158
Non-capital debt	247,571		292,488	10,473	302,961
Total Liabilities	3,515,957	14,407,652	3,858,243	31,863	18,297,758
DEFERRED INFLOWS OF RESOURCES					
Property tax for future reporting period	6,766,600				
Total deferred inflows of resources	6,766,600				
NET POSITION					
Net Investment in capital assets	33,517,375	9,673,742	6,461,232	210,188	16,345,162
Restricted:					
Expendable:					
General Government	62,379				
Debt service	1,087,110				
Public safety	395,716				
Public works	590,210				
Health and welfare	8,813		1,546,133		1,546,133
Culture and recreation	115,799				
Economic development	141,355				
Capital projects			8,376,733		8,376,733
Unemployment compensation	29,452				
Unrestricted	1,813,859	23,065,552	5,683,810	408,020	29,157,382
Total Net Position	\$ 37,762,068	\$ 32,739,294	\$ 22,067,908	\$ 618,208	\$ 55,425,410

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

SUNFLOWER COUNTY
Statement of Activities
For the Year Ended September 30, 2014

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units			
						North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	Total Component Units
Primary government:									
Governmental activities:									
General government	\$ 3,387,513	\$ 612,000	\$ 16,929		\$ (2,758,584)				
Public safety	3,198,779	420,750	\$ 52,157		(2,725,872)				
Public works	3,100,911	242,249	720,690	509,000	(1,628,972)				
Health and welfare	649,983		21,342		(628,641)				
Culture and recreation	341,310				(341,310)				
Conservation of natural resources	815,642				(815,642)				
Economic development and assistance	45,419				(45,419)				
Interest on long-term debt	49,421				(49,421)				
Total Primary Government	<u>11,588,978</u>	<u>1,274,999</u>	<u>811,118</u>	<u>509,000</u>	<u>(8,993,861)</u>				
Component Units:									
North Sunflower Medical Center	57,397,134	56,414,247				\$ (982,887)			\$ (982,887)
South Sunflower County Hospital	21,725,710	20,288,855					\$ (1,436,855)		(1,436,855)
Sunflower County Library	677,156	13,290	220,686					\$ (443,180)	(443,180)
Total Component Units	<u>\$ 79,800,000</u>	<u>\$ 76,716,392</u>	<u>\$ 220,686</u>	<u>\$ -</u>					<u>(2,862,922)</u>
General revenues:									
Property taxes					8,862,189			495,896	495,896
Road & bridge privilege taxes					204,443				
Grants and contributions not restricted to specific programs					265,486				
Unrestricted investment income					46,719	103,868	9,187	971	114,026
Miscellaneous					791,462	685,710	1,717,938	6,927	2,410,575
Total General Revenues					<u>10,170,299</u>	<u>789,578</u>	<u>1,727,125</u>	<u>503,794</u>	<u>3,020,497</u>
Changes in Net Position					1,176,438	(193,309)	290,270	60,614	157,575
Net Position - Beginning, as previously reported					36,939,487	32,932,603	22,987,870	557,594	56,478,067
Prior period adjustment					(353,857)		(1,210,232)		(1,210,232)
Net Position - Beginning, as restated					<u>36,585,630</u>	<u>32,932,603</u>	<u>21,777,638</u>	<u>557,594</u>	<u>55,267,835</u>
Net Position - Ending					<u>\$ 37,762,068</u>	<u>\$ 32,739,294</u>	<u>\$ 22,067,908</u>	<u>\$ 618,208</u>	<u>\$ 55,425,410</u>

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

SUNFLOWER COUNTY
Balance Sheet - Governmental Funds
September 30, 2014

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 3,080,421	\$ 15,855	\$ 371,879	\$ 2,375,813	\$ 5,843,968
Property tax receivable	4,437,000	568,000	593,000	1,168,600	6,766,600
Fines receivable (net of allowance for uncollectibles \$9,743,307)	248,074				248,074
Sanitation fees receivable (net of allowance for uncollectibles of \$647,622)				15,418	15,418
Intergovernmental receivables	124,044				124,044
Other receivables	16,853				16,853
Due from other funds		9,079	10,007	24,889	43,975
Total Assets	<u>7,906,392</u>	<u>592,934</u>	<u>974,886</u>	<u>3,584,720</u>	<u>13,058,932</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	215,816	111,058	48,826	221,876	597,576
Intergovernmental payables	240,363				240,363
Due to other funds	53,016				53,016
Other payables	329,234	14,900	23,235	49,074	416,443
Amounts held in custody for others	28,495				28,495
Total Liabilities	<u>866,924</u>	<u>125,958</u>	<u>72,061</u>	<u>270,950</u>	<u>1,335,893</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	4,437,000	568,000	593,000	1,168,600	6,766,600
Unavailable revenue - fines	248,074				248,074
Unavailable revenue - sanitation fees				15,418	15,418
Total deferred inflows of resources	<u>4,685,074</u>	<u>568,000</u>	<u>593,000</u>	<u>1,184,018</u>	<u>7,030,092</u>
Fund balances					
Restricted for:					
General government				62,379	62,379
Public safety				395,716	395,716
Public works			309,825	264,967	574,792
Health and welfare				8,813	8,813
Culture and recreation				115,799	115,799
Economic development				141,355	141,355
Debt service				1,111,271	1,111,271
Unemployment compensation				29,452	29,452
Unassigned	2,354,394	(101,024)			2,253,370
Total Fund Balances	<u>2,354,394</u>	<u>(101,024)</u>	<u>309,825</u>	<u>2,129,752</u>	<u>4,692,947</u>
Total Liabilities and Fund Balances	<u>\$ 7,906,392</u>	<u>\$ 592,934</u>	<u>\$ 974,886</u>	<u>\$ 3,584,720</u>	<u>\$ 13,058,932</u>

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

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

SUNFLOWER COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
 September 30, 2014

	Amount
Total fund balance - Governmental Funds	\$ 4,692,947
Amounts reported for governmental services in the Statement of Net Position 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 \$43,755,946 .	35,029,668
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	263,494
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(2,199,880)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(24,161)
Total Net Position - Governmental Activities	\$ 37,762,068

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

SUNFLOWER COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances For Governmental Funds
For the Year Ended September 30, 2014

Exhibit 4

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 5,754,330	\$ 684,166	\$ 696,721	\$ 1,726,972	\$ 8,862,189
Road and bridge privilege taxes		204,443			204,443
Licenses, commissions and other revenue	307,299	601,295		8,997	917,591
Fines and forfeitures	547,084	8,893		(107)	555,870
Intergovernmental revenues	301,999			870,564	1,172,563
Charges for services		2,422		272,360	274,782
Interest income	38,099			8,620	46,719
Miscellaneous revenues	370,067	1,894	2,400	322,579	696,940
Total Revenues	<u>7,318,878</u>	<u>1,503,113</u>	<u>699,121</u>	<u>3,209,985</u>	<u>12,731,097</u>
EXPENDITURES					
Current:					
General government	3,655,937			12,132	3,668,069
Public safety	2,151,552			895,104	3,046,656
Public works	42,305	1,677,172	702,155	681,102	3,102,734
Health and welfare	317,187			322,313	639,500
Culture and recreation				341,310	341,310
Conservation of natural resources	297,840			517,802	815,642
Economic development and assistance	305			416	721
Debt service:					
Principal				865,370	865,370
Interest				63,825	63,825
Total Expenditures	<u>6,465,126</u>	<u>1,677,172</u>	<u>702,155</u>	<u>3,699,374</u>	<u>12,543,827</u>
Excess of Revenues over (under) Expenditures	<u>853,752</u>	<u>(174,059)</u>	<u>(3,034)</u>	<u>(489,389)</u>	<u>187,270</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(188,488)	(7,020)			(195,508)
Transfers in				195,508	195,508
Proceeds from sale of capital assets	17,188			449,484	466,672
Long-Term capital debt issued				85,100	85,100
Total Other Financing Sources and Uses	<u>(171,300)</u>	<u>(7,020)</u>	<u>-</u>	<u>730,092</u>	<u>551,772</u>
Net Changes in Fund Balances	682,452	(181,079)	(3,034)	240,703	739,042
Fund Balances - Beginning, as previously reported	1,965,054	94,955	336,094	1,938,123	4,334,226
Prior period adjustments	(293,112)	(14,900)	(23,235)	(49,074)	(380,321)
Fund Balances - Beginning, as restated	<u>1,671,942</u>	<u>80,055</u>	<u>312,859</u>	<u>1,889,049</u>	<u>3,953,905</u>
Fund Balances - Ending	<u>\$ 2,354,394</u>	<u>\$ (101,024)</u>	<u>\$ 309,825</u>	<u>\$ 2,129,752</u>	<u>\$ 4,692,947</u>

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

SUNFLOWER COUNTY

Exhibit 4-1

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 739,042
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 position differs from the change in fund balances by the amount that capital outlays of \$1,273,389 exceeded depreciation expense of \$1,194,478 in the current period.	78,911
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 position differs from the change in fund balances by the amount of the net gain of \$94,522 and the proceeds from the sale of \$466,672 in the current period.	(372,150)
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.	(62,334)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	2,131
Debt proceeds provide current financial resources to Government Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount debt repayments of \$865,370 exceed proceeds of \$85,100.	780,270
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 position differs from the change in fund balance by a combination of the following items:	
The amount of increase or decrease in:	
Accrued interest payable	14,404
Compensated absences	(3,836)
Change in Net Position of Governmental Activities	<u>\$ 1,176,438</u>

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

SUNFLOWER COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2014

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 137,027
Due from other funds	9,041
	<hr/>
Total Assets	146,068
	<hr/>
LIABILITIES	
Amounts held in custody for others	51,562
Intergovernmental payables	94,506
	<hr/>
Total Liabilities	\$ 146,068
	<hr/>

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

Sunflower County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Sunflower County to present these financial statements on the primary government and its component units which has a significant operational or financial relationship 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-Collector
- * Sheriff

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

The component unit columns in the financial statements includes the financial data of the following component units of the county. They are reported in a separate column to emphasize that it is legally separate from the county. All members of the governing bodies of these component units are appointed by the county Board of Supervisors.

North Sunflower Medical Center provides inpatient, outpatient, emergency, psychiatric and long-term care services for the residents of Sunflower County, Mississippi and surrounding areas. The facility is governed by a Board of Trustees appointed by the Board of Supervisors of Sunflower County, Mississippi.

South Sunflower County Hospital is a public hospital created to handle the medical needs of Indianola, Mississippi and the surrounding area. The facility is governed by a Board of Trustees appointed by the Board of Supervisors of Sunflower County, Mississippi.

The Sunflower County Library System consists of libraries located in Indianola, Inverness, Drew and Ruleville. The mission of the library system is to promote and develop adequate library services throughout Sunflower County that meet the general and specialized needs of the citizens of the county. The Board of Supervisors of Sunflower County appoints the five members of the library's Board of Trustees.

C. Basis of Presentation.

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information concerning the county as a whole. The statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position 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. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
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The county reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

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

Bridge & Culvert Fund - This fund is used to account for monies from specific revenue sources that are restricted for repairs to bridges and culverts.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 2012 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, 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.

G. Receivables.

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

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

H. Inter-fund 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental 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 extents to which capital assets, other than infrastructure, have been estimated, and the methods of estimation, are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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:

		<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$	0	N/A
Infrastructure		0	20-50 years
Buildings		50,000	40 years
Improvements other than buildings		25,000	20years
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.

J. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
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transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Unavailable revenue – sanitation fees – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

K. Long-term liabilities.

Long-term liabilities are the un-matured 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net Investment in capital assets - 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 position - Consists of net position 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 position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

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 non-spendable, 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.

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

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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 or 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% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicle and mobile homes become a lien and are due in the month that coincides with the month of the 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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of the 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, Government Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

P. Changes in Accounting Standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 65. *Items Previously Reported as Assets and Liabilities*. The provisions of these standards have been incorporated into the financial statements and notes.

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE (2) PRIOR PERIOD ADJUSTMENTS.

A summary of significant fund equity adjustments is as follows:

Exhibit 2- Statement of Activities:

Explanation	Amount
Adjustment to correct error in prior year capital assets.	\$ 91
Adjustment to correct error in prior year accrued interest payable.	26,373
Adjustment to record liabilities emanating from property tax dispute. (see note 9)	(380,321)
Total prior period adjustments	<u>\$ (353,857)</u>

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

Explanation	Amount
General Fund- to record liabilities emanating from property tax dispute. (see note 9)	\$ (293,112)
Countywide Road Maintenance-to record liabilities emanating from property tax dispute.	(14,900)
Bridge and Culvert- to record liabilities emanating from property tax dispute.	(23,235)
Other Governmental- to record liabilities emanating from property tax dispute.	(49,074)
Total prior period adjustments	<u>\$ (380,321)</u>

NOTE (3) DEPOSITS.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$5,980,995 and the bank balance was \$6,381,382. The collateral for public entities' deposits in financial institutions are 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 Treasurer on behalf of the county.

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE (4) INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2014:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 9,079
Bridge and Culvert Fund	General Fund	10,007
Other Governmental Funds	General Fund	24,889
Agency	General Fund	9,041
Total		<u>\$ 53,016</u>

The receivables represent tax revenue collected but not settled until October 2014. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfer In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 188,488
Other Governmental Funds	Countywide Road Maintenance Fund	7,020
Total		<u>\$ 195,508</u>

The purpose of the transfers was operating expenses. The transfers were consistent with the activities of the fund making the transfer.

NOTE (5) INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2014, consisted of the following:
 Governmental Activities:

<u>Description</u>	<u>Amount</u>
State Legislative Tax Credit	\$ 124,044
Total	<u>\$ 124,044</u>

NOTE (6) LOANS RECEIVABLE.

The other receivables at September 30, 2014, consisted of the following:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Delta Pride Catfish, Inc.	08-00	6.50	05-16	\$ 315,906
				<u>315,906</u>
			Less: allowance for uncollectibles	<u>(315,906)</u>
Total				<u>\$ 0</u>

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE (7) CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2014:

	Balance				Balance Sept. 30, 2014
	Oct. 1, 2013	Additions	Deletions	Adjustments	
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 1,213,181				\$ 1,213,181
Construction in progress	664,969	282,572		(640,079)	307,462
Total non-depreciable capital assets	1,878,150	282,572	-	(640,079)	1,520,643
Depreciable capital assets:					
Infrastructure	59,173,710	405,393	36,864	640,079	60,182,318
Buildings	8,153,304		77,571		8,075,733
Improvements other than buildings	969,238				969,238
Mobile equipment	6,233,369	555,995	689,169		6,100,195
Furniture and equipment	2,028,233	29,429	120,266	91	1,937,487
Total depreciable capital assets	76,557,854	990,817	923,870	640,170	77,264,971
Less accumulated depreciation for:					
Infrastructure	35,698,894	425,697	25,805		36,098,786
Buildings	1,965,009	163,043	2,984		2,125,068
Improvements other than buildings	177,402	33,968			211,370
Mobile equipment	3,625,013	450,583	413,189		3,662,407
Furniture and equipment	1,646,870	121,187	109,742		1,658,315
Total accumulated depreciation	43,113,188	1,194,478	551,720	-	43,755,946
Total depreciable capital assets, net	33,444,666	(203,661)	372,150	640,170	33,509,025
Governmental activities capital assets, net	\$ 35,322,816	\$ 78,911	\$ 372,150	\$ 91	\$ 35,029,668

* Adjustments are to correct prior year errors.

Depreciation expense was charged to the following functions:

Governmental Activities:	
General Government	\$ 120,015
Public Safety	253,930
Public Works	753,557
Health & welfare	22,325
Economic development	44,651
Total governmental activities depreciation expense	<u>\$ 1,194,478</u>

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

Commitment with respect to unfinished capital projects at September 30, 2014, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Family & Children Services Building	\$ 73,286	January 2015

Capital Assets - Component Units

North Sunflower Medical Center

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 576,448				\$ 576,448
Construction in progress	169,141	48,356			217,497
Total non-depreciable capital assets	<u>745,589</u>	<u>48,356</u>	-	-	<u>793,945</u>
Depreciable capital assets:					
Buildings	12,098,181	418,629			12,516,810
Furniture and equipment	2,009,971	118,249			2,128,220
Major movable equipment:					
Under capital lease	5,793,628	3,871,423	6,154,695		3,510,356
Other	5,918,248	3,299,197			9,217,445
Automobiles	283,260	25,924			309,184
Total depreciable capital assets	<u>26,103,288</u>	<u>7,733,422</u>	<u>6,154,695</u>	-	<u>27,682,015</u>
Less accumulated depreciation for:					
Buildings	3,113,940	120,557			3,234,497
Furniture and equipment	1,634,720	38,499			1,673,219
Major movable equipment	6,713,788	2,078,424	3,650,682		5,141,530
Automobiles	151,330	39,175			190,505
Total accumulated depreciation	<u>11,613,778</u>	<u>2,276,655</u>	<u>3,650,682</u>	-	<u>10,239,751</u>
Total depreciable capital assets, net	<u>14,489,510</u>	<u>5,456,767</u>	<u>2,504,013</u>	-	<u>17,442,264</u>
Governmental activities capital assets, net	<u>\$ 15,235,099</u>	<u>\$ 5,505,123</u>	<u>\$ 2,504,013</u>	-	<u>\$ 18,236,209</u>

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

South Sunflower County Hospital

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
Non-depreciable capital assets:					
Land	\$ 292,204	\$ 43,680	\$ -	\$ -	\$ 335,884
Total non-depreciable capital assets	292,204	43,680	-	-	335,884
Depreciable capital assets:					
Buildings	11,005,570	7,086,779		3,859,037	14,233,312
Mobile equipment	10,259,513	615,161			10,874,674
Furniture and equipment	195,601	1,795			197,396
Total depreciable capital assets	21,460,684	7,703,735	-	3,859,037	25,305,382
Less accumulated depreciation for:					
Buildings	8,424,357	215,480			8,639,837
Mobile equipment	10,163,614	180,802			10,344,416
Furniture and equipment	195,601	180			195,781
Total depreciable capital assets, net	2,677,112	7,307,273	-	3,859,037	6,125,348
Governmental activities capital assets, net	\$ 2,969,316	\$ 7,350,953	\$ -	\$ 3,859,037	\$ 6,461,232

Sunflower County Library

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
Building improvements	\$ 125,821	\$ 8,500	\$ -	\$ -	\$ 134,321
Library collections	1,249,784	30,080			1,279,864
Machinery and equipment	42,030	6,950			48,980
Total depreciable capital assets	1,417,635	45,530	-	-	1,463,165
Less accumulated depreciation for:					
Building improvements	18,876	3,571			22,447
Library collections	1,162,207	39,182			1,201,389
Machinery and equipment	21,227	7,914			29,141
Total accumulated depreciation	1,202,310	50,667	-	-	1,252,977
Governmental activities capital assets, net	\$ 215,325	\$ (5,137)	\$ -	\$ -	\$ 210,188

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE (8) LONG TERM DEBT.

Debt outstanding as of September 30, 2014, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
GO Road and bridge bonds, 2008	\$ 555,000	4.10/4.30	09/19
GO Public Improvement Bonds, 2005	<u>210,000</u>	3.9	06/15
Total General Obligation Bonds	<u>\$ 765,000</u>		
B. Other Loans:			
MDA - Delta Pride Catfish, Inc.	\$ 650,749	6.5	05/18
Negotiable Note Series 2009-B	48,681	3.65	11/14
Negotiable Note Series 2012-A - Rd Equipment	250,000	1.76	05/15
Negotiable Note Series 2013	363,512	1.95	07/16
Negotiable Note Series 2014-A	<u>85,100</u>	1.95	9/15
Total Other Loans	<u>\$ 1,398,042</u>		

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

Year Ending September 30	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	310,000	27,380	1,004,001	234,911
2016	105,000	15,295	276,899	14,581
2017	110,000	11,210	99,859	4,674
2018	115,000	6,935	17,283	140
2019	<u>125,000</u>	<u>2,375</u>		
Total	<u>765,000</u>	<u>63,195</u>	<u>1,398,042</u>	<u>254,306</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2014, the amount of outstanding debt was equal to 1.87% of the latest property assessments.

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 33,002	3,836		36,838	
General obligation bonds	1,060,000		295,000	765,000	310,000
Other loans	1,883,312	85,100	570,370	1,398,042	1,004,001
Total	\$ 2,976,314	88,936	865,370	2,199,880	1,314,001

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Countywide Road Maintenance Fund, Bridge & Culvert Fund, and Other Governmental Funds.

Long Term Debt – Component Units.

North Sunflower Medical Center

A schedule of changes in the facility's long-term debt for September 30, 2014 is as follows:

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Amount due within one year
Note payable	\$ 2,866,758		37,130	2,829,628	68,124
Bonds payable	2,592,727	17,273	110,000	2,500,000	120,000
Capital lease obligations	1,927,178	3,395,389	2,089,727	3,232,840	3,185,186
Total Long-Term Debt	\$ 7,386,663	3,412,662	2,236,857	8,562,468	3,373,310

Scheduled principal and interest repayments on long-term debt and payments on capital lease obligations are as follows:

	Bond Payable		Capital Lease Obligations		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending September 30						
2015	120,000	110,794	3,185,186	42,826	68,124	111,986
2016	120,000	105,394	14,947	2,453	70,594	109,466
2017	125,000	99,994	15,869	1,531	73,776	106,285
2018	135,000	94,369	16,838	562	76,781	103,279
2019	140,000	88,294			79,909	100,151
Thereafter	1,860,000	497,213			2,460,444	1,107,168
Total	2,500,000	996,058	3,232,840	47,372	2,829,628	1,638,285

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

South Sunflower County Hospital

A schedule of changes in the facility's long-term debt for September 30, 2014 is as follows:

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Amount due within one year
Compensated absences	\$ 364,662		72,174	292,488	-
Total Long-Term Debt	\$ 364,662	0	72,174	292,488	-

Sunflower County Library

A schedule of changes in the facility's long-term debt for September 30, 2014 is as follows:

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Amount due within one year
Compensated absences	\$ 9,657	816	0	10,473	-
Total	\$ 9,657	816	0	10,473	-

NOTE (9) 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. The following litigation warrants additional disclosure with resulting financial impact:

On November 5, 2010, November 30, 2011, November 6, 2012 and October 29, 2013 Sunflower Estates, LLC and East Sunflower Properties, LLC, filed Petitions for Appeal and Reduction in Tax Assessments in the Circuit Court of Sunflower County, Mississippi. These cases were held in abeyance by agreement of the parties pending judgement of the

SUNFLOWER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

Mississippi Supreme Court in a related case styled Willow Bend Estates, LLC, et al v. Humphreys County Board of Supervisors, et al Supreme Court No. 2012-IA-00575-SCT. The Mississippi Supreme Court on October 17, 2013, rendered judgement in said case and directed assessment in the manner argued by the property owners, and further has directed refund of ad valorem taxes previously collected. The factual circumstances of the case pending in Sunflower County are substantially similar, and it is now ordered that Sunflower County will be required to make refund to Sunflower Estates, LLC and East Sunflower Properties, LLC, in the amount \$380,321. Provision for the liability has been recorded as a prior period adjustments in the government-wide financial statements, Statement of Net Position and Statement of Activities totaling \$ 380,321 and the governmental funds, Major Fund, General Fund (\$293,112), Countywide Road Maintenance Fund (\$14,900), Bridge & Culvert Fund (\$23,235) and Other Governmental Fund (\$49,074).

Regarding other legal proceedings, it is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

General Obligation Debt Contingencies - The County issued general obligation bonds, series 2009 to provide funds for constructing and improving the capital facilities of the North Sunflower Medical Center. Such debt is being retired from pledged resources of the Medical Center and, therefore, is reported as a liability of the Medical Center. However, because general obligation bonds are backed by the full faith, credit and taxing power of the county, the county remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

Description	Amount
General obligation hospital bonds, series 2009	\$ <u>2,500,000</u>

NOTE (10) JOINTLY GOVERNED ORGANIZATIONS.

The county participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Sunflower Board of Supervisors appoints six of the 20 members of the college board of trustees. The county appropriated \$542,491 in taxes for maintenance and support of the college in fiscal year 2014.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman,

Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Sunflower County Board of Supervisors appoints one of the 21 members of the board of

SUNFLOWER COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

commissioners. The county levied a .71 mil tax, which brought \$110,606 for the maintenance and support of the district in the fiscal year 2014.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Sunflower County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$57,300 to the entity in the fiscal year 2014.

The South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Sunflower County Board of Supervisors appoints four of the 22 members of the district board of directors. The county appropriated \$9,378 for the support of the district in fiscal year 2014.

NOTE (11) DEFINED BENEFIT PENSION PLAN.

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

Funding Policy – At September 30, 2014, PERS members are 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, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) for the years ending September 30, 2014, 2013 and 2012 were \$594,776, \$547,328, and \$480,374 respectively equal to the required contributions for each year.

NOTE (12) SUBSEQUENT EVENTS.

Events that occur after the statement of net position 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 position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of Sunflower County evaluated the activity of the County through June 18, 2015 (the date the financial statements were available to be issued), and determined that no events that require disclosure occurred.

SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,437,398	5,709,596	5,709,596	0
Licenses, commissions and other revenue	296,850	305,869	305,869	0
Fines and forfeitures	386,496	543,275	543,275	0
Intergovernmental revenues	508,775	301,999	301,999	0
Charges for services	75,000			0
Interest income	37,450	37,603	37,603	0
Miscellaneous revenues	257,400	362,727	362,727	0
Total Revenues	<u>6,999,369</u>	<u>7,261,069</u>	<u>7,261,069</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,051,022	3,592,278	3,592,278	0
Public safety	2,311,644	2,144,850	2,144,850	0
Public works	49,655	41,606	41,606	0
Health and welfare	331,205	314,908	314,908	0
Conservation of natural resources	161,396	296,842	296,842	0
Economic development and assistance	219,621	1,376	1,376	0
Total Expenditures	<u>7,124,543</u>	<u>6,391,860</u>	<u>6,391,860</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(125,174)</u>	<u>869,209</u>	<u>869,209</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		17,188	17,188	0
Transfers out		<u>(188,488)</u>	<u>(188,488)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>0</u>	<u>(171,300)</u>	<u>(171,300)</u>	<u>0</u>
Net Change in Fund Balance	(125,174)	697,909	697,909	0
Fund Balance - Beginning	<u>1,725,140</u>	<u>2,283,182</u>	<u>2,283,182</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 1,599,966</u>	<u>2,981,091</u>	<u>2,981,091</u>	<u>0</u>

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 693,000	699,910	699,910	0
Licenses, commissions and other revenue		601,295	601,295	0
Road and bridge privilege taxes	230,000	204,443	204,443	0
Fines and forfeitures	3,600	8,893	8,893	0
Intergovernmental revenues	595,520			0
Charges for services	3,000	2,422	2,422	0
Miscellaneous revenues	6,609	1,894	1,894	0
Total Revenues	<u>1,531,729</u>	<u>1,518,857</u>	<u>1,518,857</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	1,756,294	1,647,525	1,647,525	0
Total Expenditures	<u>1,756,294</u>	<u>1,647,525</u>	<u>1,647,525</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(224,565)</u>	<u>(128,668)</u>	<u>(128,668)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfer out		(7,020)	(7,020)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(7,020)</u>	<u>(7,020)</u>	<u>0</u>
Net Change in Fund Balance	(224,565)	(135,688)	(135,688)	0
Fund Balance - Beginning	(284,335)	151,542	151,542	0
Fund Balance - Ending	<u>\$ (508,900)</u>	<u>15,854</u>	<u>15,854</u>	<u>0</u>

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
Bridge & Culvert Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 707,819	695,157	695,157	0
Miscellaneous revenue		2,400	2,400	0
Total Revenues	<u>707,819</u>	<u>697,557</u>	<u>697,557</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	990,378	661,417	661,417	0
Total Expenditures	<u>990,378</u>	<u>661,417</u>	<u>661,417</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	(282,559)	36,140	36,140	0
Net Change in Fund Balance	(282,559)	36,140	36,140	0
Fund Balance - Beginning	2,296	335,742	335,742	0
Fund Balance - Ending	<u>(280,263)</u>	<u>371,882</u>	<u>371,882</u>	<u>0</u>

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

SUNFLOWER COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014

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, Tax Assessor, and 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 Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

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

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

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

	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ 697,909	\$ (135,688)	\$ 36,140
Increase (Decrease)			
Net adjustments for revenue accruals	57,809	(15,744)	1,564
Net adjustments for expenditure accruals	(73,266)	(29,647)	(40,738)
GAAP Basis	<u>\$ 682,452</u>	<u>\$ (181,079)</u>	<u>\$ (3,034)</u>

SUNFLOWER COUNTY

SUPPLEMENTAL INFORMATION

SUNFLOWER COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2014

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development			
Passed-through Mississippi Development Authority Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii Home Investment Partnership Program	14.228 14.239	1129-12-067-PF-01 M11-SG-280-190	\$ 163,353 509,000
	*		<hr/>
Total Passed-through Mississippi Development Authority			672,353
Total Department of Housing and Urban Development			<hr/> 672,353 <hr/>
Department of Transportation			
Passed-through Mississippi Department of Transportation Highway Planning and Construction	20.205		35,820
Total Passed-through Mississippi Department of Transportation			<hr/> 35,820
Total Department of Transportation			<hr/> 35,820 <hr/>
Total for All Federal Awards			<hr/> \$ 708,173 <hr/>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. * Denotes major program

SUNFLOWER COUNTY

OTHER INFORMATION

SUNFLOWER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2014

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Amount</u>
Glenn M. Donald	Supervisor District 1	Fidelity & Deposit Co.	100,000
Johnnie Spurlock	Supervisor District 2	Fidelity & Deposit Co.	100,000
Dennis W. Holmes	Supervisor District 3	Fidelity & Deposit Co.	100,000
Edgar N. Donahoe	Supervisor District 4	Fidelity & Deposit Co.	100,000
Barry W. Bryant	Supervisor District 5	RLI	100,000
Paula Sykes, Chancery Clerk	Chancery Clerk	Fidelity & Deposit Co.	100,000
Paula Sykes	County Administrator	Brierfield Insurance Co.	100,000
Stephanie Washington	Purchase Clerk	Brierfield Insurance Co.	75,000
Felicia Applegate	Receiving Clerk	Fidelity & Deposit Co.	75,000
Franchette Greer	Assistant Receiving Clerk	Fidelity & Deposit Co.	50,000
Beth Smith	Deputy Clerk	FCCI	50,000
Beth Smith	Assistant Receiving Clerk	FCCI	100,000
Eddie Bounds	Assistant Receiving Clerk	Western Surety	50,000
J. Renee Upton	Assistant Tax Assessor	Fidelity & Deposit Co.	50,000
Charles Buckner	Inventory Control Clerk	FCCI	50,000
Kirby Chambers	Road Manager	FCCI	50,000
Todd Rickels	Road Manager	FCCI	50,000
Mike Myers	Constables	Fidelity & Deposit Co.	50,000
Levi Ford	Constables	Fidelity & Deposit Co.	50,000
Sharon McFadden	Circuit Court Clerk	Brierfield Insurance Co.	100,000
James Haywood	Sheriff	Fidelity & Deposit Co.	100,000
Eddie Bounds	Deputy	Brierfield Insurance Co.	10,000
Brandy Howard	Deputy	Brierfield Insurance Co.	100,000
Stafford E. Shurden	Justice Court Judge	Brierfield Insurance Co.	10,000
Gwendolyn Pernel	Justice Court Judge	Brierfield Insurance Co.	10,000
D'Angela Brenza	Justice Court Clerk	St. Paul travelers	50,000
Helen Downs	Justice Court Clerk	Brierfield Insurance Co.	50,000
Susan Holt	Justice Court Clerk	Brierfield Insurance Co.	50,000
Patricia Strong	Justice Court Clerk	FCCI	25,000
John C. Allen, III	Tax Collector/Assessor	Fidelity & Deposit Co	100,000

SUNFLOWER COUNTY

SPECIAL REPORTS



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

**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
Sunflower County, Mississippi

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated June 18, 2015. We did not audit the financial statements of the North Sunflower Medical Center, the South Sunflower County Hospital and the Sunflower County Library, component units which represent 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sunflower County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the county's internal control.

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 a 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. A *significant*

deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Sunflower County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 18, 2015 within this document.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 18, 2015



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REQUIRED BY OMB CIRCULAR A-133

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Sunflower County, Mississippi's (the county) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the county's major federal programs for the year ended September 30, 2014. The county's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the county's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the county'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Sunflower County's compliance.

Opinion on Each Major Federal Program

In our opinion, Sunflower County complied, in all material respects, with the types of compliance 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, 2014.

Report on Internal Control Over Compliance

Management of the Sunflower County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the county's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Sunflower County's internal control over compliance.

A deficiency in 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
June 18, 2015



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

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

Members of the Board of Supervisors
Sunflower County, Mississippi

We have examined Sunflower County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 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, 2014. The Board of Supervisors of Sunflower 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 we 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 Sunflower County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Sunflower County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

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 Sunflower County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
June 18, 2015

SUNFLOWER COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2014

Schedule 1

<u>Date</u>	<u>Item</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for accepting other than Lowest Bid</u>
10/23/2013	Culverts and bands	\$ 13,779	Coburn's Supply	\$ 11,957	Did not meet specifications

SUNFLOWER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2014

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/23/2014	Router switch	\$ 140	James Haywood	Inoperable computer server

SUNFLOWER COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/28/2013	Hauling fly ash	\$ 15,029	Sorbent Supply, Inc.
12/1/2013	Fly ash	\$ 4,031	Headwaters Resources, Inc.
12/19/2013	Hauling fly ash	\$ 526	Sorbent Supply, Inc.
	Total	<u>\$ 19,586</u>	



BRIDGERS & GOODMAN, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

In planning and performing our audit of the financial statements of Sunflower County, Mississippi for the year ended September 30, 2014, we considered Sunflower 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 Sunflower 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 June 18, 2015, on the financial statements of Sunflower County, Mississippi.

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

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

Tax Assessor-Collector

1. Finding

As reported in the prior three year's audit report, Section 27-49-1, Miss. Code Ann. (1972), requires the Tax Assessor-Collector to present to the Board of Supervisors at its meeting on the first Monday

of October in each year, a final report of all insolvent tax payers in the county, with the amount due from each. The report was filed with the chancery clerk at a date later than the first Monday meeting.

Recommendation

The Tax Assessor-Collector should present a final report at the first Monday meeting in October of each year.

Tax Assessor-Collector's Response

The Tax Assessor-Collector shall present a final report at the first Monday meeting in October.

Circuit Clerk

1. Finding

Section 9-1-45, Miss. Code Ann. (1972) requires that each Circuit Clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts, a true and correct annual report. We found that as of the date of this report, the Circuit Clerk has failed to file such report.

Recommendation

The Circuit Clerk should file her annual report to the State Auditor of Public Accounts as soon as possible.

Circuit Clerk's Response

The annual report will be filed as soon as possible.

2. Finding

The Circuit Clerk did not settle the criminal and civil accounts by the 20th of the following month in (10) cases for each account.

Recommendation

The clerk should make settlements timely to ensure that funds are not misappropriated.

Circuit Clerk's Response

The settlements will be made as soon as possible.

Sunflower County's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 18, 2015

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with Section __.510(a) of OMB Circular A-133? | No |
| 7. Identification of major federal programs | |
| a. 14.239, Home Investment Partnership Program | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | No |

Section 2: Financial Statement Findings

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

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.