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BOLIVAR COUNTY, MISSISSIPPI
Audited Financial Statements
and
Special Reports
For the Year Ended September 30, 2015

BRIDGERS & GOODMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
VICKSBURG, MISSISSIPPI

BOLIVAR COUNTY

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BOLIVAR 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
Bolivar County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bolivar County, Mississippi, as of and for the year ended September 30, 2015, 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 of 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 Bolivar County Port Commission and the Bolivar County Library System, which represent 50 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aforementioned component units, are based solely on the reports of the other auditors. However, we did audit the Bolivar Medical Center Foundation and the Bolivar County Economic Development District, component units, which represent 50 percent of the assets, net position, and revenues of the aggregate discretely presented component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi, as of September 30, 2015, and the respective changes in financial position, and where applicable, cash flows, 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 Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and Schedule of the County's Contributions 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 other auditors have applied certain limited procedures to this 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

Bolivar 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

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 May 25, 2016, on our consideration of Bolivar County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bolivar County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

May 25, 2016

BOLIVAR COUNTY

FINANCIAL STATEMENTS

BOLIVAR COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government		Component Units					Total
	Governmental Activities	Business-type Activities	Bolivar County Port Comm	Bolivar County ED District	Bolivar County Library System	Bolivar Medical Center Found.	Bolivar County	
Assets								
Cash	\$ 12,037,955	91,758	598,907	490,808	181,431	92,345		1,363,491
Cash with fiscal agents		271,087						-
Investments	255,654		3,150,000			43,885,195		47,035,195
Property tax receivable	13,447,349							-
Accounts receivable			478,579		2,159			480,738
Fines receivable, net	280,833							-
Loans receivable, net						189,000		189,000
Intergovernmental receivables	254,782	38,382	673					673
Other receivables	182,147		4,051					4,051
Internal balances	622,549	(622,549)						-
Prepaid bond insurance		36,798						-
Prepaid expenses	972,328		117,022					117,022
Lease payments receivable								-
Land and construction in progress	2,094,823	3,878	3,109,720	405,428				3,515,148
Other capital assets, net	57,586,445	5,748,529	4,931,048	382,925	14,801			5,328,774
Total Assets	87,734,865	5,567,883	12,390,000	1,279,151	198,391	44,166,540		58,034,092
Deferred Outflows of Resources								
Deferred outflows related to pension	2,296,513	1,080,712	82,476		116,694			199,170
Total Deferred Outflows of Resources	\$ 2,296,513	1,080,712	82,476		116,694			199,170

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

BOLIVAR COUNTY

Statement of Net Position (Continued)
September 30, 2015

Exhibit 1

	Primary Government		Component Units					Total
	Governmental Activities	Business-type Activities	Bolivar County Port Comm.	Bolivar County ED District	Bolivar County Library System	Bolivar Medical Center Found.	Bolivar County Total	
Liabilities								
Claims payable	\$ 682,135	141,159			1,500		1,500	1,500
Intergovernmental payables	369,950							-
Accrued interest payable	24,452	21,745						-
Premium on bonds	7,666							-
Other payables	131,147		28,700				28,700	28,700
Long-term liabilities								-
Due within one year:								-
Capital related debt	451,305	425,000		51,130			51,130	51,130
Non-capital debt	215,000							-
Due in more than one year:								-
Capital related debt	2,100,125	4,347,442		194,720			194,720	194,720
Non-capital debt	610,423	66,030						-
Net pension liability	13,139,324	6,183,211	754,043		630,131		1,384,174	1,384,174
Total Liabilities	17,731,527	11,184,587	782,743	245,850	631,631		1,660,224	1,660,224
Deferred Inflows of Resources								
Deferred inflows related to pension	431,942	203,267	20,252				20,252	20,252
Deferred revenues - property tax	13,447,349							-
Unavailable revenue - interest on capital leases	152,525							-
Total deferred inflows of resources	14,031,816	203,267	20,252				20,252	20,252
Net Position								
Net investment in capital assets	57,122,172	979,965	8,040,768	542,503	14,801		8,598,072	8,598,072
Restricted:								
Expendable:								
General government	435,121						435,121	435,121
Debt service	252,286						252,286	252,286
Public safety	1,131,246						1,131,246	1,131,246
Public works	3,257,315						3,257,315	3,257,315
Culture and recreation	90,322						90,322	90,322
Economic development	24,884			490,808			490,808	490,808
Unemployment		1,571					1,571	1,571
Unrestricted	(4,045,311)	(5,719,224)	3,627,142		(331,347)		44,166,540	47,462,335
Total Net Position	\$ 58,268,035	(4,739,259)	11,669,481	1,033,311	(316,546)		44,166,540	56,552,786

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

BOLIVAR COUNTY
Statement of Activities
September 30, 2015

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Bollivar County Port Comm.	Bollivar County ED District	Bollivar County Library	Bollivar Medical Center Found.	Total Component Units
					Governmental Activities	Business Type Activities					
Primary government:											
General government:											
Public safety	\$ 5,360,693	806,748	187,412		(4,366,533)						
Public works	4,513,953	318,056	279,875		(3,916,022)						
Health and welfare	5,965,131	4,027	290,651		(5,670,453)						
Culture and recreation	739,855			374,293	(739,855)						
Conservation of natural resources	918,661				(544,368)						
Economic development and assistance	83,426				(83,426)						
Interest on long-term debt	580,450				(580,450)						
Pension expense	85,452				(85,452)						
Total Governmental Activities	1,407,178	1,128,831	757,938	374,293	(1,407,178)						
	19,654,799	1,128,831	757,938	374,293	(17,393,737)						
Business-type activities:											
Correctional facility	5,985,334	5,749,214			(236,120)						
Total Business-type Activities	5,985,334	5,749,214			(236,120)						
Total Primary Government	\$ 25,640,133	6,878,045	757,938	374,293	(17,393,737)						
Component Units											
Bollivar County Port Comm.	1,544,002	1,696,456	366,329				518,783				518,783
Bollivar County ED District	413,173						(413,173)				(413,173)
Bollivar County Library System	676,263	23,445	125,860						(526,958)		(526,958)
Bollivar Medical Center Found	3,610,002									(3,610,002)	(3,610,002)
Total Component Units	6,243,440	1,719,901	492,189								(4,031,350)
General revenues:											
Property taxes			\$ 13,994,692								
Road & bridge privilege taxes			363,658								
Grants and contributions not restricted to specific programs			1,478,240								
Unrestricted investment income			71,964		1,048						
Miscellaneous			726,217		146,642						
Total General Revenues			16,634,771		147,690						
Changes in net position			(758,966)		(88,430)						
Net Position - Beginning			69,721,517		381,884						
Prior period adjustment			(10,694,516)		(5,032,713)						
Net Position - Beginning, as restated			59,027,001		(4,650,829)						
Net Position - Ending			\$ 58,268,035		(4,739,259)						
			11,669,481	1,033,311	(316,546)	44,166,540	56,552,786				
			804,314	10,804	(7,324)	(1,450,574)	1642,780				
			11,564,978	1,022,507	167,874	45,617,114	58,372,473				
			(699,811)	(477,096)			(1,176,907)				
			10,865,167	1,022,507	(309,222)	45,617,114	57,195,566				

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

BOLIVAR COUNTY
Balance Sheet – Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 7,009,156	2,390,987	86,926	2,550,886	12,037,955
Investments		255,654			255,654
Property tax receivable	8,718,884	1,602,290	1,673,856	1,452,319	13,447,349
Fines receivable, net	280,833				280,833
Loans receivable, net				0	0
Intergovernmental receivables	195,663			59,119	254,782
Advances to other funds	503,315		61,653		564,968
Due from other funds	119,234	20,726	18,077	21,221	179,258
Other receivables	13,853	168,294			182,147
Lease payments receivable				972,328	972,328
Total Assets	16,840,938	4,437,951	1,840,512	5,055,873	28,175,274
LIABILITIES					
Claims payable	325,871	201,774	47,294	107,196	682,135
Intergovernmental payables	369,950				369,950
Advances from other funds				61,653	61,653
Due to other funds	76,896				76,896
Other payables	114,275				114,275
Total Liabilities	886,992	201,774	47,294	168,849	1,304,909
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	8,718,884	1,602,290	1,673,856	1,452,319	13,447,349
Unavailable revenue -lease payments				972,328	972,328
Unavailable revenue - fines	280,833				280,833
Total Deferred Inflows of Resources	8,999,717	1,602,290	1,673,856	2,424,647	14,700,510
FUND BALANCES					
Nonspendable:					
Advances	503,315				503,315
Restricted for:					
General government				435,121	435,121
Public safety				1,131,246	1,131,246
Public works		2,633,887	119,362	504,066	3,257,315
Culture and recreation				90,322	90,322
Economic development				24,884	24,884
Debt service				276,738	276,738
Unassigned	6,450,914				6,450,914
Total Fund Balances	6,954,229	2,633,887	119,362	2,462,377	12,169,855
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,840,938	4,437,951	1,840,512	5,055,873	28,175,274

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

BOLIVAR COUNTY
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2015

Exhibit 3-1

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 12,169,855
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 \$88,225,514.	59,681,268
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	280,833
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,376,853)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(24,452)
Capital leases are not available to pay for current period expenditures and, therefore, are not reported in the funds.	819,803
Premium on bonds	(7,666)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(13,139,324)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	2,296,513
Deferred inflows of resources related to pensions	(431,942)
Total Net Position - Governmental Activities	<u>\$ 58,268,035</u>

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

BOLIVAR COUNTY

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds

September 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance	Bridge & Culvert Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 9,237,260	1,640,876	1,400,568	1,715,988	13,994,692
Road and bridge privilege taxes		363,658			363,658
Licenses, commissions and other revenue	495,956	4,027			499,983
Fines and forfeitures	301,600			11,652	313,252
Intergovernmental revenues	838,014	849,912	71,255	851,290	2,610,471
Charges for services				318,056	318,056
Interest income	18,396	4,836	918	47,814	71,964
Miscellaneous revenues	231,771		2,115	527,988	761,874
Total Revenues	11,122,997	2,863,309	1,474,856	3,472,788	18,933,950
EXPENDITURES					
Current:					
General government	5,226,237			189,580	5,415,817
Public safety	3,344,422			1,338,886	4,683,308
Public works	23,931	2,665,062	2,530,005	960,528	6,179,526
Health and welfare	702,955				702,955
Culture and recreation	462,759			636,384	1,099,143
Conservation of natural resources	94,227				94,227
Economic development and assistance	173,276			406,763	580,039
Debt service:					
Principal	59,454	61,030		535,532	656,016
Interest	5,537	2,166		81,367	89,070
Other				3,880	3,880
Total Expenditures	10,092,798	2,728,258	2,530,005	4,152,920	19,503,981
Excess of Revenues over (under) Expenditures	1,030,199	135,051	(1,055,149)	(680,132)	(570,031)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	19,012	55,946		1,393	76,351
Long-term capital debt issued			532,663		532,663
Transfers in				656,067	656,067
Transfers out	(656,067)				(656,067)
Lease principal payments				119,518	119,518
Total Other Financing Sources and Uses	(637,055)	55,946	532,663	776,978	728,532
Net Changes in Fund Balances	393,144	190,997	(522,486)	96,846	158,501
Fund Balances - Beginning	6,561,085	2,442,890	641,848	2,365,531	12,011,354
Fund Balances - Ending	\$ 6,954,229	2,633,887	119,362	2,462,377	12,169,855

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

BOLIVAR COUNTY

Exhibit 4-1

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
September 30, 2015**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 158,501
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 \$2,001,532 exceeded depreciation of \$2,230,910 in the current period.	(229,378)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.	(112,008)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(2,460)
Debt proceeds provide current financial resources to governmental 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 that debt repayments of \$656,016 exceeded debt proceeds of \$532,663.	123,353
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. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Principal payments received on capital leases receivable	(119,518)
Change in compensated absences	(4,716)
Change in accrued interest payable	4,942
Amortization of premiums	2,556
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(773,844)
Recognition of contributions made subsequent to the measurement date	193,606
Change in Net Position of Governmental Activities	<u>\$ (758,966)</u>

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

BOLIVAR COUNTY
Statement of Net Position – Proprietary Funds
September 30, 2015

Exhibit 5

	<u>Business-type Activities - Enterprise Funds</u>
	<u>BCRCF Fund</u>
ASSETS	
Current assets:	
Cash	\$ 91,758
Cash with fiscal agents	271,087
Intergovernmental receivables	38,382
Prepaid bond insurance	36,798
Total Current Assets	<u>438,025</u>
Noncurrent assets:	
Land and construction in progress	3,878
Capital assets, net	5,748,529
Total Noncurrent Assets	<u>5,752,407</u>
Total Assets	<u>6,190,432</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,080,712
Total Deferred Outflows of Resources	<u>1,080,712</u>
LIABILITIES	
Current liabilities:	
Claims payable	141,159
Due to other funds	119,234
Advances from other funds	503,315
Accrued interest payable	21,745
Capital related debt - current	425,000
Total Current Liabilities	<u>1,210,453</u>
Noncurrent liabilities:	
Capital related debt:	
Other long-term liabilities	4,347,442
Non-capital debt:	
Compensated absences payable	66,030
Net pension liability	6,183,211
Total Noncurrent Liabilities	<u>10,596,683</u>
Total Liabilities	<u>11,807,136</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	203,267
Total Deferred Inflows of Resources	<u>203,267</u>
NET POSITION	
Net investment in capital assets	979,965
Unrestricted	(5,719,224)
Total Net Position	<u>\$ (4,739,259)</u>

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

BOLIVAR COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

September 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>
	<u>BCRCF</u>
	<u>Fund</u>
Operating Revenues	
Charges for services	\$ 5,749,214
Miscellaneous	146,642
Total Operating Revenues	<u>5,895,856</u>
Operating Expenses	
Personal services	3,374,585
Contractual services	653,287
Materials and supplies	782,880
Depreciation expense	244,373
Indirect administrative cost	119,234
Pension expense	662,201
Insurance premiums	6,445
Total Operating Expenses	<u>5,843,005</u>
Operating Income (Loss)	<u>52,851</u>
Nonoperating Revenues (Expenses)	
Interest income	1,048
Interest expense	(141,349)
Gain (loss) on sale of capital assets	<u>(980)</u>
Net nonoperating Revenue (Expenses)	<u>(141,281)</u>
Change in Net Position	<u>(88,430)</u>
Net Position - Beginning	381,884
Prior period adjustments	<u>(5,032,713)</u>
Net Position - Beginning, as restated	<u>(4,650,829)</u>
Net Position - Ending	<u>\$ (4,739,259)</u>

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

BOLIVAR COUNTY
Statement of Cash Flows – Proprietary Funds
September 30, 2015

Exhibit 7

	<u>Business-type Activities - Enterprise Funds</u>
	<u>BCRCF</u>
	<u>Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 5,686,528
Payments to suppliers	(1,432,593)
Payments to employees for services	(3,773,070)
Other operating cash receipts	146,642
Net Cash Provided (Used) by Operating Activities	<u>627,507</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of fixed assets	(37,458)
Principal paid on debt	(420,000)
Interest paid on debt	(136,206)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(593,664)</u>
Cash Flows From Investing Activities	
Interest on deposits	950
Net Cash Provided (Used) by Noncapital Financing Activities	<u>950</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,793
Cash and Cash Equivalents at Beginning of Year	<u>328,052</u>
Cash and Cash Equivalents at End of Year	<u>\$ 362,845</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	<u>52,851</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	244,373
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(13,906)
(Increase) decrease in deferred outflows of resources	(986,263)
Increase (decrease) in claims payable	(38,760)
Increase (decrease) in compensated absences liability	(9,337)
Increase (decrease) in net pension liability	1,056,048
Increase (decrease) in interfund payables	119,234
Increase (decrease) in deferred inflows of resources	<u>203,267</u>
Total Adjustments	<u>574,656</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 627,507</u>

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

BOLIVAR COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 636,976
Due from other funds	16,872
	<hr/>
Total Assets	<u>653,848</u>
LIABILITIES	
Intergovernmental payables	16,872
Amounts held in custody for others	636,976
	<hr/>
Total Liabilities	<u>\$ 653,848</u>

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity - Bolivar County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Bolivar County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

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

B. Individual Component Unit Disclosures

Discretely Presented Component Units – The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County.

Bolivar County Port Commission was created by a special act of the Mississippi Legislature in 1973, for the purpose of overseeing the operations of the Port. A seven-member board of commissioners is appointed by the Bolivar County Board of Supervisors.

Bolivar County Economic Development District is governed by a five-member board appointed by the Bolivar County Board of Supervisors. The purpose of the District is to promote economic growth in Bolivar County. They also operate and maintain three industrial parks in Bolivar County.

Bolivar County Library System consists of nine branches in Bolivar County. The mission of the library system is to promote and develop adequate library services throughout Bolivar County that meet the general and specialized needs of the citizens of the county. The Board of Supervisors of Bolivar County appoints the five members of the library's Board of Trustees.

Bolivar Medical Center Foundation is a non-profit foundation created to manage funds received by the county for the lease of hospital facilities. The county appoints 5 of the 11-member Board of Trustees. House Bill No. 1741, dated 5-20-2000, gave the county the authority to appoint the Board of Trustees, which would have the power to manage and invest funds. The overall mission of the Bolivar Medical Center Foundation is to take necessary actions to insure that medical care offered in Bolivar County is maintained at the highest possible level.

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.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business type activities. Business type activities rely mainly on fees and charges for support. 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 and business type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

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

D. Measurement Focus and Basis of Accounting – The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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 are expenditures related to compensated absences and claims and judgements, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

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

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

Bridge and Culvert Fund – This fund is used to account for monies from specific revenue sources that are restricted for bridge and culvert maintenance.

The county reports the following major Proprietary Fund:

Bolivar County Regional Correctional Facility (BCRCF) – This fund is used to account for the county's activities of operating the correctional facility.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure 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 expenditure 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.

Permanent Funds – These funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.

PROPRIETARY FUND TYPE

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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 board classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Associations.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

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

H. Interfund Transactions and Balances – Transactions between funds that represent short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Restricted Assets – Proprietary fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets.

J. Capital Assets – Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost 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.

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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 and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

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

K. 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 (expense/expenditure) until then.

Deferred amount on refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt whichever is shorter.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

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 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 financial statements but the revenue is not available, the government should report a deferred inflow of resources until the revenue becomes available.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Unavailable revenue – interest on capital leases/unavailable revenue – principal and interest on capital leases – When an asset is recorded in the financial statements but the revenue is not available, the government should report a deferred inflow of resources until the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

L. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

N. 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."

Net Position Flow Assumption – When an expense is incurred for purposes for which both restricted and unrestricted (unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (unassigned) resources are available, and amounts in the unrestricted classification could be used, it is the County's general policy to spend unassigned amounts.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amount 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 the General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption – When an expenditure is incurred for purposes for which both restricted and unrestricted (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 (unassigned) resources are available, it is the County's general policy to spend unassigned amounts.

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

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

P. 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.

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

R. 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 No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS.

A summary of significant equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
Implementation of GASB 68 ad 71:	
Net pension liability (measurement date)	\$ (10,895,220)
Deferred outflows of resources - contributions	200,704
Total prior period adjustments	\$ (10,694,516)

Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.

Explanation	Amount
Implementation of GASB 68 ad 71:	
Net pension liability (measurement date)	\$ (5,127,162)
Deferred outflows of resources - contributions	94,449
Total prior period adjustments	\$ (5,032,713)

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$13,037,776, and the bank balance was \$13,536,556. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

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

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

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

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. The County's only investment is a certificate of deposit reported in the Countywide Road Maintenance Fund. As of September 30, 2015 the certificate of deposit had a balance of \$255,654 and a maturity date of February 6, 2016.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 4 – INTERFUND TRANSACTIONS AND BALANCES.

The following is a summary of interfund balances at September 30, 2015:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 119,234
Countywide Road Maintenance Fund	General Fund	20,726
Bridge and Culvert Fund	General Fund	18,077
Other Governmental Funds	General Fund	21,221
Agency Funds	General Fund	16,872
Total		<u>\$ 196,130</u>

The General Fund receivable is for indirect administrative cost due from BCRCF. All other receivables represent the tax revenue collected but not settled until October 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 503,315
Bridge and Culvert Fund	Other Governmental Funds	61,653
Total		<u>\$ 564,968</u>

The General Fund receivable is the amount of indirect cost not paid within one year.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 656,067
Total		<u>\$ 656,067</u>

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

At September 30, 2015, intergovernmental receivables consisted of:

<u>Governmental Activities:</u>	<u>Amount</u>
Legislative tax credit	\$ 195,663
Other	59,119
Total Governmental Activities	<u>\$ 254,782</u>
 <u>Business-type Activities:</u>	
DOJ A&D grant	\$ 38,382
Total Business-type Activities	<u>\$ 38,382</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 6 – LOANS RECEIVABLE.

At September 30, 2015, loans and capital leases receivable consisted of:

	<u>Date of Inception</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental Activities:				
Loans Receivable:				
MDEZA - River Run	10-02	2.0%	09-37	\$ 137,679
CDBG - Knightline	10-02	4.0%	02-19	192,863
MDEZA - Knightline	05-03	4.0%	02-19	474,699
Less: Allowance for uncollectibles				<u>(805,241)</u>
Total loans receivable				<u>\$ 0</u>

NOTE 7 – CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2015:

	<u>Balance</u>				<u>Balance</u>
	<u>Oct. 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Sept. 30, 2015</u>
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 1,066,270				1,066,270
Construction in progress	2,824,245	885,071		(2,680,763)	1,028,553
Total non-depreciable capital assets	<u>3,890,515</u>	<u>885,071</u>	<u>0</u>	<u>(2,680,763)</u>	<u>2,094,823</u>
Depreciable capital assets:					
Infrastructure	89,372,752			2,680,763	92,053,515
Buildings	38,525,542				38,525,542
Improvements other than buildings	1,128,504				1,128,504
Mobile equipment	9,755,105	951,205	585,097		10,121,213
Furniture and equipment	3,015,729	165,256	79,600		3,101,385
Capital leases	881,800				881,800
Total depreciable capital assets	<u>142,679,432</u>	<u>1,116,461</u>	<u>664,697</u>	<u>2,680,763</u>	<u>145,811,959</u>
Less accumulated depreciation for:					
Infrastructure	53,032,702	690,457			53,723,159
Buildings	22,994,706	389,302			23,384,008
Improvements other than buildings	338,709	35,257			373,966
Mobile equipment	7,595,503	845,489	505,939		7,935,053
Furniture and equipment	2,454,561	191,043	46,750		2,598,854
Capital leases	131,112	79,362			210,474
Total accumulated depreciation	<u>86,547,293</u>	<u>2,230,910</u>	<u>552,689</u>	<u>0</u>	<u>88,225,514</u>
Total depreciable capital assets, net	<u>56,132,139</u>	<u>(1,114,449)</u>	<u>112,008</u>	<u>2,680,763</u>	<u>57,586,445</u>
Governmental activities					
Capital assets, net	<u>\$ 60,022,654</u>	<u>(229,378)</u>	<u>112,008</u>	<u>0</u>	<u>59,681,268</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Business-type activities:

	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 3,878				3,878
Total Non-depreciable capital assets	3,878	0	0	0	3,878
Depreciable capital assets:					
Buildings	7,481,689				7,481,689
Improvements other than buildings	1,042,434				1,042,434
Mobile equipment	296,629				296,629
Furniture and equipment	253,566	37,458	9,802		281,222
Total depreciable capital assets	9,074,318	37,458	9,802	0	9,101,974
Less accumulated depreciation for:					
Buildings	2,201,171	149,636			2,350,807
Improvements other than buildings	562,788	41,701			604,489
Mobile equipment	178,996	26,731			205,727
Furniture and equipment	174,939	26,305	8,822		192,422
Total accumulated depreciation	3,117,894	244,373	8,822	0	3,353,445
Total depreciable capital assets, net	5,956,424	(206,915)	980	0	5,748,529
Business -type activities					
Capital assets, net	\$ 5,960,302	(206,915)	980	0	5,752,407

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 793,249
Public safety	708,957
Public works	689,769
Health & welfare	36,900
Culture & recreation	675
Conservation	1,360
Total governmental activities depreciation expense	\$ 2,230,910
Business-type activities:	
Correctional facility	\$ 244,373

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Amzie Moore Home Project	\$ 356,800	March 2016
Cleveland Courthouse Project	\$ 42,200	April 2016

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Capital Assets - Component Units:

Bolivar County Port Commission	Balance <u>Oct. 1, 2014</u>	Additions	Deletions	Adjustments	Balance <u>Sept. 30, 2015</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,109,720				3,109,720
Total non-depreciable capital assets	<u>3,109,720</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,109,720</u>
<u>Depreciable capital assets:</u>					
Infrastructure	2,615,942				2,615,942
Buildings and improvements	4,971,732				4,971,732
Equipment and fixtures	<u>1,163,212</u>	41,423	51,577		<u>1,153,058</u>
Total depreciable capital assets	<u>8,750,886</u>	<u>41,423</u>	<u>51,577</u>	<u>0</u>	<u>8,740,732</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,311,958	71,411			1,383,369
Buildings and improvements	1,296,351	145,182			1,441,533
Equipment and fixtures	<u>993,817</u>	42,542	51,577		<u>984,782</u>
Total accumulated depreciation	<u>3,602,126</u>	<u>259,135</u>	<u>51,577</u>	<u>0</u>	<u>3,809,684</u>
Total depreciable capital assets, net	<u>5,148,760</u>	<u>(217,712)</u>	<u>0</u>	<u>0</u>	<u>4,931,048</u>
Component unit capital assets, net	<u>\$ 8,258,480</u>	<u>(217,712)</u>	<u>0</u>	<u>0</u>	<u>8,040,768</u>
Bolivar County ED District					
<u>Non-depreciable capital assets:</u>					
Land	\$ 405,428				405,428
Total non-depreciable capital assets	<u>405,428</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>405,428</u>
<u>Depreciable capital assets:</u>					
Infrastructure	949,626				949,626
Equipment and fixtures	<u>6,755</u>				<u>6,755</u>
Total depreciable capital assets	<u>956,381</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>956,381</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	522,297	47,482			569,779
Equipment and fixtures	<u>3,352</u>	325			<u>3,677</u>
Total accumulated depreciation	<u>525,650</u>	<u>47,807</u>	<u>0</u>	<u>0</u>	<u>573,456</u>
Total depreciable capital assets, net	<u>430,733</u>	<u>(47,807)</u>	<u>0</u>	<u>0</u>	<u>382,925</u>
Component unit capital assets, net	<u>\$ 836,161</u>	<u>(47,807)</u>	<u>0</u>	<u>0</u>	<u>788,353</u>
Bolivar County Library					
<u>Depreciable capital assets:</u>					
Equipment and fixtures	\$ 462,926	580			463,506
Total depreciable capital assets	<u>462,926</u>	<u>580</u>	<u>0</u>	<u>0</u>	<u>463,506</u>
<u>Less accumulated depreciation for:</u>					
Equipment and fixtures	440,385	8,320			448,705
Total accumulated depreciation	<u>440,385</u>	<u>8,320</u>	<u>0</u>	<u>0</u>	<u>448,705</u>
Component unit capital assets, net	<u>\$ 22,541</u>	<u>(7,740)</u>	<u>0</u>	<u>0</u>	<u>14,801</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 8 – CLAIMS AND JUDGMENTS.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 9 – OPERATING LEASES.

As Lessor:

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 10 – CAPITAL LEASES.

As Lessor:

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

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2015, are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 56,176	5,976
2017	57,885	4,267
2018	59,645	2,507
2019	51,097	706
Total	<u>\$ 224,803</u>	<u>13,456</u>

The County has joined the City of Cleveland in the expansion and upgrading of the facilities and equipment located in an unincorporated area of the county, owned by the City of Cleveland and leased to Baxter Healthcare Corporation. The county's portion of the cost was financed by GO Bonds in the amount of \$1,035,000, in 2006, and is being paid by the county's portion of the lease payments.

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2015, are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 70,000	34,819
2017	75,000	30,422
2018	80,000	25,675
2019	85,000	20,590
2020	90,000	15,120
2021-2022	195,000	12,443
Total	<u>\$ 595,000</u>	<u>139,069</u>

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

<u>Class of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 881,800
Less: Accumulated depreciation	210,474
Leased Property Under Capital Leases	<u>\$ 671,326</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each addition year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$1,216,088, \$1,252,186, and \$1,142,147, respectively, equal to the required contributions for each year.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015 the County reported a liability of \$19,322,535 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. At June 30, 2015, the County's proportion was 0.125 percent, which was a decrease of 0.007 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$2,069,379. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 297,364	
Net difference between projected and actual earnings on pension plan investments	1,130,575	
Changes of assumptions	1,664,571	
Changes in the proportion and differences between County contributions and proportionate share of contributions		635,209
County Contributions subsequent to the measurement date	284,715	
	\$ 3,377,225	635,209

\$284,715 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2016	\$ 770,410
2017	770,410
2018	633,836
2019	282,645
Total	\$ 2,457,301

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 - 19 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scaled BB to 2016, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 25,468,871	19,322,535	14,222,225

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

COMPONENT UNITS

Bolivar County Port Commission

Plan Description. The Bolivar County Port Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Port's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$47,328, \$50,361, and \$43,164, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015 the Port reported a liability of \$754,043 for its proportionate share of the net pension liability. At June 30, 2015, the Port's proportion was 0.004878 percent. For the year ended September 30, 2015, the Port recognized pension expense of \$38,717. At September 30, 2015, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,518	
Net difference between projected and actual earnings on pension plan investments		20,252
Changes of assumptions	64,958	
	\$ 82,476	20,252

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2016	\$ 21,043
2017	20,312
2018	9,839
2019	11,030
Total	\$ 62,224

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 993,897	754,043	555,008

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Bolivar County Library System

Plan Description. The Bolivar County Library System contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The System's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$42,237, \$44,844, and \$42,413, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015 the System reported a liability of \$630,131 for its proportionate share of the net pension liability. At June 30, 2015, the System's proportion was 0.004293 percent. For the year ended September 30, 2015, the System recognized pension expense of \$79,091. At September 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,213	
Net difference between projected and actual earnings on pension plan investments	38,828	
Changes of assumptions	57,168	
Contributions subsequent to the measurement date	10,485	
	\$ 116,694	-

\$10,485 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2016	\$ 34,479
2017	34,479
2018	27,543
2019	9,708
Total	\$ 106,209

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 876,129	664,695	489,245

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 12 – LONG TERM DEBT.

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Jail Bonds, Series 2011	\$ 590,000	2.00 to 3.00	9/18
2006 Baxter Bonds	595,000	7.50 to 6.30	11/21
Total General Obligation Bonds	<u>\$ 1,185,000</u>		
B. Other Loans:			
CDBG Knight Line Products, Inc.	\$ 474,699	4.00	02/09
CAP Loan - Faurecia	224,804	3.00	07/19
DEQ - SRF-C280925-01-2	313,673	1.75	03/34
Bridge and Culvert	532,663	2.23	02/18
Total Other Loans	<u>\$ 1,545,839</u>		
C. Capital Leases:			
Fire trucks	\$ 410,591	2.20	04/18
Total Capital Leases	<u>\$ 410,591</u>		
Business-type Activities:			
A. Limited Obligation Bonds:			
MS Development Bank special obligation bonds, Series 2012A	\$ 3,450,000	2.00/3.250	07/25
MS Development Bank special obligation bonds, Series 2012B	1,335,000	2.00/2.625	07/25
Total Limited Obligation Bonds	<u>\$ 4,785,000</u>		

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

Governmental Activities:

Year Ending	General Obligation Bonds		Other Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
September 30:						
2016	\$ 285,000	52,519	247,408	20,331	133,897	9,032
2017	295,000	41,672	250,212	17,527	136,842	6,087
2018	235,000	30,325	252,980	11,469	139,852	3,077
2019	85,000	20,590	66,365	5,371	-	-
2020	90,000	15,120	15,536	4,396	-	-
2021-2034	195,000	12,442	713,338	30,451	-	-
Total	<u>\$ 1,185,000</u>	<u>172,668</u>	<u>1,545,839</u>	<u>89,545</u>	<u>410,591</u>	<u>18,196</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Business-type Activities:

Year Ending September 30:	Limited Obligation Bonds	
	Principal	Interest
2016	\$ 425,000	130,469
2017	490,000	121,969
2018	490,000	111,344
2019	485,000	100,719
2020	510,000	86,994
2021-2025	2,385,000	223,632
Total	\$ 4,785,000	775,127

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 3.00% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 230,707	4,716		235,423	-
General obligation bonds	1,460,000		275,000	1,185,000	285,000
Other loans	1,263,177	532,663	250,001	1,545,839	247,408
Capital leases	541,606		131,015	410,591	133,897
Total	\$ 3,495,490	537,379	656,016	3,376,853	666,305
Business-type Activities:					
Compensated absences	\$ 75,367		9,337	66,030	-
Limited obligation bonds	5,205,000		420,000	4,785,000	425,000
Less: Discount	(13,868)		(1,310)	(12,558)	-
Total	\$ 5,266,499	-	428,027	4,838,472	425,000

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Co-Wide Road Maintenance Fund, Bridge and Culvert Fund and BCRCF Fund.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Component Units – Bolivar County ED District:

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
Notes Payable:			
Industrial park acquisition & development	\$ 144,401	5.00	07-19
Industrial park acquisition & development	21,758	5.00	07-19
Industrial park acquisition & development	79,691	6.38	08/26
Total	\$ 245,850		

Annual debt service requirements to maturity are as follows:

Year Ending September 30:	Notes Payable	
	Principal	Interest
2016	\$ 51,130	18,987
2017	51,130	18,987
2018	51,130	18,987
2019	57,164	12,953
2020	12,547	6,580
Thereafter	22,749	5,325
Total	\$ 245,850	81,819

The following is the summary of changes in long-term liabilities for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
Notes Payable	\$ 296,981	0	51,131	245,850
Total Bolivar County ED District	\$ 296,981	0	51,131	245,850

NOTE 13 – CONTINGENCIES.

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

NOTE 14 – RELATED ORGANIZATIONS.

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

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

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS.

The county participates in the following jointly governed organizations:

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The Board of Commissioners is composed of one appointee from each county Board of Supervisors. The county appropriated \$243,080 for maintenance and support of the commission in fiscal year 2015.

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The governing body is a 22-member Board of Directors with 4 appointed by the Board of Supervisors of Bolivar County. The county appropriated \$12,963 for maintenance and support of the district in fiscal year 2015.

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Bolivar County Board of Supervisors appoints 2 of the 20 members of the College Board of Trustees. The county levied \$317,850 in taxes for the maintenance and support of the college in the fiscal year 2015.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Bolivar County Board of Supervisors appoints 2 of the 12 members of the College Board of Trustees. The county levied \$317,850 in taxes for maintenance and support in the fiscal year 2015.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Bolivar County Board of Supervisors appoints 2 of 21 members of the Board of Commissioners. The county levied \$200,558 in taxes to support the district in fiscal year 2015.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Bolivar County Community Action Program, Inc. was created as a non-profit organization by non-government individuals in 1964 pursuant to federal community action legislation. The Bolivar County Board of Supervisors appoints 7 of the 21 board members. Most of the entity's revenues are derived from federal grants. The County appropriated \$36,392 for maintenance and support of the organization in the fiscal year 2015.

NOTE 16 – 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 Bolivar County evaluated the activity of the County through May 25, 2016, (the date the financial statements were available to be issued), and determined that no subsequent events occurred requiring disclosure in the notes to the financial statements.

BOLIVAR COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

BOLIVAR COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 9,319,036	9,225,057	9,225,057	0
Licenses, commissions and other revenue	390,000	498,567	498,567	0
Fines and forfeitures	345,000	310,523	310,523	0
Intergovernmental revenues	623,800	838,014	838,014	0
Interest income	15,000	18,349	18,349	0
Miscellaneous revenues	140,000	169,932	169,932	0
Total Revenues	10,832,836	11,060,442	11,060,442	0
EXPENDITURES				
General government	5,811,337	5,355,848	5,355,848	0
Public safety	3,010,458	2,528,669	2,528,669	0
Public works	0	23,931	23,931	0
Health and welfare	725,550	680,091	680,091	0
Culture and recreation	436,108	437,333	437,333	0
Conservation of natural resources	152,599	94,728	94,728	0
Economic development and assistance	201,746	171,856	171,856	0
Debt service	0	64,991	64,991	0
Total Expenditures	10,337,798	9,357,447	9,357,447	0
Excess of Revenues over (under) Expenditures	495,038	1,702,995	1,702,995	0
OTHER FINANCING SOURCES (USES)				
Sources	461,000	367,976	367,976	0
Uses	(1,169,400)	(1,764,873)	(1,764,873)	0
Total Other Financing Sources and Uses	(708,400)	(1,396,897)	(1,396,897)	0
Net Change in Fund Balance	(213,362)	306,098	306,098	0
Fund Balance - Beginning	3,461,732	6,227,798	6,227,798	0
Fund Balance - Ending	\$ 3,248,370	6,533,896	6,533,896	0

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

BOLIVAR COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,471,492	1,637,835	1,637,835	0
Road and bridge privilege taxes	350,000	363,658	363,658	0
Licenses, commissions and other revenue	3,000	4,027	4,027	0
Intergovernmental revenues	450,000	849,912	849,912	0
Interest income	10,000	3,179	3,179	0
Miscellaneous revenues	12,000	55,946	55,946	0
Total Revenues	2,296,492	2,914,557	2,914,557	0
EXPENDITURES				
Public works	2,990,215	2,647,165	2,647,165	0
Debt service	0	63,196	63,196	0
Total Expenditures	2,990,215	2,710,361	2,710,361	0
Excess of Revenues over (under) Expenditures	(693,723)	204,196	204,196	0
OTHER FINANCING SOURCES (USES)				
Sources	0	0	0	0
Uses	0	0	0	0
Total Other Financing Sources and Uses	0	0	0	0
Net Change in Fund Balance	(693,723)	204,196	204,196	0
Fund Balance - Beginning	(1,542,167)	1,282,766	1,282,766	0
Fund Balance - Ending	\$ (2,235,890)	1,486,962	1,486,962	0

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

BOLIVAR COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Bridge & Culvert Fund
September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,363,817	1,401,446	1,401,446	0
Intergovernmental revenues	0	71,255	71,255	0
Interest income	0	987	987	0
Miscellaneous revenues	0	2,115	2,115	0
Total Revenues	1,363,817	1,475,803	1,475,803	0
EXPENDITURES				
Public works	1,363,817	2,552,704	2,552,704	0
Total Expenditures	1,363,817	2,552,704	2,552,704	0
Excess of Revenues over (under) Expenditures	0	(1,076,901)	(1,076,901)	0
OTHER FINANCING SOURCES (USES)				
Sources	0	532,663	532,663	0
Uses	0	0	0	0
Total Other Financing Sources and Uses	0	532,663	532,663	0
Net Change in Fund Balance	0	(544,238)	(544,238)	0
Fund Balance - Beginning	1,773,627	631,141	631,141	0
Fund Balance - Ending	\$ 1,773,627	86,903	86,903	0

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

BOLIVAR COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.125%	0.132%
County's proportionate share of the net pension liability (asset)	\$ 19,322,535	16,022,383
County's covered-employee payroll	\$ 7,721,194	7,950,387
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	250.25%	201.53%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

COMPONENT UNITS

	<u>Bolivar County Port Commission 2015</u>	<u>Bolivar County Library 2015</u>
Proportion of the net pension liability (asset)	0.004878%	0.004293%
Proportionate share of the net pension liability (asset)	\$ 754,043	630,131
Covered-employee payroll	\$ 300,494	268,171
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	250.93%	234.97%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	61.70%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

BOLIVAR COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

GOVERNMENTAL ACTIVITIES

	<u>2015</u>
Contractually required contribution	\$ 1,216,088
Contributions in relation to the contractually required contribution	<u>1,216,088</u>
Contribution deficiency (excess)	\$ <u>-</u>
County's covered-employee payroll	\$ 7,721,194
Contributions as a percentage of covered-employee payroll	15.75%

COMPONENT UNITS

	<u>Bolivar County Port Commission 2015</u>	<u>Bolivar County Library 2015</u>
Contractually required contribution	\$ 47,328	42,237
Contributions in relation to the contractually required contribution	<u>47,328</u>	<u>42,237</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
Covered-employee payroll	\$ 300,494	268,171
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2015
UNAUDITED

Budgetary Comparison Schedule

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund
Budget (Cash basis)	\$ 306,098	204,196	(544,238)
Increase (Decrease)			
Net adjustments for revenue accruals	(286,407)	4,699	(947)
Net adjustments for expenditure accruals	373,453	(17,898)	22,699
GAAP Basis	\$ 393,144	190,997	(522,486)

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2015
UNAUDITED

Pension Schedules

A. Changes in Benefit Terms.

None.

B. Changes of Assumptions.

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

BOLIVAR COUNTY

OTHER INFORMATION

BOLIVAR COUNTY
Schedule of Surety Bonds for County Officials
September 30, 2015
"Unaudited"

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Benitha Calvin Williams	Supervisor District 1	Brierfield Insurance	\$100,000
Donnie Whitten	Supervisor District 2	Brierfield Insurance	\$100,000
Preston Billings	Supervisor District 3	Brierfield Insurance	\$100,000
James McBride	Supervisor District 4	Brierfield Insurance	\$100,000
Larry King	Supervisor District 5	Western Surety	\$100,000
Willie L. Hooker	County Administrator	Brierfield Insurance	\$100,000
Brenett N Haynes	Chancery Clerk	Brierfield Insurance	\$100,000
Teddra Turner	Deputy Chancery Clerk	Western Surety	\$50,000
Elexo Robinson	Purchase Clerk	Brierfield Insurance	\$75,000
Sarah Holloway	Asst. Purchase Clerk	Brierfield Insurance	\$50,000
Brandie Hudson	Asst. Receiving Clerk	Travelers Insurance	\$50,000
Vivian Caston	Asst. Receiving Clerk	Brierfield Insurance	\$50,000
Clarence "Buck" Beckham	Inventory Control Clerk	Brierfield Insurance	\$75,000
Lee Chatman	Road Manager	Brierfield Insurance	\$50,000
James Pritchett	Road Manager	Brierfield Insurance	\$50,000
Joe Lee Bassie	Constable	Brierfield Insurance	\$50,000
Lorene Scott	Constable	Brierfield Insurance	\$50,000
Sam Toliver	Constable	Brierfield Insurance	\$50,000
Marilyn Kelly	Circuit Clerk	Brierfield Insurance	\$100,000
Kelvin Williams	Sheriff	Brierfield Insurance	\$100,000
James Michael Lamb	Sheriff's Deputy	Brierfield Insurance	\$50,000
Ramona Bates	Sheriff's Deputy	Brierfield Insurance	\$50,000
James Carmicle	Sheriff's Deputy	Western Surety	\$50,000
Kevin Craig	Sheriff's Deputy	Brierfield Insurance	\$50,000
Joey Davis	Sheriff's Deputy	Brierfield Insurance	\$50,000
Dave Dorsey	Sheriff's Deputy	Brierfield Insurance	\$50,000
Daniel Gresham	Sheriff's Deputy	Brierfield Insurance	\$50,000
Mark Hall Jr.	Sheriff's Deputy	Brierfield Insurance	\$50,000
Youlandar Harris	Sheriff's Deputy	Brierfield Insurance	\$50,000
Charles Morris	Sheriff's Deputy	Brierfield Insurance	\$50,000
Steven Rose	Sheriff's Deputy	Brierfield Insurance	\$50,000
Gerald Wesley	Sheriff's Deputy	Brierfield Insurance	\$50,000
Gerald Wesley Jr.	Sheriff's Deputy	Brierfield Insurance	\$50,000
Michael Williams	Sheriff's Deputy	Brierfield Insurance	\$50,000
Andrew Stimage	Sheriff's Deputy	Brierfield Insurance	\$50,000
Ora Starks	Sheriff's Deputy	Brierfield Insurance	\$50,000
Michael Honorable	Sheriff's Deputy	Western Surety	\$50,000
Eugene Hali, Security	Sheriff's Deputy	Western Surety	\$50,000
James Straight	Justice Court Judge	Brierfield Insurance	\$50,000
Harold Ward	Justice Court Judge	Brierfield Insurance	\$50,000
Betty Jean Taylor	Justice Court Judge	Brierfield Insurance	\$50,000
Gloria Klauder	Justice Court Clerk	Brierfield Insurance	\$50,000
Dorothy Lewis	Deputy Justice Court Clerk	Western Surety	\$50,000
Monica Locke	Deputy Justice Court Clerk	Brierfield Insurance	\$50,000
Sophia D. Shelton	Deputy Justice Court Clerk	Western Surety	\$50,000
Zina Williams	Deputy Justice Court Clerk	Western Surety	\$50,000
Nancy Havens	Tax Collector-Assessor	Brierfield Insurance	\$100,000
Lajan VanVulpen	Deputy Tax Collector-Assessor	Brierfield Insurance	\$100,000
Kay Sandra Anderson	Deputy Tax Collector-Assessor	Western Surety	\$50,000

BOLIVAR COUNTY

SPECIAL REPORTS



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

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

Members of the Board of Supervisors
Bolivar County, Mississippi

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated May 25, 2016. Other auditor's audited the financial statements of the Bolivar County Port Commission and Bolivar County Library System, as described in our report on Bolivar County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

However, we noted certain matters that we reported to the management of Bolivar County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated May 25, 2016, included within this document.

Purpose of this Report

This 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

May 25, 2016



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

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

Members of the Board of Supervisors
Bolivar County, Mississippi

We have examined Bolivar 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, 2015. The Board of Supervisors of Bolivar 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 Bolivar County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any 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, Bolivar County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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 Bolivar County, Mississippi's compliance with the aforementioned requirements, 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

May 25, 2016

BOLIVAR COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder
September 30, 2015

<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>
10/6/2014	Road Diesel	\$ 22,454	Serv-U-Petroleum	\$ 22,443	Could not deliver
10/7/2014	Unleaded Gas	19,098	Serv-U-Petroleum	19,043	Could not deliver
10/27/2014	Road Diesel	21,124	Serv-U-Petroleum	21,113	Could not deliver
1/6/2015	Road Diesel	14,524	Serv-U-Petroleum	14,512	Could not deliver
1/29/2015	Cold Mix	\$130 / ton	Lehman Roberts	\$89 / ton	Sold Out
3/23/2015	Cold Mix	\$130 / ton	Lehman Roberts	\$89 / ton	Sold Out
8/24/2015	Road Diesel	13,410	Serv-U-Petroleum	13,153	Could not deliver

BOLIVAR COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our test results did not identify any emergency purchases.

BOLIVAR COUNTY

Schedule 3

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2015**

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

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Bolivar County, Mississippi

In planning and performing our audit of the financial statements of Bolivar County, Mississippi for the year ended September 30, 2015, we considered Bolivar County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Bolivar County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 25, 2016, on the financial statements of Bolivar 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:

Sheriff's Office

1. Finding

During the course of our test work, we found that the deposits are not being made in a timely manner. Failure to implement controls over cash could result in the loss or misappropriations of public funds, delay in the timely reconciliation of bank accounts, and settlement of funds to the county.

Recommendation

The Sheriff should ensure that the deposits are being made in a timely manner.

Sheriff's Response

Deposits will be made at least two times a week or more if deemed necessary.

2. Finding

During the course of our test work, we found that the settlements to the county are not being made in a timely manner.

Recommendation

The Sheriff should ensure that the settlements are being made in a timely manner.

Sheriff's Response

Settlements will be made in a timely manner.

Bolivar 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

May 25, 2016

BOLIVAR COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

BOLIVAR COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2015

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 |

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*.