



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

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

BRIDGERS & GOODMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
VICKSBURG, MISSISSIPPI

**SUNFLOWER COUNTY
TABLE OF CONTENTS**

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT.....	2
FINANCIAL STATEMENTS.....	5
Statement of Net Position.....	6
Statement of Activities.....	7
Balance Sheet – Governmental Funds	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Statement of Fiduciary Assets and Liabilities.....	12
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION	34
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)	
General Fund	35
Countywide Road Maintenance Fund	36
Bridge & Culvert Fund	37
Schedule of County's Proportionate Share of Net Pension Liability.....	38
Schedule of County's Contributions.....	39
Notes to Required Supplementary Information	40
OTHER INFORMATION	42
Schedule of Surety Bonds for County Officials	43
SPECIAL REPORTS	44
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 <i>Government Auditing Standards</i>	45
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)).....	47
Limited Internal Control and Compliance Review Management Report.....	52
SCHEDULE OF FINDINGS AND RESPONSES	54

SUNFLOWER COUNTY

FINANCIAL SECTION

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

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, as of September 30, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

Sunflower County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of Sunflower County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunflower County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 15, 2016

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government Governmental Activities	Component Units			Total Component Units
		North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	
ASSETS					
Cash	\$ 6,556,205	17,049,087	4,353,254	458,742	21,861,083
Investments		1,712,328	9,340,761		11,053,089
Property tax receivable	7,088,759				
Accounts receivable, net	15,715	10,545,850	4,066,602	16,332	14,628,784
Fines receivable, net	213,773				
Loans Receivable, net	0				
Note receivable			704,713		704,713
Intergovernmental receivables	109,871				
Other receivables	12,142	224,790	429,834	2,000	656,624
Inventories		1,981,451	497,508		2,478,959
Prepaid expenses		847,982	50,411		898,393
Land and construction in progress	2,700,584	614,682	155,336		770,018
Other capital assets, net	33,022,574	16,549,237	8,060,628	197,099	24,806,964
Total Assets	49,719,623	49,525,407	27,659,047	674,173	77,858,627
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	1,832,634	9,464,935	2,403,826	95,592	11,964,353
Total Deferred Outflows of Resources	1,832,634	9,464,935	2,403,826	95,592	11,964,353
LIABILITIES					
Claims payable	347,761	2,887,979	925,116	14,323	3,827,418
Intergovernmental payables	218,454				
Internal balance	8,486				
Accrued interest payable	11,054				
Accrued expenses		3,780,012	1,758,609		5,538,621
Other payables	438,987	1,084,387	1,518,825		2,603,212
Amounts held in custody	35,576				
Long-term liabilities					
Due within one year:					
Capital related debt	288,535	542,833			542,833
Non-capital debt	533,607		56,405		56,405
Due in more than one year:					
Capital related debt	350,000	5,529,914			5,529,914
Non-capital debt	156,141		223,793	8,189	231,982
Net pension liability	9,893,137	47,919,887	18,932,870	772,901	67,625,658
Total Liabilities	12,281,738	61,745,012	23,415,618	795,413	85,956,043
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	5,488	4,869,788	1,063,682	20,759	5,954,229
Deferred revenues- property tax	7,088,759				
Total Deferred Inflows of Resources	7,094,247	4,869,788	1,063,682	20,759	5,954,229
NET POSITION					
Net investment in capital assets	35,084,623	11,091,172	8,215,964	197,099	19,504,235
Restricted:					
Expendable:					
General government	86,970				
Debt service	957,223				
Public safety	430,678				
Public works	836,022				
Health and welfare	110,737		1,298,723		1,298,723
Culture and recreation	99,425				
Economic development	145,443				
Capital projects			6,523,213		6,523,213
Unemployment compensation	29,556				
Unrestricted	(5,604,405)	(18,715,630)	(10,454,327)	(243,506)	(29,413,463)
Total Net Position	\$ 32,176,272	(7,624,458)	5,583,573	(46,407)	(2,087,292)

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

SUNFLOWER COUNTY
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities			Component Units	
					North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	Total Component Units	
Primary government:									
Governmental activities:									
General government	\$ 3,634,054	693,308	24,238		(2,916,508)				
Public safety	2,845,253	354,697	29,376	70,447	(2,390,733)				
Public works	2,003,041	290,510	804,382		(908,149)				
Health and welfare	405,385		69,164		(336,221)				
Culture and recreation	345,692				(345,692)				
Conservation of natural resources	103,580				(103,580)				
Economic development and assistance	156,590			50,310	(106,280)				
Interest on long-term debt	49,598				(49,598)				
Pension expense	1,209,703				(1,209,703)				
Total Primary Government	\$ 10,752,896	1,338,515	927,160	120,757	(8,366,464)				
Component Units:									
North Sunflower Medical Center	\$ 67,560,669				(67,560,669)				(67,560,669)
South Sunflower County Hospital	23,642,546				(23,642,546)				(23,642,546)
Sunflower County Library	750,206	12,705	205,666					(531,835)	(531,835)
Total Component Units	\$ 91,953,421	12,705	205,666					(531,835)	(91,735,050)
General revenues:									
Property taxes				\$ 9,161,751				342,522	342,522
Road & bridge privilege taxes				242,949					
Grants and contributions not restricted to specific programs				468,833					
Unrestricted interest income				56,074	60,018,396	24,423,633	160,290		84,602,319
Miscellaneous				199,232	1,212,324	211,021			1,423,345
Total General Revenues				10,128,839	61,230,720	24,634,654	502,812		86,368,186
Changes in Net Position				1,762,375	(6,329,949)	992,108	(29,023)		(5,366,864)
Net Position - Beginning, as previously reported				37,762,068	32,739,294	22,067,908	618,208		55,425,410
Prior period adjustment				(7,348,171)	(34,033,803)	(17,476,443)	(635,592)		(52,145,838)
Net Position - Beginning, as restated				30,413,897	(1,294,509)	4,591,465	(17,384)		3,279,572
Net Position - Ending				\$ 32,176,272	(7,624,458)	5,583,573	(46,407)		(2,087,292)

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

SUNFLOWER COUNTY
 Balance Sheet – Governmental Funds
 September 30, 2015

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 3,615,204	118,530	508,879	2,313,592	6,556,205
Property tax receivable	4,437,000	586,459	753,000	1,312,300	7,088,759
Fines receivable, net	213,773				213,773
Sanitation fees receivable, net				15,715	15,715
Loans receivable, net				0	0
Intergovernmental receivables	109,871				109,871
Other receivables	12,142				12,142
Due from other funds		7,549	10,138	20,865	38,552
Total Assets	<u>8,387,990</u>	<u>712,538</u>	<u>1,272,017</u>	<u>3,662,472</u>	<u>14,035,017</u>
LIABILITIES					
Claims payable	146,810	75,653	33,363	91,935	347,761
Intergovernmental payables	218,454				218,454
Due to other funds	47,038				47,038
Amounts held in custody for others	35,576				35,576
Other payables	351,778	14,900	23,235	49,074	438,987
Total Liabilities	<u>799,656</u>	<u>90,553</u>	<u>56,598</u>	<u>141,009</u>	<u>1,087,816</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	4,437,000	586,459	753,000	1,312,300	7,088,759
Unavailable revenue-sanitation fees				15,715	15,715
Unavailable revenue-fines	213,773				213,773
Total Deferred Inflows of Resources	<u>4,650,773</u>	<u>586,459</u>	<u>753,000</u>	<u>1,328,015</u>	<u>7,318,247</u>
FUND BALANCE					
Restricted for:					
General government				86,970	86,970
Public safety				430,678	430,678
Public works		35,526	462,419	322,362	820,307
Health and welfare				110,737	110,737
Culture and recreation				99,425	99,425
Economic development				145,443	145,443
Debt service				968,277	968,277
Unemployment compensation				29,556	29,556
Unassigned	2,937,561				2,937,561
Total Fund Balances	<u>2,937,561</u>	<u>35,526</u>	<u>462,419</u>	<u>2,193,448</u>	<u>5,628,954</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,387,990</u>	<u>712,538</u>	<u>1,272,017</u>	<u>3,662,472</u>	<u>14,035,017</u>

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

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

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 5,628,954
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$44,616,723.	35,723,158
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	229,489
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,328,283)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(11,054)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(9,893,137)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	1,832,634
Deferred inflows of resources related to pensions	(5,488)
Total Net Position - Governmental Activities	<u>\$ 32,176,272</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Countywide		Other Governmental Funds	
		Road Maintenance Fund	Bridge & Culvert Fund		
REVENUES					
Property taxes	\$ 5,827,096	693,141	869,265	1,772,249	9,161,751
Road and bridge privilege taxes		242,949			242,949
Licenses, commissions and other revenue	350,623			7,297	357,920
Fines and forfeitures	369,149			247	369,396
Intergovernmental revenues	378,783	746,802		391,165	1,516,750
Charges for services	103,810	2,705		538,692	645,207
Interest income	47,059			9,015	56,074
Miscellaneous revenues	66,258	4,055	2,400	97,558	170,271
Total Revenues	<u>7,142,778</u>	<u>1,689,652</u>	<u>871,665</u>	<u>2,816,223</u>	<u>12,520,318</u>
EXPENDITURES					
Current:					
General government	3,510,315			143,800	3,654,115
Public safety	2,374,031			526,571	2,900,602
Public works	63,515	1,568,477	719,071	745,570	3,096,633
Health and welfare	314,162			118,410	432,572
Culture and recreation	25,000			342,522	367,522
Conservation of natural resources	103,312			6,808	110,120
Economic development and assistance	167,382				167,382
Debt service:					
Principal				873,758	873,758
Interest				62,705	62,705
Total Expenditures	<u>6,557,717</u>	<u>1,568,477</u>	<u>719,071</u>	<u>2,820,144</u>	<u>11,665,409</u>
Excess of Revenues over (under) Expenditures	<u>585,061</u>	<u>121,175</u>	<u>152,594</u>	<u>(3,921)</u>	<u>854,909</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(6,675)	(7,020)			(13,695)
Transfers in				13,695	13,695
Proceeds from sale of capital assets	4,781	22,395		53,922	81,098
Total Other Financing Sources and Uses	<u>(1,894)</u>	<u>15,375</u>	<u>0</u>	<u>67,617</u>	<u>81,098</u>
Net Changes in Fund Balances	<u>583,167</u>	<u>136,550</u>	<u>152,594</u>	<u>63,696</u>	<u>936,007</u>
Fund Balances - Beginning	<u>2,354,394</u>	<u>(101,024)</u>	<u>309,825</u>	<u>2,129,752</u>	<u>4,692,947</u>
Fund Balances - Ending	<u>\$ 2,937,561</u>	<u>35,526</u>	<u>462,419</u>	<u>2,193,448</u>	<u>5,628,954</u>

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

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

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 936,007
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,728,327 exceeded depreciation of \$1,128,072 in the current period.	600,255
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net gain of \$28,961 and the proceeds from sale of \$81,098.	(52,137)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(34,301)
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.	297
Debt proceed 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 of debt repayments.	873,758
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	(2,161)
Change in accrued interest payable	13,107
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(1,209,703)
Recognition of contributions made for the current year	<u>637,253</u>
Change in Net Position of Governmental Activities	<u>\$ 1,762,375</u>

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

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 122,520
Due from other funds	<u>8,486</u>
Total Assets	<u><u>131,006</u></u>
LIABILITIES	
Amounts held in custody for others	28,169
Intergovernmental payables	<u>102,837</u>
Total Liabilities	\$ <u><u>131,006</u></u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Units – The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. All members of the governing bodies of these component units are appointed by the County Board of Supervisors.

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

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

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

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

Government-wide Financial Statements:

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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, deferred inflows of resources, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

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

The County reports the following major Governmental Funds:

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

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

FIDUCIARY FUND TYPE

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

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

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

Cash includes cash on hand, demand deposits, 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. Inter-fund Transactions and Balances – Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

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

J. Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 8 for additional details

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

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

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

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 8 for additional details.

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

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

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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

Governmental fund balance is classified as non-spendable, restricted, committed, assigned, or unassigned. The following are descriptions of fund classifications used by the County:

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, to a specific purpose 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.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Fund Balance Flow Assumption - When an expenditure is incurred for purposes for which both restricted and unrestricted (unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend unassigned amounts first.

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

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

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 2 - PRIOR PERIOD ADJUSTMENTS.

A summary of significant fund equity adjustments is as follows:

Exhibit 2- Statement of Activities:

Explanation	Amount
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (7,647,046)
Deferred outflows of resources - contributions	<u>153,503</u>
Total prior period adjustment in relation to GASB 68 and 71	<u>(7,493,543)</u>
Adjustment to correct capital assets	<u>145,372</u>
Total prior period adjustment	<u>\$ (7,348,171)</u>

NOTE 3 - DEPOSITS.

Deposits- The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$6,678,725 and the bank balance was \$7,250,582. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 4- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2015:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 7,549
Bridge and Culvert Fund	General Fund	10,138
Other Governmental Funds	General Fund	20,865
Agency	General Fund	8,486
Total		<u>\$ 47,038</u>

B. Transfers In/Out

The following is a summary of Transfers In/Out at September 30, 2015:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 6,675
Other Governmental Funds	Countywide Road Maintenance Fund	7,020
Total		<u>\$ 13,695</u>

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

NOTE 5 -INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2015, consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
State Legislative Tax Credit	\$ 109,871
Total	<u>\$ 109,871</u>

NOTE 6 - LOANS RECEIVABLE

The other receivables at September 30, 2015, consisted of the following:

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 7 - CAPITAL ASSETS.

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

Governmental Activities:	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 1,213,181				1,213,181
Construction in progress	307,462	1,559,767		(379,826)	1,487,403
Total non-depreciable capital assets	<u>1,520,643</u>	<u>1,559,767</u>	-	<u>(379,826)</u>	<u>2,700,584</u>
Depreciable capital assets:					
Infrastructure	60,182,318				60,182,318
Buildings	8,075,733			379,826	8,455,559
Improvements other than buildings	969,238				969,238
Mobile equipment	6,100,195	134,489	157,790		6,076,894
Furniture and equipment	1,937,487	34,071	16,270		1,955,288
Total depreciable capital assets	<u>77,264,971</u>	<u>168,560</u>	<u>174,060</u>	<u>379,826</u>	<u>77,639,297</u>
Less accumulated depreciation for:					
Infrastructure	36,098,786	425,902			36,524,688
Buildings	2,125,068	170,640		(145,215)	2,150,493
Improvements other than buildings	211,370	33,968			245,338
Mobile equipment	3,662,407	377,875	108,371		3,931,911
Furniture and equipment	1,658,315	119,687	13,552	(157)	1,764,293
Total accumulated depreciation	<u>43,755,946</u>	<u>1,128,072</u>	<u>121,923</u>	<u>(145,372)</u>	<u>44,616,723</u>
Total depreciable capital assets, net	<u>33,509,025</u>	<u>(959,512)</u>	<u>52,137</u>	<u>525,198</u>	<u>33,022,574</u>
Total capital assets, net	<u>\$ 35,029,668</u>	<u>600,255</u>	<u>52,137</u>	<u>145,372</u>	<u>35,723,158</u>

* Adjustments are to correct prior year errors.

Capital Assets - Component Units

North Sunflower Medical Center

Non-depreciable capital assets:					
Land	\$ 43,355				43,355
Construction in progress	1,400,699	353,830	1,183,202		571,327
Total non-depreciable capital assets	<u>1,444,054</u>	<u>353,830</u>	<u>1,183,202</u>	-	<u>614,682</u>
Depreciable capital assets:					
Land improvements	533,093				533,093
Buildings & Improvements	12,516,810	1,202,511			13,719,321
Fixed Equipment	2,128,220				2,128,220
Major movable equipment:					
Under capital lease	3,470,385		3,395,390		74,995
Other	8,074,215	5,029,371	533,551		12,570,035
Automobiles	309,184	196,226	29,260		476,150
Total depreciable capital assets	<u>27,031,907</u>	<u>6,428,108</u>	<u>3,958,201</u>	-	<u>29,501,814</u>
Less accumulated depreciation for:					
Land improvements	243,630	34,200			277,830
Buildings	2,990,867	136,988			3,127,855
Fixed equipment	1,673,219	41,739			1,714,958
Major movable equipment	5,141,530	2,509,990	67,733		7,583,787
Automobiles	190,505	76,902	19,260		248,147
Total accumulated depreciation	<u>10,239,751</u>	<u>2,799,819</u>	<u>86,993</u>	-	<u>12,952,577</u>
Total depreciable capital assets, net	<u>16,792,156</u>	<u>3,628,289</u>	<u>3,871,208</u>	-	<u>16,549,237</u>
Total capital assets, net	<u>\$ 18,236,210</u>	<u>3,982,119</u>	<u>5,054,410</u>	-	<u>17,163,919</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

South Sunflower County Hospital	Balance				Balance
	<u>Oct. 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Sept. 30, 2015</u>
Non-depreciable capital assets:					
Land	\$ 155,336				155,336
Total non-depreciable capital assets	<u>155,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,336</u>
Depreciable capital assets:					
Land improvements	180,548	338,499			519,047
Buildings	12,508,260	3,493,229	2,225,265		13,776,224
Mobile equipment	10,841,064	507,234	56,300		11,291,998
Vehicles	33,610				33,610
Delta Surgical & Delta Primary Clinic	672,735	1,203			673,938
Indianola Family Medical Clinic	1,052,317	40,000	34,134		1,058,183
Fixed equipment	<u>197,396</u>				<u>197,396</u>
Total depreciable capital assets	<u>25,485,930</u>	<u>4,380,165</u>	<u>2,315,699</u>	<u>-</u>	<u>27,550,396</u>
Less accumulated depreciation for:					
Land improvements	139,780	25,479			165,259
Buildings	6,930,701	243,507			7,174,208
Mobile equipment	10,310,806	109,641	56,300		10,364,147
Vehicles	33,610				33,610
Delta Surgical & Delta Primary Clinic	602,793	2,309			605,102
Indianola Family Medical Center	966,563	14,052	29,134		951,481
Fixed Equipment	<u>195,781</u>	<u>180</u>			<u>195,961</u>
Total accumulated depreciation	<u>19,180,034</u>	<u>395,168</u>	<u>85,434</u>	<u>-</u>	<u>19,489,768</u>
Total depreciable capital assets, net	<u>6,305,896</u>	<u>3,984,997</u>	<u>2,230,265</u>	<u>-</u>	<u>8,060,628</u>
Total capital assets, net	<u>\$ 6,461,232</u>	<u>3,984,997</u>	<u>2,230,265</u>	<u>-</u>	<u>8,215,964</u>
Sunflower County Library					
Depreciable Capital Assets:					
Building improvements	\$ 134,321				134,321
Library collections	1,279,864	36,719			1,316,583
Furniture and equipment	48,980				48,980
Total depreciable capital assets	<u>1,463,165</u>	<u>36,719</u>	<u>-</u>	<u>-</u>	<u>1,499,884</u>
Less accumulated depreciation for:					
Building improvements	22,447	3,571			26,018
Library collections	1,201,389	38,323			1,239,712
Furniture and equipment	29,141	7,914			37,055
Total accumulated depreciation	<u>1,252,977</u>	<u>49,808</u>	<u>-</u>	<u>-</u>	<u>1,302,785</u>
Total capital assets, net	<u>\$ 210,188</u>	<u>(13,089)</u>	<u>-</u>	<u>-</u>	<u>197,099</u>

Depreciation expense was charged to the following functions:

Governmental Activities:	<u>Amount</u>
General government	\$ 226,191
Public safety	227,735
Public works	672,514
Health & welfare	532
Economic development	1,100
Total	<u>\$ 1,128,072</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$637,253, \$549,776 and \$547,328 respectively, equal to the required contributions for each year.

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

At September 30, 2015, the County reported a liability of \$9,893,137 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.064 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,209,703. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,250	
Net difference between projected and actual earnings on pension plan investments	578,854	
Changes of assumptions	852,260	
Changes in the proportion and differences between contributions and proportionate share of contributions	88,753	5,488
Contributions subsequent to the measurement date	160,517	
Total	\$ 1,832,634	5,488

\$160,517 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2016	\$ 544,631
2017	544,631
2018	432,652
2019	144,715
Total	\$ 1,666,629

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 13,040,062	9,893,137	7,281,779

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

DEFINED BENEFIT PENSION PLAN – COMPONENT UNITS

North Sunflower Medical Center

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

Contributions. The Medical Center's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$3,022,229, \$2,787,536 and \$2,093,868 respectively, equal to the required contributions for each year.

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

At September 30, 2015 the Medical Center reported a liability of \$47,919,887 for its proportionate share of the net pension liability. At June 30, 2015, the Medical Center's proportion was 0.309932 percent, which was an increase of 0.019181 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Medical Center recognized pension expense of \$11,588,650. At September 30, 2015, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,166,838	
Net difference between projected and actual earnings on pension plan investments		4,869,788
Changes of assumptions	3,018,421	
Changes in the proportion and differences between contributions and proportionate share of contributions	4,426,688	
Contributions subsequent to the measurement date	852,988	
Total	<u>\$ 9,464,935</u>	<u>4,869,788</u>

\$852,988 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2016	\$ 2,229,246
2017	1,846,940
2018	(76,615)
2019	(257,412)
Total	<u>\$ 3,742,159</u>

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 63,162,801	47,919,887	35,271,118

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

South Sunflower County Hospital

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

Contributions. The Hospital's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$1,219,397, \$1,316,252 and \$1,118,496 respectively, equal to the required contributions for each year.

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

At September 30, 2015 the Hospital reported a liability of \$18,932,870 for its proportionate share of the net pension liability. At June 30, 2015, the Hospital's proportion was 0.125391 percent, which was a decrease of 0.004363 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Hospital recognized pension expense of \$1,335,250. At September 30, 2015, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 455,608	
Net difference between projected and actual earnings on pension plan investments		578,172
Changes of assumptions	1,669,777	
Changes in the proportion and differences between contributions and proportionate share of contributions		485,510
Contributions subsequent to the measurement date	<u>278,441</u>	
Total	<u>\$ 2,403,826</u>	<u>1,063,682</u>

\$278,441 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2016	\$ 341,180
2017	324,936
2018	112,059
2019	<u>283,528</u>
Total	<u>\$ 1,061,703</u>

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 24,955,257	18,932,870	13,935,415

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Sunflower County Library

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

Contributions. The Library's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$44,283, \$45,689 and \$39,841 respectively, equal to the required contributions for each year.

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

At September 30, 2015 the Library reported a liability of \$772,901 for its proportionate share of the net pension liability. At June 30, 2015, the Library's proportion was 0.005 percent, which was the same as its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Library recognized pension expense of \$73,529. At September 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,956	
Net difference between projected and actual earnings on pension plan investments		20,759
Changes of assumptions	66,583	
Contributions subsequent to the measurement date	11,053	
Total	\$ 95,592	20,759

\$11,053 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2016	\$ 21,570
2017	20,819
2018	10,086
2019	11,305
Total	\$ 63,780

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 1,018,755	772,901	568,889

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - LONG TERM DEBT.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
GO Road and bridge bonds, 2008	\$ 455,000	4.10/4.30	09/19
Total General Obligation Bonds	<u>\$ 455,000</u>		
B. Other Loans:			
MDA - Delta Pride Catfish, Inc.	\$ 650,749	6.5	05/18
Negotiable Note Series 2013	183,535	1.95	07/16
Total Other Loans	<u>\$ 834,284</u>		

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

Year Ending	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
<u>September 30:</u>				
2016	\$ 105,000	15,295	717,142	234,340
2017	110,000	11,210	99,859	4,674
2018	115,000	6,935	17,283	140
2019	125,000	2,375		
Total	<u>\$ 455,000</u>	<u>35,815</u>	<u>834,284</u>	<u>239,154</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to .35% of the latest property assessments.

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

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
Compensated absences	\$ 36,838	2,161		38,999	
General obligation bonds	765,000		310,000	455,000	105,000
Other loans	1,398,042		563,758	834,284	717,142
Total	<u>\$ 2,199,880</u>	<u>2,161</u>	<u>873,758</u>	<u>1,328,283</u>	<u>822,142</u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

LONG TERM DEBT – COMPONENT UNITS

North Sunflower Medical Center

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
A. Notes Payable			
USDA Rural Development Loan	\$ 2,761,504	4.197	01/40
Ways, LLC Medicare overpayment	883,580	0.885	02/18
Total Notes Payable	<u>\$ 3,645,084</u>		
B. Bonds Payable			
Series 2009 Revenue Bond	\$ 2,380,000	varying	08/29
Total Bonds Payable	<u>\$ 2,380,000</u>		
C. Capital Lease Obligations			
Total Capital Lease Obligations	<u>\$ 47,663</u>	1.099-6.00	08/18

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Notes Payable</u>		<u>Bond Payable</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>September 30:</u>						
2016	\$ 407,886	189,240	120,000	105,394	14,947	2,453
2017	450,808	146,318	125,000	99,994	15,869	1,531
2018	246,037	107,801	135,000	94,369	16,847	562
2019	79,909	100,151	140,000	88,294		
2020	82,894	97,166	145,000	76,369		
Thereafter	<u>2,377,550</u>	<u>1,024,772</u>	<u>1,715,000</u>	<u>415,044</u>		
Total	<u>\$ 3,645,084</u>	<u>1,665,448</u>	<u>2,380,000</u>	<u>879,464</u>	<u>47,663</u>	<u>4,546</u>

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

	<u>Balance</u>			<u>Balance</u>		<u>Amount due within one year</u>
	<u>Oct. 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Sept. 30, 2015</u>		
Notes payable	\$ 2,829,628	1,301,399	485,943	3,645,084	407,886	
Bonds payable	2,500,000		120,000	2,380,000	120,000	
Capital lease obligations	3,232,840		3,185,177	47,663	14,947	
Total	<u>\$ 8,562,468</u>	<u>1,301,399</u>	<u>3,791,120</u>	<u>6,072,747</u>	<u>542,833</u>	

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

South Sunflower County Hospital

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
A. Capital Lease Obligations			
FMG Equipment Financing Lease	\$ 35,810	10.657	02/20
SSCH Equipment Financing Lease	<u>244,388</u>	2.99	07/20
Total Capital Lease Obligations	<u>\$ 280,198</u>		

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>
<u>September 30:</u>	
2016	\$ 56,405
2017	54,365
2018	60,949
2019	63,491
2020	<u>44,988</u>
Total	<u>\$ 280,198</u>

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

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2014</u>			<u>Sept. 30, 2015</u>	<u>within one</u>
					<u>year</u>
Notes Payable	\$ -	300,574	20,376	280,198	56,405
Compensated absences	292,488	93,631		386,119	
Total	<u>\$ 292,488</u>	<u>394,205</u>	<u>20,376</u>	<u>666,317</u>	<u>56,405</u>

Sunflower County Library

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

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2014</u>			<u>Sept. 30, 2015</u>	<u>within one</u>
					<u>year</u>
Compensated absences	\$ 10,473		2,284	8,189	
Total	<u>\$ 10,473</u>	<u>-</u>	<u>2,284</u>	<u>8,189</u>	<u>-</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 10 - CONTINGENCIES.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. The following litigation warrants additional disclosure with resulting financial impact:

On November 5, 2010, November 30, 2011, November 6, 2012 and October 29, 2013 Sunflower Estates, LLC and East Sunflower Properties, LLC filed Petitions for Appeal and Reduction in Tax Assessments in the Circuit Court of Sunflower County, Mississippi. These cases were held in abeyance by agreement of the parties pending judgement of the Mississippi Supreme Court in a related case styled Willow Bend Estates, LLC, et al v. Humphreys County Board of Supervisors, et al Supreme Court No. 2012-IA-00575-SCT. The Mississippi Supreme Court on October 17, 2013 rendered judgement in said case and directed assessment in the manner argued by the property owners, and further has directed refund of Ad Valorem Taxes previously collected. The factual circumstances of the case pending in Sunflower County are substantially similar, and is now ordered that Sunflower Properties, LLC in the amount of \$380,321. Provision for the liability has been recorded as a prior period adjustment in the fiscal year 2014 in the government-wide financial statements, Statement of Net Position and Statement of Activities totaling \$380,321 and the governmental funds, Major Fund, General Fund (\$293,112), Countywide Road Maintenance Fund (\$14,900), Bridge and Culvert Fund (\$23,235) and Other Governmental Fund (\$49,074.)

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

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

<u>Description</u>	<u>Amount</u>
General obligation hospital bonds, series 2009	\$ 2,380,000

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Sunflower Board of Supervisors appoints six of the 20 members of the College Board of Trustees. The County appropriated \$630,501 in taxes for maintenance and support of the College in fiscal year 2015.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Sunflower County Board of Supervisors appoints one of the 21 members of the Board of Commissioners. The County levied a .75 mil tax, which brought \$119,381 for the maintenance and support of the District in the fiscal year 2015.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Sunflower County Board of Supervisors appoints one of the eight members of the Board of Commissioners. The County appropriated \$57,300 to the entity in the fiscal year 2015.

The South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Sunflower County Board of Supervisors appoints four of the 22 members of the District's Board of Directors. The County appropriated \$9,378 for the support of the District in fiscal year 2015.

NOTE 12 - SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Sunflower County evaluated the activity of the County through June 15, 2016 (the date the financial statements were available to be issued), and determined that no events that require disclosure occurred.

SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,452,116	5,866,918	5,866,918	-
Licenses, commissions and other revenue	463,548	328,467	328,467	-
Fines and forfeitures	607,180	371,242	371,242	-
Intergovernmental revenues	297,261	378,783	378,783	-
Charges for services	106,000	103,810	103,810	-
Interest income	37,400	48,212	48,212	-
Miscellaneous revenues	58,850	66,200	66,200	-
Total Revenues	7,022,355	7,163,632	7,163,632	-
EXPENDITURES				
General government	4,046,535	3,575,107	3,575,107	-
Public safety	2,281,665	2,373,526	2,373,526	-
Public works	59,315	63,686	63,686	-
Health and welfare	334,521	317,434	317,434	-
Culture and recreation	25,000	25,000	25,000	-
Conservation of natural resources	119,180	104,584	104,584	-
Economic development and assistance	171,560	167,382	167,382	-
Total Expenditures	7,037,776	6,626,719	6,626,719	-
Excess of Revenues over (under) Expenditures	(15,421)	536,913	536,913	-
OTHER FINANCING SOURCES (USES)				
Sources		4,781	4,781	-
Uses	(51,322)	(6,675)	(6,675)	-
Total Other Financing Sources and Uses	(51,322)	(1,894)	(1,894)	-
Net Change in Fund Balance	(66,743)	535,019	535,019	-
Fund Balance - Beginning	1,599,966	2,981,091	2,981,091	-
Fund Balance - Ending	\$ 1,533,223	3,516,110	3,516,110	-

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

SUNFLOWER COUNTY
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 694,338	694,671	694,671	-
Road and bridge privilege taxes	230,000	242,949	242,949	-
Intergovernmental revenues	605,120	746,802	746,802	-
Charges for services	3,000	2,705	2,705	-
Miscellaneous revenues	3,000	4,055	4,055	-
Total Revenues	1,535,458	1,691,182	1,691,182	-
EXPENDITURES				
Public works	1,535,458	1,603,883	1,603,883	-
Total Expenditures	1,535,458	1,603,883	1,603,883	-
Excess of Revenues over (under) Expenditures	-	87,299	87,299	-
OTHER FINANCING SOURCES (USES)				
Sources		157,394	157,394	
Uses		(142,019)	(142,019)	-
Total Other Financing Sources (Uses)	-	15,375	15,375	-
Net Change in Fund Balance	-	102,674	102,674	-
Fund Balance - Beginning	(508,900)	15,854	15,854	-
Fund Balance - Ending	\$ (508,900)	118,528	118,528	-

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

SUNFLOWER COUNTY
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 Bridge & Culvert Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 867,819	869,133	869,133	-
Miscellaneous revenue		2,400	2,400	-
Total Revenues	<u>867,819</u>	<u>871,533</u>	<u>871,533</u>	<u>-</u>
EXPENDITURES				
Public works	<u>1,150,378</u>	<u>734,532</u>	<u>734,532</u>	<u>-</u>
Total Expenditures	<u>1,150,378</u>	<u>734,532</u>	<u>734,532</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(282,559)</u>	<u>137,001</u>	<u>137,001</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sources	-	-	-	-
Uses	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(282,559)	137,001	137,001	-
Fund Balance - Beginning	<u>(280,263)</u>	<u>371,882</u>	<u>371,882</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (562,822)</u>	<u>508,883</u>	<u>508,883</u>	<u>-</u>

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

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

PRIMARY GOVERNMENT

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.064%	0.063%
County's proportionate share of the net pension liability (asset)	\$ 9,893,137	7,647,046
County's covered-employee payroll	\$ 4,046,057	3,839,402
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	244.51%	199.17%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

COMPONENT UNITS

	<u>North Sunflower Medical Center 2015</u>	<u>South Sunflower County Hospital 2015</u>	<u>Sunflower County Library 2015</u>
Proportion of the net pension liability (asset)	0.309932%	0.125391%	0.005%
Proportionate share of the net pension liability (asset)	\$ 47,919,887	18,932,870	772,901
Covered-employee payroll	\$ 19,188,756	7,742,204	281,162
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	249.73%	244.54%	274.90%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	61.70%	61.70%

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

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

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

PRIMARY GOVERNMENT

	<u>2015</u>
Contractually required contribution	\$ 637,253
Contributions in relation to the contractually required contribution	<u>637,253</u>
Contribution deficiency (excess)	\$ <u>-</u>
County's covered-employee payroll	\$ 4,046,057
Contributions as a percentage of covered-employee payroll	15.75%

COMPONENT UNITS

	<u>North Sunflower Medical Center 2015</u>	<u>South Sunflower County Hospital 2015</u>	<u>Sunflower County Library 2015</u>
Contractually required contribution	\$ 3,022,229	1,219,397	44,283
Contributions in relation to the contractually required contribution	<u>3,022,229</u>	<u>1,219,397</u>	<u>44,283</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 19,188,756	7,742,204	281,162
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

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

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

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

BUDGETARY COMPARISON SCHEDULES

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund
Budget (Cash Basis)	535,019	102,674	137,001
Increase (Decrease)			
Net adjustments for revenue accruals	(20,856)	(136,529)	131
Net adjustments for expenditure accruals	69,004	170,405	15,462
GAAP Basis	<u>583,167</u>	<u>136,550</u>	<u>152,594</u>

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

PENSION SCHEDULES

A. Changes in benefit terms.

None.

B. Changes of assumptions.

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale 8B rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

SUNFLOWER COUNTY

OTHER INFORMATION

SUNFLOWER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
"Unaudited"

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

SUNFLOWER COUNTY

SPECIAL REPORTS

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

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

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

Members of the Board of Supervisors
Sunflower County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 15, 2016. Other auditor's audited the financial statements of the North Sunflower Medical Center, the South Sunflower County Hospital, and the Sunflower County Library, as described in our report on Sunflower County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Sunflower County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 15, 2016, included within this document.

Purpose of this Report

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 15, 2016



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

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

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

Members of the Board of Supervisors
Sunflower County, Mississippi

We have examined Sunflower County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Sunflower County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Sunflower County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to

procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented in relation to that examination.

This report is intended for use in evaluating Sunflower County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 15, 2016

SUNFLOWER COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

Schedule 1

<u>Date</u>	<u>Item</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for accepting other than Lowest Bid</u>
6/22/2015	Replacement Engine	\$ 10,500	Ayers Delta	\$ 10,000	Warranty & Distance Board Ordered

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
4/23/2015	Freezer Repair	\$ 80	Smith A/C Heating	Unable to get PO number due to office hours, subsequent board order issued
6/2/2015	Freezer Repair	165	Smith A/C Heating	Unable to get PO number due to office hours, subsequent board order issued
	Total	<u>\$ 245</u>		

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

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

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

In addition, for areas not considered material to Sunflower County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 15, 2016, on the financial statements of Sunflower County, Mississippi.

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

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

Tax Assessor-Collector

1. Finding – Section 19-5-22 (4)(b), Miss. Code Ann. (1972), states that upon receipt of a delinquency notice, the tax collector shall not issue or renew a motor vehicle road and bridge privilege license for any motor vehicle owned by a person who is delinquent in the payment of fees unless those fees in addition to any other taxes or fees assessed against the motor vehicle are paid. Payment of all delinquent garbage fees shall be deemed a condition of receiving a motor vehicle road and privilege license tag. Failure to flag tags in the event that the owner is delinquent in garbage fees leads to loss of public funds.

Recommendation – The Tax Collector should ensure that no motor vehicle owner delinquent in garbage fee payments be allowed to renew or purchase a tag.

Response – The Tax Collector will make every effort to prevent delinquent garbage fee accounts from being allowed to renew or purchase a tag.

Circuit Clerk

2. Finding – The Juror Petty Cash bank statement was not reconciled as of 9/30/15.

Recommendation – Bank accounts should be reconciled monthly on a timely basis

Response – The Circuit Clerk will make every attempt to comply.

3. Finding – The Circuit Clerk has not settled the criminal and civil accounts by the 20th of the following month in (12) cases for each account.

Recommendation – Settlements should be made timely so that funds are not misappropriated.

Response – The Circuit Clerk had health issues during the time period. Settlements have been settled to the County by completion of the audit.

Sheriff's Office

4. Finding – As reported in prior audits, Title 19, Chapter 25, Section 73(b), requires that the annual daily cost of feeding prisoners not exceed \$6 per day. The computation of meal cost per prisoner day resulted in a cost of \$8.61 per day.

Recommendation – The Sheriff should make necessary changes in food procurement and preparation in order to comply with the \$6 per day limit.

Sheriff's Response – Efforts will be made to comply with the \$6 per day food cost on feeding prisoners.

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 15, 2016

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

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