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LEFLORE COUNTY

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

SHOEMAKER
— & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

Members of the Board of Supervisors
Leflore County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2014 financial and compliance audit report for Leflore County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

Shoemaker and Company

POST OFFICE BOX 2201 CLINTON, MISSISSIPPI 39060

T. 601.951.8318

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LEFLORE COUNTY
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LEFLORE COUNTY

FINANCIAL SECTION

LEFLORE COUNTY

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CERTIFIED PUBLIC ACCOUNTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Leflore County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Greenwood Leflore Hospital component unit, which represent 100 percent of the assets, net position, and revenues of the component unit column. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinions

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

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Leflore County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2015, on our consideration of Leflore County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Leflore County, Mississippi's internal control over financial reporting and compliance.

Shoemaker and Company

SHOEMAKER & COMPANY, CPA PLLC
July 20, 2015

LEFLORE COUNTY

MANAGEMENT DISCUSSION AND ANALYSIS

LEFLORE COUNTY

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LEFLORE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

The discussion and analysis of Leflore County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2014. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is supplemented by the more detailed information contained elsewhere in this County's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net position increased \$713,528, which represents a 1.41% increase from fiscal year 2013. This was due primarily because of a decrease in general government and public works expenditures.
- General revenues account for \$15,666,109 in revenue, or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,156,519 or 25% of total revenues.
- The County had \$20,109,100 in total expenses; only \$5,156,519 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$15,666,109 were adequate to provide for the remainder of these programs.
- Among major funds, the General Fund had \$12,470,453 in revenues and \$12,612,500 in expenditures. The General Fund's fund balance decreased \$208,047 over the prior year.
- Among major funds, the HUD Section 108 Loan Fund had \$215,004 in revenues and \$464,900 in expenditures. The HUD Section 108 Loan Fund's fund balance decreased by \$249,896 over the prior year.
- Among major funds, the Road and Bridge Fund had \$1,913,298 in revenues and \$3,541,230 in expenditures. The Road and Bridge Fund's fund balance increased \$117,777.
- Capital assets, net of accumulated depreciation, decreased by \$224,052 primarily due to decreased mobile equipment.
- Long-term debt decreased by \$1,324,567 due primarily to the retirement of general obligation bonds.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial

statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The County has the following discretely presented component unit.

Greenwood Leflore Hospital

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-

wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. Net position may serve over time as a useful indicator of government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51,174,587 as of September 30, 2014.

By far the largest portion of the County's net position (94%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment, furniture and equipment, leased property under capital leases, infrastructure assets, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the county; consequently these assets are not available for future spending.

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

The following table presents a comparative summary of the County's net position for the fiscal year ended September 30, 2014.

	2013	2014
Current and other assets	30,122,051	29,479,218
Capital assets, net	61,269,069	61,045,017
Total assets	91,391,120	90,524,235
Deferred outflows of resources	53,598	49,768
Current liabilities	2,491,504	1,798,237
Long-term debt outstanding	24,366,308	23,037,911
Total liabilities	26,857,812	24,836,148
Deferred inflows of resources	14,125,847	14,563,268
Net position:		
Net investment in capital assets	47,746,955	48,037,252
Restricted	7,214,724	6,489,951
Unrestricted	(4,500,620)	(3,352,616)
Total net position	50,461,059	51,174,587

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

- The increase in current assets was due mainly to capital leases receivable increases in other governmental funds.
- The Board of Supervisors issued \$172,933 in capital leases and \$825,000 in other loans.

Changes in net position. The County's total revenues for the fiscal year ended September 30, 2014 were \$20,822,628. The total cost of all programs and services was \$20,109,100. The increase in net position was \$713,527. The following table presents a comparative summary of the changes in net position for the fiscal year ended September 30, 2014.

	2013	2014
Revenues:		
Program revenues		
Charges for services	\$ 2,646,814	\$ 2,528,440
Operating grants & contributions	1,871,091	1,992,429
Capital grants & contributions	762,909	635,650
General revenues		
Property taxes	13,599,331	13,709,236
Road and bridge privilege taxes	299,484	273,487
Grants & contributions not restricted	491,062	696,682
Unrestricted interest income	120,879	80,631
Miscellaneous	205,365	906,073
Total revenues	19,996,935	20,822,628

Expenses:			
General Government		6,042,859	5,705,750
Public Safety		6,825,004	6,636,464
Public Works		5,519,475	4,047,983
Health and Welfare		702,866	789,160
Culture and Recreation		803,234	893,737
Conservation of Natural Resources		292,351	103,234
Economic Development & Assistance		433,697	1,030,817
Interest on long-term liabilities		863,377	901,955
Total expenses		<u>21,482,863</u>	<u>20,109,100</u>
Prior Period Adjustment		<u>394,398</u>	<u>-</u>
Increase/(Decrease) in net position	\$	<u>(1,091,530)</u>	\$ <u>713,528</u>

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

	2013	2013	2014	2014
	Total	Net (Expense)	Total	Net (Expense)
	Expenses	Revenue	Expenses	Revenue
General Government	\$ 6,042,859	\$ (5,246,540)	\$ 5,705,750	\$ (4,792,907)
Public Safety	6,825,004	(4,663,192)	6,636,464	(4,866,037)
Public Works	5,519,475	(3,424,485)	4,047,983	(2,127,937)
Health & Welfare	702,866	(533,597)	789,160	(789,160)
Culture & Recreation	803,234	(803,234)	893,737	(893,737)
Conservation of Natural Resources	292,351	(292,351)	103,234	(103,234)
Economic Development & Assistance	433,697	(375,273)	1,030,817	(477,614)
Interest on long-term liabilities	863,377	(863,377)	901,955	(901,955)
Total Expenses	<u>\$ 21,482,863</u>	<u>\$ (16,202,049)</u>	<u>\$ 20,109,100</u>	<u>\$ (14,952,581)</u>

Net cost of governmental activities of \$14,952,581, was financed by general revenue, which is made up of property taxes of \$13,709,236, road and bridge privilege of \$273,487, grants and contributions not restricted to specific programs of \$696,682 interest earning of \$80,631, miscellaneous revenues of \$906,073. Beginning of year net position were used to cover remaining costs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The financial performance of the county as a whole is reflected in its governmental funds. As the county completed the year, its governmental funds reported a combined fund balance of \$10,570,321. The amount of \$3,262,323 or 31% of the fund balance constitutes unassigned fund balance, which is available to be expended by the county. The remaining fund balance of \$7,307,998 or 69% is nonspendable or restricted to indicate that it is not available for spending because it has already been committed for loans receivable, debt service, and unemployment compensation.

The General Fund is the principal operating fund of the county. The decrease in fund balance in the General Fund for the fiscal year was \$208,047. The fund balance of the HUD Section 108 Loan fund decreased by \$249,896. The fund balance of Other Governmental Funds showed a decrease of \$379,759. The fund balance of the Road and Bridge fund increased by \$117,777.

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2014, the county's total capital assets were \$144,627,997, including land, construction in progress, buildings, improvements other than buildings, infrastructure, mobile equipment, leased property under capital leases, and furniture and equipment. This amount represents an increase of \$927,472 from the previous year. The majority of this increase is due to the purchase of mobile equipment, furniture and equipment and improvements other than buildings, along with a substantial increase in construction in progress.

Total accumulated depreciation as of September 30, 2014 was \$83,582,980 and total depreciation expense for the year was \$1,665,136.

The balance in total net capital assets was \$61,045,017 at year end.

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

Debt Administration. At September 30, 2014, the county had \$22,988,143 in general obligation bonds and all other long-term obligations outstanding, of which \$2,478,292 is due within one year.

The county maintains an A3 bond rating.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

LEFLORE COUNTY

FINANCIAL STATEMENTS

LEFLORE COUNTY

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LEFLORE COUNTY
Statement of Net Position
September 30, 2014

Exhibit I

	Primary Government Governmental Activities	Component Unit Greenwood Leflore Hospital
ASSETS		
Cash	\$ 7,299,330	16,550,619
Assets limited as to use		1,491,432
Patient accounts receivable (net of allowance for uncollectibles of \$26,115,472)		25,529,860
Property tax receivable	13,840,362	
Accounts receivable (net of allowance for uncollectibles of \$704,151)	304,732	
Fines receivable (net of allowance for uncollectibles of \$2,878,437)	116,407	
Loans receivable	3,500,000	
Capital leases receivable	2,801,119	
Intergovernmental receivables	800,380	
Other receivables	93,982	1,027,517
Other assets		2,451,284
Interest on capital lease receivable	722,906	
Prepaid expenses and other current assets		2,297,229
Estimated third-party payor settlements		4,016,114
Inventories		2,183,826
Noncurrent cash and investments		
Funds internally designated for capital improvements		20,000,000
Capital assets:		
Land and construction in progress	10,808,779	1,745,570
Other capital assets, net	50,236,238	49,239,017
Total Assets	<u>90,524,235</u>	<u>126,532,468</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	49,768	
Total deferred outflows of resources	<u>49,768</u>	<u>-</u>
LIABILITIES		
Claims payable	779,149	
Accounts payable		5,922,328
Accrued expenses, including payroll taxes withheld		7,698,189
Intergovernmental payables	267,952	
Accrued interest payable	674,866	
Other payables	76,270	
Long-term liabilities		
Due within one year:		
Capital debt	1,426,935	
Non-capital debt	1,051,357	
Due in more than one year:		
Capital debt	11,630,598	
Non-capital debt	8,929,021	
Total Liabilities	<u>24,836,148</u>	<u>13,620,517</u>
DEFERRED INFLOWS OF RESOURCES		
Interest on capital lease receivable for future reporting period	722,906	
Property tax for future reporting period	13,840,362	
Total deferred inflows of resources	<u>14,563,268</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	48,037,252	50,984,587
Restricted for:		
Loan receivable	3,500,000	
Use in self-insurance		1,491,432
Specific operating activities		46,503
Expendable:		
General government	231,843	
Debt service	181,147	
Public safety	118,267	
Public works	1,810,331	
Culture and recreation	7,275	
Economic development	608,425	
Unemployment compensation	32,663	
Unrestricted	(3,352,616)	60,389,429
Total Net Position	<u>\$ 51,174,587</u>	<u>112,911,951</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Greenwood Leflore Hospital
Primary government:						
Governmental activities:						
General government	\$ 5,705,750	816,326	96,517		(4,792,907)	
Public safety	6,636,464	1,027,171	485,128	258,128	(4,866,037)	
Public works	4,047,983	684,943	857,581	377,522	(2,127,937)	
Health and welfare	789,160				(789,160)	
Culture and recreation	893,737				(893,737)	
Conservation of natural resources	103,234				(103,234)	
Economic development and assistance	1,030,817		553,203		(477,614)	
Interest on long-term debt	901,955				(901,955)	
Total Governmental Activities	20,109,100	2,528,440	1,992,429	635,650	(14,952,581)	
Component unit:						
Greenwood Leflore Hospital	\$ 118,860,970	120,066,086				1,205,116
General revenues:						
Property taxes				\$ 13,709,236		
Road & bridge privilege taxes				273,487		
Grants and contributions not restricted to specific programs				696,682		
Interest income				80,631		
Investment income						221,949
Miscellaneous				906,073		(557)
Total General Revenues				15,666,109		221,392
Changes in Net Position				713,528		1,426,508
Net Position - Beginning				50,461,059		111,485,443
Net Position - Ending				\$ 51,174,587		112,911,951

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

LEFLORE COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2014

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	HUD Fund	Road and Bridges Fund		
ASSETS					
Cash	\$ 3,293,409	965	488,252	3,516,704	7,299,330
Property tax receivable	9,439,024		488,568	3,912,770	13,840,362
Accounts receivable (net of allowance for uncollectibles of \$895,752)				304,732	304,732
Fines receivable (net of allowance for uncollectibles of \$2,878,437)	116,407				116,407
Loans receivable		3,500,000			3,500,000
Capital lease receivable				2,801,119	2,801,119
Intergovernmental receivables	456,946		70,787	272,647	800,380
Other receivables	33,753		5,875	51,354	90,982
Due from other funds	142,275			15,000	157,275
Advances to other funds	143,181				143,181
Interest on capital lease receivable				722,906	722,906
Total Assets	\$ 13,624,995	3,500,965	1,053,482	11,597,232	29,776,674
LIABILITIES					
Liabilities:					
Claims payable	\$ 378,634		127,235	273,280	779,149
Intergovernmental payables	267,952				267,952
Due to other funds				157,275	157,275
Advances from other funds				140,181	140,181
Other payables	17,474			58,796	76,270
Total Liabilities	\$ 664,060	-	127,235	629,532	1,420,827
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	9,439,024		488,568	3,912,770	13,840,362
Unavailable revenue - capital lease receivable				2,801,119	2,801,119
Unavailable revenue - interest on capital lease receivable				722,906	722,906
Unavailable revenue - accounts receivable				304,732	304,732
Unavailable revenue - fines receivable	116,407				116,407
Total deferred inflows of resources	\$ 9,555,431	-	488,568	7,741,527	17,785,526
Fund balances:					
Nonspendable:					
Loan receivable		3,500,000			3,500,000
Advances	143,181				143,181
Restricted for:					
General government				231,843	231,843
Public safety				118,267	118,267
Public works			437,679	1,372,652	1,810,331
Culture and recreation				7,275	7,275
Economic development and assistance				608,425	608,425
Debt service		965		855,048	856,013
Unemployment compensation				32,663	32,663
Unassigned	3,262,323				3,262,323
Total Fund Balances	\$ 3,405,504	3,500,965	437,679	3,226,173	10,570,321
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,624,995	3,500,965	1,053,482	11,597,232	29,776,674

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

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 10,570,321
Amounts reported for governmental activities 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 \$83,582,981.	61,045,017
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Accounts Receivable	304,732
Fines Receivable	116,407
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(22,988,143)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(674,866)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>2,801,119</u>
Total Net Position - Governmental Activities	\$ <u><u>51,174,587</u></u>

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

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

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	HUD Fund	Roads and Bridges Fund		
REVENUES					
Property taxes	\$ 9,265,840		376,348	4,067,048	13,709,236
Road and bridge privilege taxes			273,487		273,487
Licenses, commissions and other revenue	384,990			22,667	407,657
Fines and forfeitures	379,308				379,308
Intergovernmental revenues	1,170,804		1,011,118	1,142,839	3,324,761
Charges for services	752,987		185,407	795,344	1,733,738
Interest income	47,267	104	1,570	31,690	80,631
Miscellaneous revenues	469,257	214,900	65,368	167,470	916,995
Total Revenues	12,470,453	215,004	1,913,298	6,227,058	20,825,813
EXPENDITURES					
Current:					
General government	5,047,224			376,573	5,423,797
Public safety	5,481,075			1,096,484	6,577,559
Public works	170,783		3,194,716	1,141,394	4,506,893
Health and welfare	680,423				680,423
Culture and recreation	801,024			2,725	803,749
Conservation of natural resources	103,960				103,960
Economic development and assistance	240,793			1,414,496	1,655,289
Debt service:					
Principal	82,291	250,000	307,336	1,795,178	2,434,805
Interest	4,927	214,900	39,178	421,990	680,995
Bond issue costs				8,065	8,065
Total Expenditures	12,612,500	464,900	3,541,230	6,256,905	22,875,535
Excess of Revenues over (under) Expenditures	(142,047)	(249,896)	(1,627,932)	(29,847)	(2,049,722)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				997,933	997,933
Proceeds from sale of capital assets				29,910	29,910
Compensation for loss of capital assets				2,174	2,174
Transfers in	469,762		1,745,709	88,597	2,304,068
Transfers out	(535,762)			(1,768,306)	(2,304,068)
Lease principal payments				299,780	299,780
Total Other Financing Sources and Uses	(66,000)	-	1,745,709	(349,912)	1,329,797
Net Changes in Fund Balances	(208,047)	(249,896)	117,777	(379,759)	(719,925)
Fund Balances - Beginning	3,613,551	3,750,861	319,902	3,605,932	11,290,246
Fund Balances - Ending	\$ 3,405,504	3,500,965	437,679	3,226,173	10,570,321

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

LEFLORE COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (719,925)
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 depreciation of \$1,655,136 exceeded capital outlays of \$1,518,171 in the current period.	(136,965)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$55,003 and the proceeds from the sale of \$32,084 in the current period.	(87,087)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(3,392)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	24,004
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 \$2,434,805 exceeded debt proceeds of \$997,933.	1,436,872
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences	(109,465)
Increase in accrued interest payable	(212,895)
Refunding bond deferred charges	(3,830)
Discount on refunding bond	(40)
Premium on refunding bond	1,030
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(299,780)
The revenue from the principal portion of the new capital lease receivable is deferred under the modified accrual basis of accounting, but is recognized under the full accrual basis of accounting	825,000
Rounding difference	<u>1</u>
Change in Net Position of Governmental Activities	\$ <u>713,528</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 338,127
Other receivables	7,973
Total Assets	<u>\$ 346,100</u>
LIABILITIES	
Other liabilities	\$ 7,973
Intergovernmental payables	335,127
Advances from other funds	3,000
Total Liabilities	<u>\$ 346,100</u>

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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

B. Individual Component Unit Disclosures

Discretely Presented Component Unit

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

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

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

C. Basis of Presentation.

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

The Statement of Net 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 unit. For the most part, the effect of interfund activity has been removed from these statements.

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate 2014 liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate 2014 liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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

Road and Bridge Fund - This fund is used to account for the activities related to County road and bridges.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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

I. Prepaid Items.

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

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

K. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Deferred amount on refunding – For current refunding's and advance refunding's 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.

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.

Interest on capital lease receivable for future reporting period/unavailable revenue – interest on capital lease receivable – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

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

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

L. Long-term Liabilities.

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

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

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

M. Equity Classifications.

Government-wide Financial Statements:

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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 "invested in capital assets, net of related debt."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

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

N. 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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110 percent of the amount which resulted from the assessments of the previous year.

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

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

O. 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.

P. Compensated Absences.

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

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Deposits and Investments.

Primary Government:

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$7,294,430, and the bank balance was \$7,458,292. In addition, the county's agency funds had total deposits with financial institutions at September 30, 2014 of \$338,127. 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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

Custodial credit risk is the risk that, in the event of a bank failure, the hospital's deposits might not be recovered. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27 105-5, Miss. Code Ann. (1972). Under this program, the hospital's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). All deposits with financial institutions must be collateralized in an amount equal to 105 percent of uninsured deposits and are therefore fully insured. The collateralized and insured bank balance was \$33,518,067 at September 30, 2014.

Investments:

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

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

The hospital's investments generally are reported at fair value. At September 30, 2014, the hospital had the following investments and maturities all of which were held in the hospital's name by a custodial bank that is an agent of the hospital:

Investments balances at September 30, 2014, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
FHLB Bond	1 - 5 years	\$ 1,988,025
FHLB Bond	1 - 5 years	2,997,861
Total		<u>\$ 4,985,886</u>

Deposits and investments are presented on the balance sheet as of September 30, 2014 as follows:

Cash and cash equivalents	\$ 33,056,165
Investment	<u>4,985,886</u>
Total	<u>\$ 38,042,051</u>

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Cash and cash equivalents	\$ 16,550,619
Assets limited as to use	1,491,432
Internally designated for capital improvements	<u>20,000,000</u>
Total	<u>\$ 38,042,051</u>

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2014:

A. Due From/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 142,275
Other Governmental Funds	Other Governmental Funds	<u>15,000</u>
Total		<u>\$ 157,275</u>

The amount payable from Other Governmental Funds represents expenditures for state or federal grant which will be repaid when funds have been reimbursed by the granting agency. 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	Other Governmental Funds	\$ 140,181
General Fund	Agency Funds	<u>3,000</u>
Total		<u>\$ 143,181</u>

The amount payable from Other Governmental Funds represents expenditures for a federal grant, which will be repaid when funds have been reimbursed by the granting agency. The amount payable from Agency Funds represents interest not transferred to General Fund.

C. Transfers In/Out:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 469,762
Road and Bridge Fund	General Fund	447,165
Road and Bridge Fund	Other Governmental Funds	1,298,544
Other Governmental Funds	General Fund	<u>88,597</u>
Total		<u>\$ 2,304,068</u>

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

(4) Intergovernmental Receivables

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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Description	Amount
Governmental Activities:	
Legislative Tag Credit	\$ 153,779
Reimbursement for Housing Prisoners	167,435
Motor Vehicle Fuel Tax	35,161
Motor Vehicle Licenses	17,977
Public Safety Grant	43,677
Economic Development Grant	239,629
Reimbursement for State Aid Road	30,651
Other	112,071
Total Governmental Activities	\$ 800,380

(5) Loans Receivable.

Loans receivable balances at September 30, 2014, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance
Enterprise Corporation of the Delta (ECD) Section 108 Loan	8/11/2003	4.60/5.20%	08/2023	\$ 3,500,000
Total				\$ 3,500,000

In accordance with legal agreements entered into by the county, Mid-Delta Community and Individual Investment Corporation (MDCIIC), the U.S. Department of Housing and Urban Development (HUD), Enterprise Corporation of the Delta (ECD, the guarantor) and the Mississippi Development Authority (MDA), MDCIIC may make loans to small businesses in the Mid-Delta, when approved by the Mississippi Development Authority. ECD has acquired the common stock of MDCIIC and is responsible for making loans to small businesses in the Mid-Delta Region of Mississippi. ECD is obligated to repay Leflore County for the HUD loan of \$3,750,000 (plus interest), equal to \$250,000 principal per year, which matures August 2023. ECD has assumed the liability of MDCIIC and is responsible for the payment of the principal and interest on the HUD Section 108 loan that Leflore County entered into. This loan is guaranteed by the pledged assets of ECD and further guaranteed in case of default by ECD by future Community Development Block Grant Funds to be received by the State of Mississippi.

(6) Capital Assets.

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

**Primary Government:
Governmental activities:**

	Oct. 1, 2013	Additions	Deletions	Sept. 30, 2014
Non-depreciable capital assets:				
Land	4,032,850	116,945		4,149,795

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Construction in progress	5,757,408	901,576		6,658,984
Total non-depreciable capital assets	9,790,258	1,018,521	-	10,808,779
Depreciable capital assets				
Infrastructure	94,232,365			94,232,365
Buildings	17,192,053	60,000		17,252,053
Improvements other than buildings	3,991,901	61,213		4,053,114
Mobile equipment	7,870,277	88,857	569,383	7,389,751
Furniture and equipment	2,628,036	116,647		2,744,683
Leased property under capital leases	7,995,635	172,933	21,316	8,147,252
Total depreciable capital assets	133,910,267	499,650	590,699	133,819,218
Less accumulated depreciation for:				
Infrastructure	66,215,593	152,796		66,368,390
Buildings	4,321,870	343,961		4,665,831
Improvements other than buildings	1,405,881	185,719		1,591,600
Mobile equipment	5,852,337	259,024	499,775	5,611,586
Furniture and equipment	1,977,783	149,804		2,127,587
Leased property under capital leases	2,657,992	563,832	3,837	3,217,987
Total accumulated depreciation	82,431,456	1,655,136	503,612	83,582,980
Total depreciable capital assets, net	51,478,811	(1,155,486)	87,087	50,236,238
Governmental activities capital assets, net	61,269,069	(136,965)	87,087	61,045,017

Depreciation expense was charged to the following functions:

Governmental Activities:	
General government	\$ 202,480
Public safety	486,456
Public works	563,263
Health and welfare	32,693
Culture and recreation	94,559
Economic development and assistance	275,685
Total governmental activities depreciation expense	\$ 1,655,136

The unfinished capital project at September 30, 2014 primarily consists of a road, the Highway 7/Highway 49 connector (Public Land Highway Viking Range Road), which is paid by a State Aid Road appropriation and a warehouse leased by the Clint Williams Peanut Company. County funds are not committed for the completion of either project.

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

	Oct. 1, 2013	Additions	Deletions	Sept. 30, 2014
Non-depreciable capital assets:				
Land	562,925			562,925
Construction in progress	1,065,156	1,438,045	1,320,556	1,182,645
Total non-depreciable capital assets	1,628,081	1,438,045	1,320,556	1,745,570
Depreciable capital assets				
Land improvements	1,238,276			1,238,276

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Buildings	49,373,894	251,106		49,625,000
Fixed equipment	6,028,035	49,233		6,077,268
Movable equipment	107,250,882	3,843,386	12,191	111,082,077
Total depreciable capital assets	<u>163,891,087</u>	<u>4,143,725</u>	<u>12,191</u>	<u>168,022,621</u>
Less accumulated depreciation for:				
Land improvements	302,440	25,771		328,211
Buildings	11,361,553	1,323,808		12,685,361
Fixed equipment	3,581,711	35,106		3,616,817
Movable equipment	95,489,124	6,673,687	9,596	102,153,215
Total accumulated depreciation	<u>110,734,828</u>	<u>8,058,372</u>	<u>9,596</u>	<u>118,783,604</u>
Total depreciable capital assets, net	<u>53,156,259</u>	<u>(3,914,647)</u>	<u>2,595</u>	<u>49,239,017</u>
Total capital assets, net	<u>54,784,340</u>	<u>(2,476,602)</u>	<u>1,323,151</u>	<u>50,984,587</u>

The hospital had approximately \$1,183,000 in construction commitments outstanding as of September 30, 2014. Interest capitalized and included in construction in progress for the year ended September 30, 2014 totaled \$-0-.

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, 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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2014:

<u>Class of Property</u>	<u>Amount</u>
Buildings	\$ 3,302,816
Total	<u>\$ 3,302,816</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2014, are as follows:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
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LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

2015	283,500	74,281
2016	285,127	67,386
2017	293,066	59,272
2018	301,227	50,931
2019	309,616	42,359
2020-2024	<u>1,328,583</u>	<u>428,677</u>
Total	<u>\$ 2,801,119</u>	<u>\$ 722,906</u>

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Buildings	\$ 4,200,000
Mobile equipment	3,489,779
Furniture and equipment	457,473
Total	<u>\$ 8,147,252</u>
Less: Accumulated Depreciation	<u>3,217,987</u>
Lease Property under Capital Lease	<u>\$ 4,929,265</u>

The following is a schedule by years of the total payments due as of September 30, 2014:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 522,295	\$ 42,301
2016	380,273	32,864
2017	343,847	25,762
2018	267,549	19,477
2019	168,464	14,991
2020-2024	<u>603,549</u>	<u>24,874</u>
Total	<u>\$ 2,285,977</u>	<u>\$ 160,269</u>

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

(9) Long-term Debt.

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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Description and Purpose	Amount Outstanding	Interest Rate Percentage	Final Maturity Date
Primary government:			
Governmental Activities:			
A. General Obligation Bonds:			
General obligation bonds (Series 2008)	\$ 3,345,000	4.50/5.00	11-2028
General obligation bonds (Series 2004)	95,000	3.25/4.00	05-2015
General obligation (Series 2010)	1,825,000	2.50/3.38	04-2025
General obligation (Series 2011)	545,000	3.00/3.50	12-2026
General obligation (Series 2011A)	95,000	3.00/3.50	12-2026
Jail Refunding (Series 2012)	3,980,000	5.00	12-2023
GO Public Improvement Bonds (2012)	3,715,000	3.00	07-2032
Total General Obligation Bonds	\$ 13,600,000		
B. Capital Leases:			
Mapping and reappraisal equipment	\$ 7,757	3.78	11-2014
Two International garbage trucks	28,604	3.06	04-2015
5 Trucks and trailers	158,443	2.25	11-2015
Two Ford F-150's	41,337	1.90	04-2018
Six 2012 Tahoe's, One 2013 Explorer & One 2013 F-150	239,191	4.41	08-2018
3 LifePak 15" Monitor/Defibrillators	30,276	1.86	10-2016
PACMAC Knucklebom	70,250	1.94	10-2017
Commercial Pumper	115,406	1.94	06-2017
Six 2013 Ford F-150's and 1 2013 RAM	91,492	1.88	04-2018
Seven 2013 140M2 Cat Motor Graders	1,352,935	2.17	05-2023
20 Mobile Radios and 89 Handheld Radios	150,286	1.94	01-2019
Total Capital Leases	\$ 2,285,977		
C. Other Loans:			
MDA mitigation capital improvements loan	\$ 138,676	3.00	09-2019
Note for HUD Section 108 Loan	3,500,000	4.60	08-2023
Express Grain Terminal	45,464	2.00	05-2019
WMS Peanut Company	2,057,951	2.00	06-2024
Civic Center notes	84,718	2.95	10-2014
Coburn Supply Company	739,464	2.00	10-2023
Total Other Loans	\$ 6,566,273		

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans *	
	Principal	Interest	Principal	Interest
2015	1,245,000	405,581	654,357	284,206
2016	1,095,000	373,712	578,727	259,219
2017	855,000	345,087	588,072	236,174
2018	885,000	321,294	597,686	212,585
2019	915,000	296,556	851,698	188,506
2020-2024	5,105,000	1,063,125	3,295,733	368,153
2025-2029	2,710,000	403,244		
2030-2034	790,000	43,544		
	<u>13,600,000</u>	<u>3,252,143</u>	<u>6,566,273</u>	<u>1,548,843</u>

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

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2014, the amount of outstanding debt was equal to 5.50% of the latest property assessments.

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

Governmental Activities:	Balance Oct. 1, 2013	Additions	Reductions	Balance Sept. 30, 2014	Amount due Within one year
Compensated absences	\$ 463,319	109,465		572,784	56,640
General obligation bonds	14,805,000		1,205,000	13,600,000	1,245,000
Less:					
Discounts	(553)	40		(513)	
Add:					
Premiums	14,420		1,030	13,390	
Capital leases	2,672,230	172,933	559,186	2,285,977	522,295
Other loans	6,411,892	825,000	670,619	6,566,273	654,357
Total	\$ <u>24,366,308</u>	<u>1,107,438</u>	<u>2,435,835</u>	<u>23,037,911</u>	<u>2,478,292</u>

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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

**Discretely Presented Component Unit:
Greenwood Leflore Hospital**

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

	Balance Oct. 1, 2013	Additions	Reductions	Balance Sept. 30, 2014	Amount due within one year
Note Payable	9,836,569		9,836,569		
	<u>9,836,569</u>		<u>9,836,569</u>		

(10) Deficit Fund Balances of Individual Funds

No funds reported deficits in fund balances at September 30, 2014.

(11) Contingencies

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

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

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

(12) Related Organizations.

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

East Leflore Water & Sewer District Minter City Water & Sewer District Blue Lake Water & Sewer District Philipston Water District

Teoc Drainage District

Big Sand Drainage District

Abiaca Drainage District

Fighting Bayou Drainage District Pecan Bayou Drainage District Abotapoota Drainage District Leflore County Drainage District

New Jones Walton Drainage District

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Cude Drainage District

Rucker Ellsberry Drainage District

Lake Henry Drainage District

(13) Joint Ventures.

The county participates in the following joint ventures:

Leflore County is a participant with the City of Greenwood in a joint venture, authorized by Section 61 -3-5, Miss. Code Ann. (1972), to operate the Greenwood-Leflore County Airport. The joint venture was created to provide airport services and is governed by a five-member board of commissioners with two appointed by the Leflore County Board of Supervisors, two appointed by the City of Greenwood and one jointly appointed. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$164,027. Complete financial statements for the Greenwood-Leflore Airport can be obtained from the Greenwood-Leflore County Airport, P.O. Box 378, Greenwood, MS 38930.

Leflore County entered into an interlocal agreement with Claiborne, Grenada, Holmes and Humphreys Counties and the Cities of Itta Bena, Greenwood and Grenada to provide a multi-jurisdictional drug enforcement task force known as North Central Narcotics Task Force. Most of the funding is provided by a federal grant, with the local entities contributing a minimum of 25 percent. Leflore County contributed \$55,000 to the task force. The accounting for the project is performed by Leflore County. All of the project's transactions are reflected in the financial statements of Leflore County.

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

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Leflore County Board of Supervisors appoints one of the eight members of the board of commissioners. Leflore County contributed \$121,500 for the support of the center in fiscal year 2014.

Yazoo-Mississippi Delta Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Leflore County Board of Supervisors appoints two of the 21 members of the district board of commissioners. The county levied a .71 mill tax resulting in \$154,125 for the maintenance and support of the district in fiscal year 2014.

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Leflore County Board of Supervisors appoints four of the 28 members of the district board of directors. Leflore County contributed \$33,212 for the support of the district in fiscal year 2014.

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Leflore County

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Board of Supervisors appoints two of the 20 members of the college board of trustees. The county appropriated \$577,560 for maintenance and support of the college in fiscal year 2014.

Greenwood-Leflore Industrial Board members are appointed by the Greenwood-Leflore-Carroll Economic Foundation whose membership is open to the public. Leflore County and the City of Greenwood fund the industrial board equally. The county contributed \$93,372 in support of the industrial board in fiscal year 2014.

(15) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 2014, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013 and 2012 were \$804,851, \$800,598 and \$810,696, respectively, equal to the required contributions for each year.

(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 Leflore County evaluated the activity of the County through July 20, 2015, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Subsequent to September 30, 2014, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
2/26/2015	3.00%	5,000,000	General Obligation Bonds	Ad valorem taxes
3/23/2015	2.03%	395,511	Capital Lease	Ad valorem taxes

LEFLORE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LEFLORE COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 9,038,379	9,193,407	9,193,407	-
Licenses, commissions and other revenue	367,100	384,788	384,788	-
Fines and forfeitures	327,000	382,118	382,118	-
Intergovernmental revenues	1,277,043	1,179,456	1,179,456	-
Charges for services	795,000	721,237	721,237	-
Interest income	46,540	49,417	49,417	-
Miscellaneous revenues	1,051	470,406	470,406	-
Total Revenues	11,852,113	12,380,829	12,380,829	-
EXPENDITURES				
Current:				
General government	5,309,599	5,228,623	5,228,623	-
Public safety	4,985,548	5,345,918	5,345,918	-
Public works	96,456	164,027	164,027	-
Health and welfare	678,289	667,735	667,735	-
Culture and recreation	696,903	798,985	798,985	-
Conservation of natural resources	140,802	131,718	131,718	-
Economic development and assistance	244,675	224,107	224,107	-
Debt service:				
Principal	82,290	82,290	82,290	-
Interest	4,927	4,927	4,927	-
Total Expenditures	12,239,489	12,648,330	12,648,330	-
Excess of Revenues over (under) Expenditures	(387,376)	(267,501)	(267,501)	-
OTHER FINANCING SOURCES (USES)				
Other financing sources	847,806	469,762	469,762	-
Other financing uses	(544,406)	(535,761)	(535,761)	-
Total Other Financing Sources and Uses	303,400	(65,999)	(65,999)	-
Net Change in Fund Balance	(83,976)	(333,500)	(333,500)	-
Fund Balances - Beginning	3,202,754	3,535,951	5,729,051	2,193,100
Fund Balances - Ending	\$ 3,118,778	3,202,451	5,395,551	2,193,100

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 90	90	104	14
Miscellaneous revenues	464,900	464,900	464,900	-
Total Revenues	<u>464,990</u>	<u>464,990</u>	<u>465,004</u>	<u>14</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	250,000	250,000	250,000	-
Interest	214,900	214,900	214,900	-
Total Expenditures	<u>464,900</u>	<u>464,900</u>	<u>464,900</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>90</u>	<u>90</u>	<u>104</u>	<u>14</u>
Net Change in Fund Balance	90	90	104	14
Fund Balances - Beginning	<u>818</u>	<u>818</u>	<u>4,500,861</u>	<u>4,500,043</u>
Fund Balances - Ending	<u>\$ 908</u>	<u>908</u>	<u>4,500,965</u>	<u>4,500,057</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 362,307	368,130	368,130	-
Road and bridge privilege taxes	290,000	293,784	293,784	-
Intergovernmental revenues	1,081,000	1,010,596	1,010,596	-
Charges for services		185,407	185,407	-
Interest income		1,570	1,570	-
Miscellaneous revenues	500	65,838	65,838	-
Total Revenues	<u>1,733,807</u>	<u>1,925,325</u>	<u>1,925,325</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	3,339,235	3,447,870	3,101,357	346,513
Debt service:				
Principal			307,335	(307,335)
Interest			39,178	(39,178)
Total Expenditures	<u>3,339,235</u>	<u>3,447,870</u>	<u>3,447,870</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,605,428)</u>	<u>(1,522,545)</u>	<u>(1,522,545)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	1,824,599	1,745,709	1,745,709	-
Total Other Financing Sources and Uses	<u>1,824,599</u>	<u>1,745,709</u>	<u>1,745,709</u>	<u>-</u>
Net Change in Fund Balance	219,171	223,164	223,164	-
Fund Balances - Beginning	<u>341,030</u>	<u>265,088</u>	<u>265,088</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 560,201</u>	<u>488,252</u>	<u>488,252</u>	<u>-</u>

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

LEFLORE COUNTY

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LEFLORE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2014

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Road and Bridges Fund	HUD Section 108 General Fund
Budget (Cash Basis)	(333,500)	223,164	104
Increase (Decrease)			
Net adjustments for revenue accruals	789,513	21,848	(250,000)
Net adjustments for expenditure accruals	(664,060)	(127,235)	
GAAP Basis	<u>(208,047)</u>	<u>117,777</u>	<u>(249,896)</u>

LEFLORE COUNTY

SUPPLEMENTAL INFORMATION

LEFLORE COUNTY

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

Federal Grantor/ Pass-through Grantor/ Program Title of Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development (Passed-through the Mississippi Development Authority)			
Home Grant*	14.239	1223-M11-SG-280	<u>403,203</u>
Total U.S. Department of Housing and Urban Development			<u>403,203</u>
U.S. Department of Justice Direct			
Edward Byrne Memorial Justice Assistance Grant Program	16.579	11NM1421	21,707
Edward Byrne Memorial Justice Assistance Grant Program	16.579	12NM1421	7,171
Edward Byrne Memorial Justice Assistance Grant Program	16.579	13NM1421	14,343
Public Safety Partnerships and Community Policing Grants	16.710	2009-CK-WX-0573	37,680
Public Safety Partnerships and Community Policing Grants	16.710	2010-CK-WX-0453	<u>98,176</u>
Total U.S. Department of Justice			<u>179,077</u>
U.S. Department of Transportation/Federal Highway Administration (Passed-through the Mississippi Department of Transportation)			
Highway Planning and Construction	20.205	FIN-BR NBIS 079 B	21,500
Highway Planning and Construction	20.205	PLH 0042 18 B	<u>245,234</u>
Total U.S. Department of Transportation			<u>266,734</u>
U.S. Department of Homeland Security (Passed-through the Mississippi Emergency Management Agency)			
Hazard Mitigation Grant*	97.039	HMGP1604-0335 Siren Project	243,656
Emergency Management Performance Grants	97.042	10EMP	<u>34,722</u>
Subtotal			<u>278,378</u>
U.S. Department of Homeland Security (Passed-through the Mississippi Department of Public Safety)			
Homeland Security Grant Program	97.067	A11HS042T	<u>24,592</u>
Subtotal			<u>24,592</u>
Total U.S. Department of Homeland Security			<u>302,970</u>
Total Expenditures of Federal Awards			<u><u>1,151,984</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies
 The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

* Denotes major federal award program

LEFLORE COUNTY
 Schedule of Operating Costs of Solid Waste
 For the Year Ended September 30, 2014

Operating Disbursements, Cash Basis:

Salaries	\$ 450,446
Expendable Commodities:	
Gasoline and petroleum products	90,432
Repair parts	32,861
Clothing	2,291
Maintenance	7,525
Professional fees, legal advertising and other fees	802
Capital Outlay	18,886
Insurance on equipment	350
Interest on capital leases	3,266
Supplies	<u>108,943</u>
Solid Waste Cash Basis Operating Expenditures	715,802
Full Cost Expenses:	
Indirect administrative costs	27,154
Depreciation on equipment	<u>68,380</u>
Solid Waste Full Cost Operating Expenses	<u>\$ 811,336</u>

LEFLORE COUNTY

OTHER INFORMATION

LEFLORE COUNTY

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LEFLORE COUNTY
Schedule of Surety Bonds of County Officials
For the Year Ended September 30, 2014
UNAUDITED

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

LEFLORE COUNTY
Schedule of Surety Bonds of County Officials
For the Year Ended September 30, 2014
UNAUDITED

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

LEFLORE COUNTY

SPECIAL REPORTS

LEFLORE COUNTY

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SHOEMAKER & CO.

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

Members of the Board of Supervisors
Leflore County, Mississippi

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of and for the year ended September 30, 2014, which collectively comprise the county's basic financial statements and have issued our report thereon dated July 20, 2015. Our report includes a reference to another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Another auditor audited the financial statements of the Greenwood Leflore Hospital, as described in our report on Leflore County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control and on compliance and other matters that are reported separately by the other auditor.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

Shoemaker and Company

SHOEMAKER & COMPANY, CPA PLLC
July 20, 2015

SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors
Leflore County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the compliance of Leflore County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. Leflore County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Leflore County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of Leflore County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Leflore County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of

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expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Shoemaker & Company

SHOEMAKER & COMPANY, CPA PLLC
July 20, 2015

SHOEMAKER
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CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

Members of the Board of Supervisors
Leflore County, Mississippi

We have examined Leflore County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2014. The Board of Supervisors of Leflore County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Leflore County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Shoemaker & Company

SHOEMAKER & COMPANY, CPA PLLC
July 20, 2015

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

LEFLORE COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2014

Schedule 3

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

LEFLORE COUNTY

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SHOEMAKER
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CERTIFIED PUBLIC ACCOUNTANTS, PLLC

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Leflore County, Mississippi

In planning and performing our audit of the financial statements of Leflore County, Mississippi for the year ended September 30, 2014, we considered Leflore County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Leflore County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 20, 2015, on the financial statements of Leflore County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Shoemaker & Company

SHOEMAKER & COMPANY, CPA PLLC
July 20, 2015

LEFLORE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LEFLORE COUNTY

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LEFLORE COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section _____.510(a) of OMB Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. Home Grant, CFDA # 14.239 | |
| b. Hazard Mitigation Grant, CFDA # 97.039 | |
| 8. The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee: | No |
| 10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section _____.315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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