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**LEFLORE COUNTY, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2018**

**Bridgers, Goodman, Baird & Clarke, PLLC**  
**Certified Public Accountants**  
**Vicksburg, Mississippi**

**LEFLORE COUNTY  
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**LEFLORE COUNTY**

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Leflore County, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements, of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, (the County) as of and for the year ended September 30, 2018, 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 Greenwood Leflore Hospital, component unit, which represents 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the report of the other auditors. Our audit and the component unit audit of the Greenwood Leflore Hospital were conducted 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 report 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 unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of September 30, 2018, 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 Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County's Contributions, and the Greenwood Leflore Hospital's Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Leflore County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the accompanying Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*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 August 31, 2021, on our consideration of Leflore County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Leflore County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Leflore County, Mississippi's internal control over financial reporting and compliance.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

August 31, 2021



# **LEFLORE COUNTY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LEFLORE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

The discussion and analysis of Leflore County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2018. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is supplemented by the more detailed information contained elsewhere in this County's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

**FINANCIAL HIGHLIGHTS**

- Total net position increased \$197,643, which represents a 0.7% increase from fiscal year 2017.
- General revenues account for \$17,436,238 in revenues, or 83.9% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$3,351,549 or 16.1% of total revenues.
- The County had \$22,671,675 in total expenses; only \$3,351,549 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$17,436,238 and beginning net position were adequate to provide for the remainder of these programs.
- Among major funds, the General Fund had \$13,789,802 in revenues, \$12,832,322 in expenditures, \$233,419 in transfers out and prior period adjustments of \$201,611. The General Fund's fund balance increased by \$925,672.
- Among major funds, the Road and Bridge Fund had \$1,710,013 in revenues, \$3,587,278 in expenditures and \$2,026,181 in interfund transfers in. The Road and Bridge Fund's fund balance increased by \$148,916.
- Among major funds, the GO PI Bonds Series 2017 Fund had \$48,958 in revenues, \$1,070,439 in expenditures and \$5,149,168 in other financing sources. The GO PI Series 2017 fund balance increased by \$4,127,687.
- Capital assets, net of accumulated depreciation, decreased by \$1,914,335, primarily due to the depreciation and disposal of assets.
- Long-term debt increased by \$4,223,840, primarily due to the issuance of \$5,000,000 in general obligation bonds.

**LEFLORE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

The County has the following discretely presented component unit.  
Greenwood Leflore Hospital

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

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's current financing requirements. Governmental funds are reported using modified accrual accounting. This method of

**LEFLORE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

accounting measures cash and other assets that can be easily converted to cash. The governmental funds statements provide a detailed short-term view of the County's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position.** Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$28,476,085 as of September 30, 2018.

By far the largest portion of the County's net position (133.7%) reflects its investment in capital assets (e.g. land, buildings, improvement other than buildings, mobile equipment, furniture and equipment, leased property under capital leases, infrastructure assets, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the county; consequently, these assets are not available for future spending.

**LEFLORE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

The following table presents a comparative summary of the County's net position for the fiscal years ended September 30, 2018 and September 30, 2017.

	<u>2017</u>	<u>2018</u>
Current and other assets	\$ 24,721,044	30,331,656
Capital assets, net	<u>56,871,198</u>	<u>54,956,863</u>
<b>Total assets</b>	<b>81,592,242</b>	<b>85,288,519</b>
Deferred outflows	1,436,498	1,370,158
Current liabilities	1,127,122	1,399,058
Long-term debt outstanding	<u>36,149,081</u>	<u>41,170,356</u>
<b>Total liabilities</b>	<b>37,276,203</b>	<b>42,569,414</b>
Deferred inflows	17,474,095	15,613,178
<b>Net position:</b>		
Net investment in capital assets	40,945,708	38,081,243
Restricted	3,745,504	3,913,218
Unrestricted	<u>(16,412,770)</u>	<u>(13,518,376)</u>
<b>Total net position</b>	<b>\$ <u>28,278,442</u></b>	<b><u>28,476,085</u></b>

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

- Issuance of general obligation bonds
- Disposal of capital assets
- Adjustments to correct prior year errors

**LEFLORE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Changes in net position.** The County's total revenues for the fiscal year ended September 30, 2018, were \$20,787,787. The total cost of all programs and services was \$22,671,675. The County also had \$2,081,531 prior period adjustments. The increase in net position was \$197,643. The following table presents a comparative summary of the changes in net position for the fiscal years ended September 30, 2018, and September 30, 2017.

	<u>2017</u>	<u>2018</u>
<b>Revenues:</b>		
Program revenues		
Charges for services	\$ 1,816,080	2,721,922
Operating grants & contributions	872,994	376,527
Capital grants & contributions	1,050,460	253,100
General revenues		
Property taxes	14,194,288	16,027,615
Road and bridge privilege taxes	324,445	309,494
Grants and contributions not restricted	822,414	1,276,082
Unrestricted interest income	113,218	185,538
Rental Income	-	183,449
Miscellaneous	265,285	274,544
Gain (Loss) on disposal of assets		(820,484)
<b>Total revenues</b>	<u>19,459,184</u>	<u>20,787,787</u>
<b>Expenses:</b>		
General Government	5,608,597	5,814,368
Public Safety	5,881,268	6,054,606
Public Works	4,776,611	5,691,300
Health and Welfare	655,565	710,450
Culture and Recreation	880,044	810,200
Conservation of Natural Resources	125,247	117,174
Economic Development and Assistance	628,228	651,431
Interest on long-term liabilities	327,004	822,345
Pension Expense	<u>2,882,557</u>	<u>1,999,801</u>
<b>Total Expenses</b>	<u>21,765,121</u>	<u>22,671,675</u>
<b>Prior Period Adjustments</b>	-	2,081,531
<b>Increase/ (Decrease) in Net Position</b>	<u>\$ (2,305,937)</u>	<u>197,643</u>

**Governmental activities.** The following table presents the cost of nine major county functional activities: general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, interest on long-term debt and pension expense. The comparative table also shows each function's net cost (total cost less charges for services generated by the

**LEFLORE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

	2017 Total Expenses	2017 Net (Expense) Revenue	2018 Total Expenses	2018 Net (Expense) Revenue
General Government	\$ 5,608,597	(5,105,893)	5,814,368	(4,787,795)
Public Safety	5,881,268	(4,284,585)	6,054,606	(4,872,719)
Public Works	4,776,611	(3,387,486)	5,691,300	(4,732,414)
Health and Welfare	655,565	(655,565)	710,450	(531,247)
Culture and Recreation	880,044	(880,044)	810,200	(810,200)
Conservation of Natural Resources	125,247	(125,247)	117,174	(117,174)
Economic Development and Assistance	628,228	(377,206)	651,431	(646,431)
Interest on long-term liabilities	327,004	(327,004)	822,345	(822,345)
Pension Expense	2,882,557	(2,882,557)	1,999,801	(1,999,801)
<b>Total Expenses</b>	<b>\$ 21,765,121</b>	<b>(18,025,587)</b>	<b>22,671,675</b>	<b>(19,320,126)</b>

Net cost of governmental activities of \$19,320,126, was financed by general revenue, which is made up of property taxes of \$16,027,615, road and bridge privilege of \$309,494, grants and contributions not restricted to specific programs of \$1,276,082, interest earnings of \$185,538, rental income of \$183,449, miscellaneous revenues of \$274,544, and gain (loss) on disposal of assets of \$(820,484). Beginning of year net position was used to cover remaining costs.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

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

The financial performance of the county as a whole is reflected in its governmental funds. As the county completed the year, its governmental funds reported a combined fund balance of \$12,216,376 an increase of \$4,646,516. This increase was primarily due to the issuance of general obligation bonds during the current fiscal year.

The General Fund is the principal operating fund of the county. The increase in fund balance in the General Fund for the fiscal year was 925,672. The fund balance of the Road and Bridge fund increased by 148,916. The GO PI Bonds, Series 2017 Fund was a new fund for the fiscal year and increased by \$4,127,687. The fund balance of Other Governmental Funds showed a decrease of \$555,759.

**LEFLORE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**BUDGETARY HIGHLIGHTS**

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of September 30, 2018, the county's total capital assets were \$141,385,315, including land, construction in progress, buildings, improvements other than buildings, infrastructure, mobile equipment, leased property under capital leases, and furniture and equipment. This amount represents a decrease of \$3,272,804 from the previous year. The majority of this decrease is due to the disposal of leased property under capital leases.

Total accumulated depreciation as of September 30, 2018, was \$86,428,452 and total depreciation expense for the year was \$1,526,260.

The balance in total net capital assets was \$54,956,863 at year end.

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

**Debt Administration.** At September 30, 2018, the county had \$22,961,744 in general obligation bonds, capital leases, other loans and compensated absences outstanding, of which \$2,133,451 is due within one year.

The county maintains an A1 bond rating.

Additional information on the county's long-term debt can be found in Note 10 of this report.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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



**LEFLORE COUNTY**

**FINANCIAL STATEMENTS**

**LEFLORE COUNTY**  
**Statement of Net Position**  
**September 30, 2018**

**Exhibit 1**

	Primary Government	Component Unit
	Governmental	Greenwood
	Activities	Leflore Hospital
<b>ASSETS</b>		
Cash	\$ 12,881,772	9,513,829
Assets limited as to use	-	1,452,618
Patient accounts receivable (net of allowance for doubtful accounts of \$42,915,035)	-	13,291,863
Accrued interest receivable		
Property tax receivable	14,989,342	-
Accounts receivable (net of allowance for uncollectibles of \$1,271,116)	292,608	-
Fines receivable (net of allowance for uncollectibles of \$4,604,424)	1,254,881	-
Capital leases receivable	478,788	-
Intergovernmental receivables	279,199	-
Estimated third-party payor settlements	-	1,256,776
Other receivables	155,066	2,107,364
Inventories	-	2,477,857
Prepaid expenses and other current assets	-	1,982,422
Funds internally designated for capital improvements	-	15,000,000
Other assets	-	417,494
Intangibles	-	1,024,940
Capital assets:		
Land and construction in progress	4,377,602	-
Other capital assets, net	50,579,261	46,534,895
<b>Total Assets</b>	<b>85,288,519</b>	<b>95,060,058</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	916,599	439,584
Deferred amount on refunding	453,559	-
<b>Total Deferred Outflows of Resources</b>	<b>1,370,158</b>	<b>439,584</b>
<b>LIABILITIES</b>		
Claims payable	710,635	-
Accounts payable	-	7,136,408
Accrued expenses, including payroll taxes withheld	-	8,334,838
Intergovernmental payables	272,908	-
Accrued interest payable	299,397	-
Amounts held in custody for others	109,289	-
Other payables	6,829	-
Net pension liability	18,208,612	14,687,160
Due within one year:		
Capital debt	2,133,451	1,169,307
Due in more than one year:		
Capital debt	19,323,415	2,883,130
Non-capital debt	1,504,878	-
<b>Total Liabilities</b>	<b>42,569,414</b>	<b>34,210,843</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	573,938	133,106
Deferred revenues - property taxes	14,989,342	-
Deferred revenues- lease interest payments	49,898	-
<b>Total Deferred Inflows of Resources</b>	<b>15,613,178</b>	<b>133,106</b>
<b>NET POSITION</b>		
Net investment in capital assets	38,081,243	42,482,458
Restricted for:		
Use in self-insurance	-	1,452,618
Specific operating activities	-	45,052
Expendable:		
General government	392,443	-
Public safety	305,899	-
Public works	1,545,508	-
Economic development and assistance	822,417	-
Unemployment compensation	33,889	-
Debt service	813,062	-
Unrestricted	(13,518,376)	17,175,565
<b>Total Net Position</b>	<b>\$ 28,476,085</b>	<b>61,155,693</b>

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

**LEFLORE COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2018**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Greenwood Leflore Hospital
Primary government:						
Governmental activities:						
General government	\$ 5,814,368	1,026,573	-	-	(4,787,795)	
Public safety	6,054,606	1,030,848	151,039	-	(4,872,719)	
Public works	5,691,300	664,501	41,285	253,100	(4,732,414)	
Health and welfare	710,450	-	179,203	-	(531,247)	
Culture and recreation	810,200	-	-	-	(810,200)	
Conservation of natural resources	117,174	-	-	-	(117,174)	
Economic development and assistance	651,431	-	5,000	-	(646,431)	
Interest on long-term debt	822,345	-	-	-	(822,345)	
Pension expense	1,999,801	-	-	-	(1,999,801)	
Total Governmental Activities	<u>22,671,675</u>	<u>2,721,922</u>	<u>376,527</u>	<u>253,100</u>	<u>(19,320,126)</u>	
Total Primary Government	\$ <u>22,671,675</u>	<u>2,721,922</u>	<u>376,527</u>	<u>253,100</u>	<u>(19,320,126)</u>	
Component unit:						
Greenwood Leflore Hospital	\$ 125,508,740	116,281,573	-	-		(9,227,167)
Total Component Unit	\$ <u>125,508,740</u>	<u>116,281,573</u>	<u>-</u>	<u>-</u>		<u>(9,227,167)</u>
General revenues:						
Property taxes				\$ 16,027,615		
Road & bridge privilege taxes				309,494		
Grants and contributions not restricted to specific programs				1,276,082		
Unrestricted interest income				185,538		360,965
Rental Income				183,449		
Miscellaneous				274,544		
Gain (Loss) on disposal of assets				(820,484)		590
Total General Revenues				<u>17,436,238</u>		<u>361,555</u>
Changes in Net Position				<u>(1,883,888)</u>		<u>(8,865,612)</u>
Net Position - Beginning, as previously reported				28,278,442		70,021,305
Prior period adjustments				2,081,531		-
Net Position - Beginning, as restated				<u>30,359,973</u>		<u>70,021,305</u>
Net Position - Ending				\$ <u>28,476,085</u>		<u>61,155,693</u>

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

**LEFLORE COUNTY**  
**Balance Sheet – Governmental Funds**  
**September 30, 2018**

**Exhibit 3**

	Major Funds				Total Governmental Funds
	General Fund	Road and Bridge Fund	GO PI Bonds Series 2017 Fund	Other Governmental Funds	
<b>ASSETS</b>					
Cash	\$ 5,085,798	1,161,872	4,242,304	2,391,798	12,881,772
Property tax receivable	10,191,131	422,579	-	4,375,632	14,989,342
Accounts receivable (net of allowance for uncollectibles of \$1,271,116)	-	-	-	292,608	292,608
Fines receivable (net of allowance for uncollectibles of \$4,604,424)	1,254,881	-	-	-	1,254,881
Capital lease receivable	-	-	-	478,788	478,788
Intergovernmental receivables	237,511	28,483	-	13,205	279,199
Other receivables	83,306	125	-	68,635	152,066
Due from other funds	-	26,794	-	41,431	68,225
Advances to other funds	3,000	-	-	-	3,000
<b>Total Assets</b>	<b>\$ 16,855,627</b>	<b>1,639,853</b>	<b>4,242,304</b>	<b>7,662,097</b>	<b>30,399,881</b>
<b>LIABILITIES</b>					
Liabilities:					
Claims payable	\$ 415,170	104,664	114,617	76,184	710,635
Intergovernmental payables	272,908	-	-	-	272,908
Due to other funds	75,054	-	-	-	75,054
Amounts held in custody for others	48,911	-	-	60,378	109,289
<b>Total Liabilities</b>	<b>\$ 812,043</b>	<b>104,664</b>	<b>114,617</b>	<b>136,562</b>	<b>1,167,886</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property taxes	10,191,131	422,579	-	4,375,632	14,989,342
Unavailable revenue - capital leases	-	-	-	478,788	478,788
Unavailable revenue - accounts receivable	-	-	-	292,608	292,608
Unavailable revenue - fines	1,254,881	-	-	-	1,254,881
<b>Total Deferred Inflows of Resources</b>	<b>\$ 11,446,012</b>	<b>422,579</b>	<b>-</b>	<b>5,147,028</b>	<b>17,015,619</b>
<b>Fund balances:</b>					
Nonspendable:					
Advances	3,000	-	-	-	3,000
Restricted for:					
General government	-	-	-	392,443	392,443
Public safety	-	-	-	305,899	305,899
Public works	-	1,112,610	4,127,687	140,290	5,380,587
Economic development and assistance	-	-	-	393,527	393,527
Debt service	-	-	-	1,112,459	1,112,459
Unemployment compensation	-	-	-	33,889	33,889
Unassigned	4,594,572	-	-	-	4,594,572
<b>Total Fund Balances</b>	<b>\$ 4,597,572</b>	<b>1,112,610</b>	<b>4,127,687</b>	<b>2,378,507</b>	<b>12,216,376</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 16,855,627</b>	<b>1,639,853</b>	<b>4,242,304</b>	<b>7,662,097</b>	<b>30,399,881</b>

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

**LEFLORE COUNTY****Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2018**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 12,216,376
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$86,428,452	54,956,863
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,547,489
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(22,961,744)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(18,208,612)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(299,397)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	428,890
Deferred amount on refunding	453,559
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	916,599
Deferred inflows of resources related to pensions	<u>(573,938)</u>
Total Net Position - Governmental Activities	\$ <u>28,476,085</u>

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

## LEFLORE COUNTY

## Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds  
For the Year Ended September 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Road and Bridge Fund	GO PI Bonds Series 2017 Fund	Other Governmental Funds	
<b>REVENUES</b>					
Property taxes	\$ 10,921,329	462,699	-	4,643,587	16,027,615
Road and bridge privilege taxes	-	309,494	-	-	309,494
Licenses, commissions and other revenue	511,421	-	-	11,368	522,789
Fines and forfeitures	338,881	-	-	-	338,881
Intergovernmental revenues	971,183	730,611	-	203,914	1,905,708
Charges for services	764,338	34	-	949,668	1,714,040
Interest income	83,539	8,791	48,958	44,250	185,538
Rental Income	173,396	-	-	10,053	183,449
Miscellaneous revenues	25,715	198,384	-	50,445	274,544
Total Revenues	<u>13,789,802</u>	<u>1,710,013</u>	<u>48,958</u>	<u>5,913,285</u>	<u>21,462,058</u>
<b>EXPENDITURES</b>					
Current:					
General government	5,593,960	-	88,418	328,586	6,010,964
Public safety	5,161,195	-	-	1,005,487	6,166,682
Public works	120,000	3,152,411	982,021	1,479,812	5,734,244
Health and welfare	688,877	-	-	-	688,877
Culture and recreation	738,751	-	-	-	738,751
Conservation of natural resources	116,463	-	-	-	116,463
Economic development and assistance	294,055	-	-	93,521	387,576
Debt service:					
Principal	114,137	398,479	-	1,633,978	2,146,594
Interest	4,884	36,388	-	561,139	602,411
Fiscal Agent Fees	-	-	-	12,534	12,534
Total Expenditures	<u>12,832,322</u>	<u>3,587,278</u>	<u>1,070,439</u>	<u>5,115,057</u>	<u>22,605,096</u>
Excess of Revenues over (under) Expenditures	<u>957,480</u>	<u>(1,877,265)</u>	<u>(1,021,481)</u>	<u>798,228</u>	<u>(1,143,038)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued	-	-	5,000,000	282,747	5,282,747
Compensation for loss of capital assets	-	-	-	74,661	74,661
Premiums on bonds issued	-	-	149,168	-	149,168
Lease principal payments	-	-	-	81,367	81,367
Transfers in	-	2,026,181	-	233,419	2,259,600
Transfers out	(233,419)	-	-	(2,026,181)	(2,259,600)
Total Other Financing Sources and Uses	<u>(233,419)</u>	<u>2,026,181</u>	<u>5,149,168</u>	<u>(1,353,987)</u>	<u>5,587,943</u>
Net Changes in Fund Balances	<u>724,061</u>	<u>148,916</u>	<u>4,127,687</u>	<u>(555,759)</u>	<u>4,444,905</u>
Fund Balances - Beginning, as previously reported	3,671,900	963,694	-	2,934,266	7,569,860
Prior period adjustments	201,611	-	-	-	201,611
Fund Balances - Beginning, as restated	<u>3,873,511</u>	<u>963,694</u>	<u>-</u>	<u>2,934,266</u>	<u>7,771,471</u>
Fund Balances - Ending	\$ <u>4,597,572</u>	<u>1,112,610</u>	<u>4,127,687</u>	<u>2,378,507</u>	<u>12,216,376</u>

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

## LEFLORE COUNTY

Exhibit 4-1

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2018**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 4,444,905
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,526,260 exceeded capital outlays of \$507,070 in the current period.	(1,019,190)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$820,484 and the proceeds from disposal of \$ 74,661 in the current period.	(895,145)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	154,904
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.	(8,691)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$5,431,915 (including bond premium of \$149,168) exceeded debt repayments of \$2,146,594.	(3,285,321)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Amortization of bond premium	8,488
Amortization of bond discount	(27,714)
Amortization of refunding charges on long-term debt	(41,233)
Compensated absences payable	(98,725)
Accrued interest payable	(146,941)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(81,367)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,999,801)
Recording of contributions made during the year	<u>1,111,943</u>
Change in Net Position of Governmental Activities	\$ <u>(1,883,888)</u>

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

**LEFLORE COUNTY**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2018**

**Exhibit 5**

		Agency Funds
<b>ASSETS</b>		
Cash	\$	371,830
Due from other funds		6,829
Total Assets	\$	<u>378,659</u>
<b>LIABILITIES</b>		
Accrued payables	\$	334,078
Intergovernmental payables		41,581
Advances from other funds		3,000
Total Liabilities	\$	<u>378,659</u>

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



**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

**A. Financial Reporting Entity.**

Leflore 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 Leflore County to present these financial statements on the primary government and its component unit which has a significant operational or financial relationships with the County.

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

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

**B. Individual Component Unit Disclosures.**

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the following component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County.

The Greenwood Leflore Hospital is a 208-bed acute care hospital and related psychiatric, rehabilitation and outpatient care facilities and physician clinics principally located in Greenwood, Mississippi.

**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 nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

**D. Measurement Focus and Basis of Accounting.**

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

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

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.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Road and Bridge Fund - This fund is used to account for monies from specific revenue sources that are restricted for roads and bridges.

GO PI Bonds, Series 2017 Fund - This fund is used to account for bond proceeds that are restricted for public improvement and the related expenditures.

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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

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

**FIDUCIARY FUND TYPE**

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

**E. Account Classifications.**

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

**F. Deposits and Investments.**

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

Cash includes cash on hand, demand deposits, 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 market value.

**G. Receivables.**

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

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**H. Interfund Transactions and Balances.**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed or assigned. 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 extent to which capital assets, other than infrastructure, have been estimated, and the methods of estimation, are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

Asset Classification	Capitalization Thresholds	Estimated Useful Life
Land	0	N/A
Infrastructure	0	20 to 50 years
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
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

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 9 for additional details.

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

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

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Deferred revenues – lease interest payments/unavailable revenue – capital leases – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

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

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 9 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, 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 benefit terms. Investments are reported at fair value.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**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, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

**M. Equity Classifications.**

Government-wide Financial Statements:

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 (committed, assigned or 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 (committed, assigned or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

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

*Non-spendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or

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

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

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if 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.

Fund Balance Flow Assumption – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**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 vehicles 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.

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**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.

**NOTE 2 - PRIOR PERIOD ADJUSTMENTS.**

A summary of significant net position/fund balance adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior period error in pension amounts	\$ 1,771,035
To correct prior period error in compensated absences liability	(820,568)
To correct prior period error in accounts receivable	(23,581)
To correct prior period error in fines receivable	941,244
To correct prior period error in capital leases receivable	11,790
To correct miscellaneous prior period errors	<u>201,611</u>
 Total prior period adjustments	 \$ <u><u>2,081,531</u></u>

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

<u>Explanation</u>	<u>Amount</u>
To correct miscellaneous prior period errors	<u>201,611</u>
 Total prior period adjustments	 \$ <u><u>201,611</u></u>

**NOTE 3 - DEPOSITS AND INVESTMENTS.**

**Deposits:**

**Leflore County:**

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$13,253,602 and the bank balance was \$13,665,874. 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



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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. 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). 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.

**Greenwood Leflore Hospital:**

Custodial credit risk is the risk that, in the event of a bank failure, the Hospital's deposits might not be recovered. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann (1972). Under this program, the Hospital's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation ("FDIC"). All deposits with financial institutions must be collateralized in an amount equal to 105 percent of uninsured deposits and are therefore fully insured. The bank balance of the collateralized and insured balances was \$16,368,790 at September 30, 2018, including money market accounts listed below.

**Investments:**

**Greenwood Leflore Hospital**

The statutes of the State of Mississippi restrict the authorized investments of the Hospital to obligations of the U. S. Treasury, agencies and instrumentalities of the United States and certain other types of investments. The Hospital does not have a formal investment policy that further limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The Mississippi Hospital Association ("MHA") investment pool is the result of an amendment to the Mississippi Code of 1972 passed in the 1999 and 2000 sessions of the Mississippi Legislature. This law expanded the investment options and permits the pooling of hospital funds. All Mississippi hospitals are allowed to participate in these funds. Pooled funds are invested in authorized investments and are managed by approved investment advisors. The external investment pools do not have a credit rating on the overall pool and they are not insured.

The Hospital's investments are reported at fair value. At September 30, 2018, the Hospital had the following investments and maturities:

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Investment Type	Bond Ratings		Interest Rate	Carrying Amount	Maturity Date
	Moody's	S&P			
FHLB Bond	Aaa	AA+	1.63%	\$ 2,895,450	8/25/2021
FHLB Bond	Aaa	AA+	2.01%	1,956,252	12/22/2021
MHA Intermediate Pool	N/A	N/A	N/A	<u>5,047,862</u>	N/A
Total				\$ <u><u>9,899,564</u></u>	

Deposits and investments are presented on the statements of net position as of September 30, 2018, as follows:

Description	Amount
Cash and cash equivalents	\$ 9,513,829
Assets limited as to use, current	1,452,618
Internally designated for capital improvements	<u>15,000,000</u>
Total	\$ <u><u>25,966,447</u></u>

The Hospital holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Hospital's mission, the Hospital determined that the disclosures related to these investments only need to be disaggregated by major type. The Hospital elected a narrative format for the fair value disclosures.

The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Hospital has the following recurring fair value measurements:

- Investment pools of \$5,047,862 as of September 30, 2018, are valued at the Hospital's percentage ownership based on the value of the underlying investments (Level 2 inputs).
- Government agency bond obligations of \$4,851,702 as of September 30, 2018, are valued based on observable inputs such as benchmark yields, broker quotes, base spread, rating agency updates and prepayment schedule and history (Level 2 inputs).

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**NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES.**

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road and Bridge Fund	General Fund	\$ 26,794
Other Governmental Funds	General Fund	41,431
Agency Funds	General Fund	<u>6,829</u>
		<u>\$ 75,054</u>

Receivables represent tax revenues and law library fees collected but not settled until October 2018. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Funds	<u>3,000</u>
		<u>\$ 3,000</u>

The amount payable from Agency Funds represents interest not transferred to General Fund.

C. Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Road and Bridge Fund	Other Governmental Funds	2,026,181
Other Governmental Funds	General Funds	<u>233,419</u>
		<u>\$ 2,259,600</u>

Transfers to the Road and Bridge Fund are reimbursement for bridge expenditures. Transfers to Other Governmental Funds from General Funds consist of \$100,000 transfer to E-911 Fund for operations, \$30,000 to establish a new fund, and \$103,419 for deficit cash balances in two funds.

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**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.**

Intergovernmental receivables at September 30, 2018, consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative credit	\$ 126,857
Emergency grant	28,118
Reimbursement of court expenses	19,297
Reimbursement of DHS expenses	18,717
State privilege taxes	67,559
Reimbursement for housing prisoners	7,400
Harvest permits	1,536
Public works grants	9,715
	<u>279,199</u>

**NOTE 6 - CAPITAL ASSETS.**

The following is a summary of capital assets activity for the year ended September 30, 2018:

**Leflore County**

	<u>Balance</u> <u>Oct. 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Balance</u> <u>Sept. 30, 2018</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 4,377,602	-	-	-	4,377,602
Construction in progress	3,629,722	-	-	(3,629,722)	-
Total non-depreciable capital assets	<u>8,007,324</u>	<u>-</u>	<u>-</u>	<u>(3,629,722)</u>	<u>4,377,602</u>
<u>Depreciable capital assets:</u>					
Infrastructure	94,232,365	-	-	3,629,722	97,862,087
Building	17,786,935	-	-	4,200,000	21,986,935
Improvements other than buildings	4,115,770	-	-	-	4,115,770
Mobile equipment	8,450,622	365,174	-	-	8,815,796
Furniture and equipment	2,887,855	6,859	-	-	2,894,714
Leased property under capital leases	9,177,248	135,037	3,779,874	(4,200,000)	1,332,411
Total depreciable capital assets	<u>136,650,795</u>	<u>507,070</u>	<u>3,779,874</u>	<u>3,629,722</u>	<u>137,007,713</u>
<u>Less accumulated depreciated for:</u>					
Infrastructure	66,826,780	152,796	-	-	66,979,576
Buildings	5,723,158	356,007	-	1,434,205	7,513,370
Improvements other than buildings	2,109,670	163,362	-	-	2,273,032
Mobile equipment	5,852,091	555,187	-	-	6,407,278
Furniture and equipment	2,567,077	66,781	-	-	2,633,858
Leased property under capital leases	4,708,145	232,127	2,884,729	(1,434,205)	621,338
Total accumulated depreciation	<u>87,786,921</u>	<u>1,526,260</u>	<u>2,884,729</u>	<u>-</u>	<u>86,428,452</u>
Total depreciable capital assets, net	<u>48,863,874</u>	<u>(1,019,190)</u>	<u>895,145</u>	<u>3,629,722</u>	<u>50,579,261</u>
Governmental activities capital assets, \$	<u>56,871,198</u>	<u>(1,019,190)</u>	<u>895,145</u>	<u>-</u>	<u>54,956,863</u>

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\*Adjustments were to correct prior year errors in classification of assets and depreciation.

Depreciation expense was charged to the following functions:

General government	\$ 147,032
Public safety	321,466
Public works	661,779
Health and welfare	32,693
Culture and recreation	87,604
Conservation of natural resources	11,831
Economic development	<u>263,855</u>
Total governmental activities depreciation expense	<u>\$ 1,526,260</u>

**Greenwood Leflore Hospital**

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments*	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 562,925	15,470			578,395
Construction in progress	<u>2,571,602</u>	<u>5,885,877</u>	<u>5,327,951</u>		<u>3,129,528</u>
Total non-depreciable capital assets	<u>3,134,527</u>	<u>5,901,347</u>	<u>5,327,951</u>	-	<u>3,707,923</u>
<u>Depreciable capital assets:</u>					
Land improvements	1,303,474	145			1,303,619
Building	50,814,108	2,215,622			53,029,730
Fixed equipment	7,252,858	243,157			7,496,015
Movable equipment	<u>122,631,746</u>	<u>4,893,751</u>	<u>292,779</u>		<u>127,232,718</u>
Total depreciable capital assets	<u>182,002,186</u>	<u>7,352,675</u>	<u>292,779</u>	-	<u>189,062,082</u>
<u>Less accumulated depreciated for:</u>					
Land improvements	438,127	22,556			460,683
Building	16,618,579	1,370,791			17,989,370
Fixed equipment	3,795,765	82,938			3,878,703
Movable equipment	<u>118,894,838</u>	<u>5,290,758</u>	<u>279,242</u>		<u>123,906,354</u>
Total accumulated depreciation	<u>139,747,309</u>	<u>6,767,043</u>	<u>279,242</u>	-	<u>146,235,110</u>
Total depreciable capital assets, net	<u>42,254,877</u>	<u>585,632</u>	<u>13,537</u>	-	<u>42,826,972</u>
Governmental activities capital assets, \$	<u>45,389,404</u>	<u>6,486,979</u>	<u>5,341,488</u>	-	<u>46,534,895</u>

Depreciation expense for the year ended September 30, 2018, totaled \$6,767,043. Interest capitalized and included in construction in progress during the year ended September 30, 2018, totaled \$80,961. The Hospital had no construction commitments outstanding as of September 30, 2018.

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**NOTE 7 - CLAIMS AND JUDGMENTS.**

Risk Financing:

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**NOTE 8 - CAPITAL LEASES.**

**As Lessor:**

On October 7, 2013, the County entered into a capital lease agreement with Coburn Supply Company. The capital lease stipulated that the lessee would pay approximately \$7,966 per month in lease payments commencing on January 1, 2014, for a term of 10 years.

The County leases the following property with varying terms and options as of September 30, 2018:

<u>Class of Property</u>	<u>Amount</u>
Buildings	\$ <u>825,000</u>
Total	\$ <u><u>825,000</u></u>

The future minimum lease receivable and the present value of the net minimum lease receivable as of September 30, 2018, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2019	83,854	11,742
2020	86,404	11,763
2021	89,032	10,708
2022	91,740	9,427
2023	<u>77,860</u>	<u>6,258</u>
Total	<u><u>428,890</u></u>	<u><u>49,898</u></u>

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**As Lessee:**

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

Classes of Property	Amount
Mobile Equipment	\$ 876,731
Furniture and equipment	455,680
Total	\$ 1,332,411
Less: Accumulated Depreciation	621,338
Leased Property Under Capital Leases	711,073

The following is a schedule by years of the total payments due as of September 30, 2018:

Year Ending September 30	Principal	Interest
2019	596,262	36,467
2020	527,627	21,393
2021	284,672	11,923
2022	252,789	6,400
2023	148,319	1,244
Total	1,809,669	77,427

**NOTE 9 - DEFINED BENEFIT PENSION PLAN.**

**Leflore County**

*General Information about the Pension Plan*

Plan Description. Leflore County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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.

Benefit Provided. Membership in PERS is a condition of employment granted upon hiring for qualified 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 granted to those who qualify upon hiring. Participating members who are vested and retire at or after age of 60 or those who retire regardless of

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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 the average compensation for each year of creditable service up to and including 30 years (25 years for those 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 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, 2018, PERS members are required to contribute 9% of their annual covered salary, and the County is required to contribute an actuarially determined rate. The employer's rate at September 30, 2018 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, 2018, 2017 and 2016 were \$1,111,943, \$1,069,812, and \$1,017,724, 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, 2018, the County reported a liability of \$18,208,612 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2018, net pension liability was 0.109473 percent, which was based on a measurement date of June 30, 2018. This was an increase of .004734 percent from its proportionate share used to calculate the September 30, 2017, net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$1,999,801. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:



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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,014	73,439
Net difference between projected and actual earnings on pension plan investments	-	344,189
Changes of assumptions	10,279	9,756
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	553,435	146,554
County contributions subsequent to the measurement date	275,871	-
Total	\$ 916,599	573,938

The \$275,871 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, 2019. 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
2019	\$ 333,080
2020	146,321
2021	(330,725)
2022	(81,886)
	66,790

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods in the measurement:

Inflation percentage	3.00%
Salary increases, including inflation	3.25% - 18.50%
Investment rate of return net of pension plan investment expense, including inflation	7.75%

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

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The target asset allocation and best estimates of arithmetic real rate of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00%	4.60%
International Equity	18.00%	4.50%
Emerging Markets Equity	4.00%	4.75%
Global	12.00%	4.75%
Fixed Income	18.00%	0.75%
Real Estate	10.00%	3.50%
Private Equity	8.00%	5.10%
Emerging Debt	2.00%	2.25%
Cash	1.00%	0.00%
	<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 of (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%) through June 30, 2019, and at 17.40% thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 23,975,518	18,208,612	13,415,553

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

**DEFINED BENEFIT PENSION PLAN - COMPONENT UNIT**

**Greenwood Leflore Hospital**

Greenwood Leflore Hospital Pension Plan (the "Plan") is a single-employer defined benefit pension plan sponsored by the Hospital. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. The Hospital elected to freeze the Plan to new members as of March 31, 2012. The Plan issues a publicly available financial report that can be obtained from the Chief Financial Officer of Greenwood Leflore Hospital at P.O. Box 1410, Greenwood, Mississippi, 38935.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to the defined benefit plan, and defined benefit pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported on the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Normal Retirement Benefit

The normal retirement date of a participant is the first day of the calendar month coincident with or next following his attainment of age 65 and completion of five years of service.

The normal retirement benefit, payable monthly for life, is equal to the sum of (i), (ii) and (iii) as follows:

- (i) For service before October 1, 1972:
  - a. 1.00 percent of average compensation multiplied by benefit service through September 30, 1972.
- (ii) For service from October 1, 1972 through September 30, 1988:
  - a. 0.85 percent of average compensation plus 1.00 percent of average compensation in excess of \$15,000, all multiplied by benefit service from October 1, 1972 through September 30, 1988 (limited to 16 years).
- (iii) For each year of participation on and after October 1, 1988:
  - a. 1.25 percent of compensation for a given year of participation plus 0.65 percent of compensation for that year in excess of the integration level for that year.

"Years of participation" as used in (iii) above for the benefit attributable to compensation in excess of the integration level cannot exceed 35 years minus the number of years of benefit service used in (ii) above.

"Average compensation" is the average of a participant's compensation for the three consecutive plan years preceding October 1, 1988, which produce the highest average (or the average over all years of benefit service if less than three).

"Integration level" for a plan year means one-half of Social Security-covered compensation for an individual who reaches Social Security retirement age in that year, but not less than \$10,000.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Summary of Participant Data

	2018
1. Inactive Plan Participants	
a.) Retirees and beneficiaries currently receiving benefits	320
b.) Terminated employees entitled to deferred benefits	569
c.) Disabled employees entitled to deferred benefits	-
d.) Total	889
2. Active Plan Participants	
a.) Vested	360
b.) Nonvested	-
c.) Total	360
3. Total Plan Participants	1,249

Funding Policy

Although a formal funding policy has not been established, the Hospital generally contributes the amount necessary to fund the Plan at an actuarially determined rate. Employees are not allowed to contribute to the Plan. The current actuarially required minimum rate is 1.7 percent of annual covered payroll. The Hospital's contributions to the Plan for the year ended September 30, 2018 were \$1,452,904 equal to the actuarial determined annual contributions for each year.

Net Pension Liability

The Hospital's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017.

Summary of Assumptions

The total pension liability as of September 30, 2018, was measured using the following actuarial assumptions, applied to all periods in the measurement:

Investment Rate of Return - 7.30 percent, per annum, compounded annually

Discount Rate - 7.30 percent per annum, compounded annually

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on that assumption, 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' projected benefit payments to determine the total pension liability.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Salary increases                      Not applicable, benefits are frozen

As of October 1, 2016, mortality rates are based on the RP-2014 Blue Collar, Separate Pre- and Post-Commencement, with separate Male and Female tables, fully Generational using Projections Scale MP-2016.

Effective October 1, 2017, the mortality table was changed from the RP-2014 Blue Collar, Separate Pre- and Post-Commencement, with separate Male and Female tables, fully Generational using Projections Scale MP-2016 to the RP-2014 Blue Collar, Separate Pre- and Post-Commencement, with separate Male and Female tables, fully Generational using Projections Scale MP-2017 to better recognize current and future mortality improvements.

All liabilities and normal costs are calculated based on the Entry Age Normal method.

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2017	\$ 46,755,844	\$ 32,482,019	\$ 14,273,825
Changes for the Year:			
Interest	3,413,176		3,413,176
Difference between expected and actual experience	740,367		740,367
Changes of assumptions	(299,489)		(299,489)
Contributions - employer		1,452,904	(1,452,904)
Net investment income		2,073,394	(2,073,394)
Benefits paid/refunds	(2,461,722)	(2,461,722)	-
Administrative expenses		(85,579)	85,579
Net changes	<u>1,392,332</u>	<u>978,997</u>	<u>413,335</u>
Balance at September 30, 2018	\$ <u>48,148,176</u>	\$ <u>33,461,016</u>	\$ <u>14,687,160</u>

The following represents the net pension liability as calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
Net pension liability	\$ 20,350,135	\$ 14,687,160	\$ 9,995,779

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The asset allocations for each major asset class at September 30, 2018, are summarized below in the following table:

Asset Class	2018 Allocation
Mutual funds - fixed income	43.9%
Mutual funds - equities	40.4%
Common stock - equities	2.7%
International mutual funds	12.1%
Cash and cash equivalents	0.7%
International foreign stock	0.2%
Total	100%

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2018, the Hospital recognized pension expense of \$1,295,267. At September 30, 2018, the Hospital reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2018
Deferred outflows of resources	
Experience losses	\$ 329,052
Net difference between projected and actual earnings on pension plan investments	110,532
Total deferred outflows of resources	439,584
Deferred inflows of resources	
Changes in assumptions	(133,106)
Total deferred inflows of resources	\$ (133,106)

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

Year Ending September 30,	Amount
2019	\$ 473,131
2020	(121,855)
2021	(95,908)
2022	51,110
Total	\$ 306,478

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Amortization Period

Investment gains or losses are amortized over five years.

Changes in actuarial assumptions and experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is 1.8 years for the measurement period ended September 30, 2018.

**NOTE 10 - LONG TERM DEBT.**

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
GO Bonds, S2008	\$ 190,000	4.50-5.00%	11/2028
GO Bonds, S2010	1,255,000	2.50-3.38%	04/2025
Jail Refunding, S2012	2,535,000	5.00%	12/2023
GO PI Bonds, S2012	3,075,000	3.00%	07/2032
GO Bonds, S2015	4,580,000	various	02/2035
GO Refunding Bonds, S2015	2,720,000	various	11/2028
GO PI Bonds, S2017	<u>4,795,000</u>	1.15-2.75%	10/2037
Total General Obligation Bonds	<u>\$ 19,150,000</u>		
B. Capital Leases:			
8- 2017 Chevrolet Tahoes	\$ 181,307	2.09%	02/2022
Trucks	430,612	1.97%	08/2020
7-2013 140M2 Cat Motor Graders	759,993	2.17%	05/2023
2 Chevrolet Trucks	34,456	2.17%	02/2022
2016 Chevy Express Passenger Van	8,031	1.66%	08/2019
20 Mobile Radios and 89 Handheld Radios	12,019	1.94%	01/2019
3-2016 Freightliner MS 106 Trucks w/ Pac-Mac RLX-20 Rear Loaders	122,892	2.03%	03/2020
E911 Upgrade Equipment	<u>260,359</u>	2.70%	04/2023
Total Capital Leases	<u>\$ 1,809,669</u>		
C. Other Loans:			
MDA mitigation CI loan	\$ 29,784	3.00%	09/2019
Coburn Supply Company	428,890	2.00%	09/2023
2-2016 Pierce Commercial Pumper	75,569	1.94%	09/2020
Express Grain Terminal	<u>6,045</u>	2.00%	05/2019
Total Other Loans	<u>\$ 540,288</u>		

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2019	\$ 1,380,000	510,893	157,189	13,746
2020	1,410,000	475,338	124,467	12,502
2021	1,445,000	441,575	89,032	10,708
2022	1,480,000	404,631	91,740	9,427
2023	1,515,000	364,781	77,860	6,258
2024 - 2028	5,775,000	3,766,453	-	-
2029 - 2033	4,225,000	579,853	-	-
2034 - 2038	1,920,000	99,013	-	-
<b>Total</b>	<b>\$ 19,150,000</b>	<b>6,642,537</b>	<b>540,288</b>	<b>52,641</b>

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, 2018, the amount of outstanding debt was equal to 7.02% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments*	Balance Sept. 30, 2018	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 585,585	98,725	-	820,568	1,504,878	-
General obligation bonds	15,490,000	5,000,000	1,340,000	-	19,150,000	1,380,000
Less:						
Discounts	(221,785)		(27,714)	-	(194,071)	-
Add:						
Premiums	10,300	149,168	8,488	-	150,980	-
Capital leases	2,296,495	282,747	657,211	(112,362)	1,809,669	596,262
Other loans	577,309	-	149,383	112,362	540,288	157,189
<b>Total</b>	<b>\$ 18,737,904</b>	<b>5,530,640</b>	<b>2,127,368</b>	<b>820,568</b>	<b>22,961,744</b>	<b>2,133,451</b>

\*Adjustments are to correct a prior year error in compensated absences and to correctly classify a fire truck loan.

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road and Bridge Fund, and E-911 Fund.



**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**LONG TERM DEBT - COMPONENT UNIT**

**Greenwood Leflore Hospital**

A summary of long-term debt, including capital lease obligations at September 30, 2018 is as follows:

	2018
Trustmark note payable, with an interest rate of 2.98 percent and payments due through November 2, 2021, collateralized by equipment that was purchased with the note.	\$ 2,304,322
Capital lease obligation, with interest of 2.59 percent and payments due through September 2022, collateralized by leased equipment.	1,748,115
	4,052,437
Total long-term debt	
Less current maturities of long-term debt	(1,169,307)
	\$ 2,883,130

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

Year Ending September 30,	Long-Term Debt		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2019	\$ 704,046	\$ 59,895	\$ 465,261	\$ 41,217
2020	725,507	38,435	475,979	29,060
2021	747,842	16,099	488,454	16,585
2022	126,927	478	318,421	4,056
	\$ 2,304,322	\$ 114,907	\$ 1,748,115	\$ 90,918

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018	Due Within One Year
Notes payable	\$ 2,987,333	\$ -	\$ (683,011)	\$ 2,304,322	\$ 704,046
Capital lease obligations	2,254,956	-	(506,841)	1,748,115	465,261
Total long-term debt	\$ 5,242,289	\$ -	\$(1,189,852)	\$ 4,052,437	\$1,169,307

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 11 - CONTINGENCIES.**

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

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

**NOTE 12 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.**

The governmental activities' unrestricted net position deficit amount of \$(13,518,376) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$275,871 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$640,728 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years. The \$573,938 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position deficit amount of \$(13,518,376) includes the effect of deferring the recognition of revenue resulting from capital lease receivable. The \$49,898 balance of deferred inflows of resources at September 30, 2018, will be recognized as revenue and will increase the unrestricted net position in future years.

The governmental activities' net investment in capital assets net position of \$38,081,243 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$453,559 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 11 years.

**NOTE 13 -RELATED ORGANIZATIONS.**

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

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

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Teoc Drainage District  
Big Sand Drainage District  
Abiaca Drainage District  
Fighting Bayou Drainage District  
Pecan Bayou Drainage District  
Abotapoota Drainage District  
Leflore County Drainage District  
New Jones Walton Drainage District  
Cude Drainage District  
Rucker Ellsberry Drainage District  
Lake Henry Drainage District

**NOTE 14 -JOINT VENTURES.**

The county participates in the following joint ventures:

Leflore County is a participant with the City of Greenwood in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Greenwood-Leflore County Airport. The joint venture was created to provide airport services and is governed by a five-member board of commissioners with two appointed by the Leflore County Board of Supervisors, two appointed by the City of Greenwood and one jointly appointed. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$120,000. Complete financial statements for the Greenwood-Leflore Airport can be obtained from the Greenwood-Leflore County Airport, P.O. Box 378, Greenwood, MS 38930.

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

**NOTE 15 -JOINTLY GOVERNED ORGANIZATIONS.**

The County participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery, and Sunflower. The Leflore County Board of Supervisors appoints one of the eight members of the board of commissioners. Leflore County contributed \$121,500 for the support of the center in fiscal year 2018.

Yazoo-Mississippi Delta Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Leflore County Board of Supervisors appoints two of the 21 members of the district board of commissioners. The county levied a .75 mill tax resulting in \$ 168,011 for the maintenance and support of the district in fiscal year 2018.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery, and Yalobusha. The Leflore County Board of Supervisors appoints four of the 28 members of the district board of directors. Leflore County contributed \$33,212 for the support of the district in fiscal year 2018.

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Leflore County Board of Supervisors appoints two of the 20 members of the college board of trustees. The county appropriated \$397,831 for maintenance and support of the college in fiscal year 2018.

Greenwood-Leflore Industrial Board members are appointed by the Greenwood-Leflore-Carroll Economic Foundation whose membership is open to the public. Leflore County and the City of Greenwood fund the industrial board equally. The county contributed \$124,231 in support of the industrial board in fiscal year 2018.

**NOTE 16 - TAX ABATEMENT**

Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures*, requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Leflore County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with one entity as of September 30, 2018.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies: 27-31-105, Miss. Code (Ann.) 1972. All allowable property tax levies:

Category	Fiscal Year 2018	
	% of Taxes Abated	Ad Valorem Taxes Abated
Additions, expansions or equipment replacement - personal property	100%	<u>\$86,306</u>

The company was not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**Note 17. Net Patient Service Revenue**

**Greenwood Leflore Hospital**

The Hospital has agreements with governmental and other third-party payors that provide for payments to the Hospital for services rendered at amounts different from its established rates. Patient revenue is reported net of contractual adjustments arising from these third-party arrangements, as well as net of provisions for uncollectible accounts. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient acute, psychiatric, rehabilitation and outpatient services rendered to Medicare beneficiaries are paid primarily by prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicare bad debts and disproportionate share payments are paid at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon the Ambulatory Payment Classification ("APC") system for outpatient payments APR-DRG system for inpatient payments.

The Hospital participates in the Division of Medicaid ("DOM") Mississippi Hospital Access Payment ("MHAP") program (the "MHAP Program"). The MHAP Program is administered by the DOM through the Mississippi CAN coordinated care organizations ("CCO"). The CCO's subcontract with the Hospitals throughout the state for distribution of the MHAP for the purpose of protecting patient access to hospital care. The MHAP payments were distributed on a monthly basis, while the associated tax was collected in seven equal installments during the months of December 2017 through June 2018. The Hospital received approximately \$9,993,000 from the MHAP program with related tax assessments of approximately \$3,368,000 recorded in operating expenses for the years ended September 30, 2018.

Laws and regulations governing the Medicare and Medicaid program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change. The 2018 net patient service revenue increased approximately \$263,000 due to prior year retroactive adjustments in excess of amounts previously estimated. The Hospital's cost reports have been settled through September 30, 2013.

Other

The Hospital has also entered into payment agreements with certain other commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates and discounts from established charges.

**LEFLORE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The composition of net patient service revenue as of September 30, 2018, includes

		Amount
Gross patient service revenue	\$	357,574,415
Less:		
Provisions for contractual adjustments		(220,201,709)
Provisions for bad debts		(22,547,093)
Net patient service revenue	\$	114,825,613

**NOTE 18 - SUBSEQUENT EVENTS.**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Leflore County evaluated the activity of the County through August 31, 2021 (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2018, Leflore County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/15/2018	3.15%	\$ 1,421,000	Lease Purchase	Ad valorem taxes
11/15/2018	3.15%	\$ 135,037	Lease Purchase	Ad valorem taxes
3/15/2020	2.20%	\$ 420,616	Lease Purchase	Ad valorem taxes
6/20/2020	1.65%	\$ 771,550	Lease Purchase	Ad valorem taxes
9/10/2020	1.65%	\$ 40,000	Lease Purchase	Ad valorem taxes

On October 29, 2018, Lavis Weathers vs. Leflore County was filed in the County Court of Leflore County. The suit alleged that Leflore County breached its contract with Plaintiff thus causing monetary damages. Neither the County's insurance carrier nor the County responded to the complaint. On January 28, 2021, an order was entered for default judgment against Leflore County in the amount of \$38,268, plus interest at the rate of 5% from and after October 28, 2018, plus all costs of court and costs of collection. Leflore County filed a motion to set aside default judgment which was heard on May 20, 2021. Leflore County was not successful on its motion to set aside default judgment. Leflore County has filed an appeal from County Court to Circuit Court regarding this case.

**LEFLORE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**LEFLORE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 10,141,835	10,776,404	10,949,512	173,108
Licenses, commissions and other revenue	374,400	407,400	506,932	99,532
Fines and forfeitures	290,000	290,000	326,236	36,236
Intergovernmental revenues	867,949	926,010	929,037	3,027
Charges for services	705,000	779,663	789,268	9,605
Interest income	61,500	77,848	85,937	8,089
Miscellaneous revenues	194,550	194,550	198,629	4,079
Total Revenues	<u>12,635,234</u>	<u>13,451,875</u>	<u>13,785,551</u>	<u>333,676</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,539,657	5,888,513	5,555,319	333,194
Public safety	5,204,953	5,456,083	5,169,761	286,322
Public works	139,776	139,776	120,000	19,776
Health and welfare	684,759	688,514	651,871	36,643
Culture and recreation	755,063	820,663	787,746	32,917
Conservation of natural resources	125,197	125,197	120,250	4,947
Economic development and assistance	282,637	305,407	286,638	18,769
Debt service:				
Principal	-	-	114,137	(114,137)
Interest	-	-	4,884	(4,884)
Total Expenditures	<u>12,732,042</u>	<u>13,424,153</u>	<u>12,810,606</u>	<u>613,547</u>
Excess of Revenues over (under) Expenditures	<u>(96,808)</u>	<u>27,722</u>	<u>974,945</u>	<u>947,223</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	781,661	816,401	602,982	(213,419)
Transfers out	(801,661)	(939,820)	(939,820)	0
Total Other Financing Sources and Uses	<u>(20,000)</u>	<u>(123,419)</u>	<u>(336,838)</u>	<u>(213,419)</u>
Net Change in Fund Balance	(116,808)	(95,697)	638,107	733,804
Fund Balances - Beginning	<u>2,855,720</u>	<u>3,655,539</u>	<u>6,232,848</u>	<u>2,577,309</u>
Fund Balances - Ending	<u>\$ 2,738,912</u>	<u>3,559,842</u>	<u>6,870,955</u>	<u>3,311,113</u>

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



**LEFLORE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 415,706	437,206	440,665	3,459
Road and bridge privilege taxes	290,000	290,000	334,392	44,392
Intergovernmental revenues	683,000	687,400	799,086	111,686
Interest income	3,000	5,200	8,791	3,591
Miscellaneous revenues	10,000	180,951	198,511	17,560
Total Revenues	<u>1,401,706</u>	<u>1,600,757</u>	<u>1,781,445</u>	<u>180,688</u>
<b>EXPENDITURES</b>				
Current:				
Public works	3,412,466	3,776,008	3,220,604	555,404
Debt service:				
Principal	-	-	404,586	(404,586)
Interest	-	-	30,282	(30,282)
Total Expenditures	<u>3,412,466</u>	<u>3,776,008</u>	<u>3,655,472</u>	<u>120,536</u>
Excess of Revenues over (under) Expenditures	<u>(2,010,760)</u>	<u>(2,175,251)</u>	<u>(1,874,027)</u>	<u>301,224</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,937,775	2,036,181	2,026,181	(10,000)
Total Other Financing Sources and Uses	<u>1,937,775</u>	<u>2,036,181</u>	<u>2,026,181</u>	<u>(10,000)</u>
Net Change in Fund Balance	(72,985)	(139,070)	152,154	291,224
Fund Balances - Beginning	<u>2,655,753</u>	<u>927,302</u>	<u>973,897</u>	<u>46,595</u>
Fund Balances - Ending	<u>\$ 2,582,768</u>	<u>788,232</u>	<u>1,126,051</u>	<u>337,819</u>

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

**LEFLORE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE- BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GO PI BONDS SERIES 2017 FUND**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ -	15,000	48,958	33,958
Total Revenues	<u>-</u>	<u>15,000</u>	<u>48,958</u>	<u>33,958</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	88,418	88,418	-
Public works	-	3,926,000	867,404	3,058,596
Total Expenditures	<u>-</u>	<u>4,014,418</u>	<u>955,822</u>	<u>3,058,596</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>(3,999,418)</u>	<u>(906,864)</u>	<u>3,092,554</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued	-	5,000,000	5,000,000	-
Premiums on bonds issued	-	-	149,168	149,168
Total Other Financing Sources and Uses	<u>-</u>	<u>5,000,000</u>	<u>5,149,168</u>	<u>149,168</u>
Net Change in Fund Balance	-	1,000,582	4,242,304	3,241,722
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>1,000,582</u>	<u>4,242,304</u>	<u>3,241,722</u>

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

**LEFLORE COUNTY**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS\***  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.109473%	0.10%	0.11%	0.11%	0.12%
County's proportionate share of the net pension liability (asset)	\$ 18,208,612	17,411,177	18,969,436	17,503,163	14,653,926
Covered payroll	\$ 6,990,613	6,792,457	6,461,740	6,710,113	7,018,089
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.47%	256.33%	293.57%	260.85%	208.80%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at 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.

**LEFLORE COUNTY**  
**Schedule of the County's Contributions**  
**Last 10 Fiscal Years**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,111,943	1,069,812	1,017,724	1,056,843	1,105,349
Contributions in relation to the contractually required contribution	<u>1,111,943</u>	<u>1,069,812</u>	<u>1,017,724</u>	<u>1,056,843</u>	<u>1,105,349</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 7,059,951	6,792,457	6,461,740	6,710,113	7,018,089
Contributions as a percentage of covered payroll	15.75%	15.75%	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.

**LEFLORE COUNTY**  
**Discretely Presented Component Unit – Greenwood Leflore Hospital**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$			
Interest	3,413,176	3,363,064	3,384,889	3,384,889
Difference between expected and actual experience	740,367	(355,795)	(294,088)	68,042
Changes of assumptions	(299,489)		(1,336,081)	
Benefit payments/refunds	<u>(2,461,722)</u>	<u>(2,320,792)</u>	<u>(2,053,702)</u>	<u>(1,965,617)</u>
Net change in total pension liability	1,392,332	686,477	(298,982)	1,487,314
Total pension liability - beginning	<u>46,755,844</u>	<u>46,069,367</u>	<u>46,368,349</u>	<u>44,881,035</u>
Total pension liability - ending (a)	\$ <u>48,148,176</u>	<u>46,755,844</u>	<u>46,069,367</u>	<u>46,368,349</u>
Plan Fiduciary Net Position				
Contributions - employer	1,452,904	1,367,610	1,394,632	2,517,899
Net investment income	2,073,394	2,883,575	2,229,987	107,212
Benefit payments/refunds	(2,461,722)	(2,320,792)	(2,053,702)	(1,965,617)
Administrative expenses	<u>(85,579)</u>	<u>(80,239)</u>	<u>(78,351)</u>	<u>(88,388)</u>
Net Change in plan fiduciary net position	978,997	1,850,154	1,492,566	571,106
Plan fiduciary net position - beginning	<u>32,482,019</u>	<u>30,631,865</u>	<u>29,139,299</u>	<u>28,568,193</u>
Plan fiduciary net position -ending (b)	\$ <u>33,461,016</u>	<u>32,482,019</u>	<u>30,631,865</u>	<u>29,139,299</u>
Net pension liability - ending (a) - (b)	\$ <u>14,687,160</u>	<u>14,273,825</u>	<u>15,437,502</u>	<u>17,229,050</u>
Plan fiduciary net position as a percent of the total pension liability	69.5%	69.5%	66.5%	63.0%
Covered-employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percent of covered-employee payroll	N/A	N/A	N/A	N/A

Note to Schedule: This schedule is intended to show a 10-year trend and is presented on the measurement date of the net pension liability. Additional years will be reported as they become available.

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

**Leflore County**  
**Discretely Presented Component Unit – Greenwood Leflore Hospital**  
**SCHEDULE OF CONTRIBUTIONS**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as % of Covered Payroll
2018	\$ 1,452,904	\$ 1,452,904	\$ -	N/A	N/A
2017	1,367,610	1,367,610	-	N/A	N/A
2016	1,394,632	1,394,632	-	N/A	N/A
2015	1,458,037	1,458,037	-	N/A	N/A

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

**LEFLORE COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

**Budgetary Comparison Schedule**

**A. Budgetary Information.**

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

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

**B. Basis of Presentation.**

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

**LEFLORE COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

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	Road and Bridge Fund	GO PI Bonds Series 2017 Fund
Budget (Cash Basis)	\$ 638,107	152,154	4,242,304
Increase (Decrease)			
Net adjustment for revenue accruals	107,673	(71,431)	-
Net adjustment for expenditure accruals	(21,719)	68,193	(114,617)
GAAP Basis	<u>\$ 724,061</u>	<u>148,916</u>	<u>4,127,687</u>

**Pension Schedules**

**A. Changes of assumptions.**

**Leflore County**

**2017**

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

**2016**

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**2015**

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- 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.



**LEFLORE COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

**B. Changes in benefit provisions.**

**Leflore County**

**2016**

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**Component Unit**

**Greenwood Leflore Hospital**

Summary of Assumptions and Methods Used to Determine Contributions Rates

The total pension liability as of September 30, 2018, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Investment Rate of Return            7.30% percent, per annum, compounded annually

Discount Rate                            7.30% percent per annum, compounded annually

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on that assumption, 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 projected benefit payments to determine the total pension liability.



**LEFLORE COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

The normal retirement date of a participant is the first day of the calendar month coincident with or next following his attainment of age 65 and completion of five years of service.

**LEFLORE COUNTY**

**SUPPLEMENTARY INFORMATION**

**LEFLORE COUNTY**  
**RECONCILIATION OF OPERATING COSTS OF SOLID WASTE**  
**For the Year Ended September 30, 2018**

Operating Expenditures, Cash Basis:

Personnel	\$ 451,138
Expendable Commodities:	
Gasoline and petroleum products	75,857
Repair parts	45,930
Office, field and shop supplies	33,622
Solid waste contract and disposal fees	42,922
Debt Service	<u>82,480</u>
 Solid Waste Cash Basis Operating Expenditures	 731,949
 Full Cost Expenses:	
Indirect administrative costs	1,825
Depreciation on equipment	225,023
Net effect of other accrued expenses	<u>10,155</u>
 Solid Waste Full Cost Operating Expenses	 \$ <u><u>968,952</u></u>

**LEFLORE COUNTY**

**OTHER INFORMATION**

**LEFLORE COUNTY**  
**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS**  
**For the Year Ended September 30, 2018**  
**UNAUDITED**

Name	Position	Company	Bond
Sam Abraham	Supervisor	Brierfield Insurance Company	\$ 100,000
Anjuan Brown	Supervisor	Brierfield Insurance Company	100,000
Robert L. Collins, Sr.	Supervisor	Brierfield Insurance Company	100,000
Robert E. Moore	Supervisor	State Farm Fire and Casualty Company	100,000
Reginald Moore	Supervisor	State Farm Fire and Casualty Company	100,000
Wayne A. Self	Supervisor	Western Surety Company	100,000
Christine Lymon	County Administrator	Brierfield Insurance Company	100,000
Christine Lymon	Chancery Clerk	Brierfield Insurance Company	100,000
Elmus Stockstill	Circuit Clerk	Brierfield Insurance Company	100,000
Jasmine McClung	Deputy Circuit Clerk	Traveler's Casualty & Surety of America	75,000
Annie M. Conley	Tax Collector	Western Surety Company	100,000
Sheron Elliott	Deputy Tax Collector	Traveler's Casualty & Surety of America	50,000
Koneshiana Erving	Deputy Tax Collector	Traveler's Casualty & Surety of America	50,000
Deneidra Johnson	Deputy Tax Collector	Traveler's Casualty & Surety of America	50,000
Marissa Jones	Deputy Tax Collector	Traveler's Casualty & Surety of America	50,000
Pamela Keys	Deputy Tax Collector	Traveler's Casualty & Surety of America	50,000
Rebecca Seawright	Deputy Tax Collector	Traveler's Casualty & Surety of America	50,000
Carolyn R. Smith	Deputy Tax Collector	Traveler's Casualty & Surety of America	50,000
Leroy Ware	Tax Assessor	State Farm Fire and Casualty Company	100,000
Carlos C. Roberson	Deputy Tax Assessor	Traveler's Casualty & Surety of America	10,000
Tyneiseca M. Epps	Deputy Tax Assessor	Traveler's Casualty & Surety of America	10,000
Kimilia R. Sigers	Deputy Tax Assessor	Traveler's Casualty & Surety of America	10,000
James E. Campbell, Jr.	Justice Court Judge	Brierfield Insurance Company	50,000
James K. Littleton, III	Justice Court Judge	State Farm Fire and Casualty Company	50,000
Carlos Palmer	Justice Court Judge	Traveler's Casualty & Surety of America	50,000
Larresia Hunt	Justice Court Clerk	United States Fidelity and Guaranty Company	50,000
Martha Howard-Griggs	Deputy Justice Court Clerk	Travelers Casualty & Surety Company of America	50,000
James Steven Pernell	Constable	Western Surety Company	50,000
Andrew McQueen	Constable	Western Surety Company	50,000
Vonzell Self	Constable	Western Surety Company	50,000
Gabriel D. Brisco	Solid Waste Clerk	Traveler's Casualty & Surety of America	50,000
Rebecca Kwong	Purchase Clerk	Traveler's Casualty & Surety of America	75,000
Lashandria Young	Inventory Control Clerk	Traveler's Casualty & Surety of America	75,000
Jerry L. Smith	Road Manager	Traveler's Casualty & Surety of America	50,000
Cathy Mai	Receiving Clerk	Traveler's Casualty & Surety of America	75,000
Bobby Norwood	Assistant Receiving Clerk	Traveler's Casualty & Surety of America	50,000
Frederick L. "Ricky" Banks	Sheriff	Brierfield Insurance Company	100,000

**LEFLORE COUNTY**

**SPECIAL REPORTS**



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

Members of the Board of Supervisors  
Leflore County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi (the County), as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 31, 2021. Other auditors audited the financial statements of Greenwood Leflore Hospital, component unit, as described in our report on Leflore 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 that audit.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Leflore 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness 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 Leflore County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Leflore County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 31, 2021 included within this document.

### **Purpose of this Report**

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

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
August 31, 2021

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

Members of the Board of Supervisors  
Leflore County, Mississippi

We have examined Leflore County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with 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, 2018. The Board of Supervisors of Leflore County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any 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, Leflore County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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 and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating Leflore 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, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
August 31, 2021

**LEFLORE COUNTY**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For the Year Ended September 30, 2018**

**Schedule 1**

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

**LEFLORE COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2018**

**Schedule 2**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/9/2018	Garbage truck with leader arms	\$135,037	Hol Mac Corp.	Could not get inmate labor

**LEFLORE COUNTY**

**Schedule 3**

**Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2018**

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



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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Leflore County, Mississippi

In planning and performing our audit of the financial statements of Leflore County, Mississippi for the year ended September 30, 2018, we considered Leflore County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Leflore County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 31, 2021, on the financial statements of Leflore 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 efficiencies. Our findings, recommendations, and your responses are disclosed below:



**Board of Supervisors**

1. The Board of Supervisors should ensure compliance with State Law over entering into an inter-local agreement with a local taxing entity for the collection ad valorem taxes.

**Repeat Finding** No

**Criteria** §17-13-7(4), Miss. Code Ann. (1972), provides that “Any two (2) or more local governmental units may enter into written contractual agreements with one another for joint or cooperative action to provide services and facilities...” §17-13-7(4) supports §27-41-2 which allows inter-local agreements for collection by county of ad valorem taxes due to the municipality.

**Condition** During our audit, we noted the County has not entered into an inter-local contractual agreement with a local government entity for the collection of its taxes. However, the tax collector is collecting the local government entity’s taxes and receiving a commission for said services.

**Cause** An inter-local agreement has not been entered into by the County and the local government entity for the collection of ad valorem taxes.

**Effect** Failure to enter into adequate and appropriate contractual agreements could result in the loss or misappropriation of public funds.

**Recommendation** The Board of Supervisors should enter into an inter-local agreement with the local government entity for the collection of ad valorem taxes.

**Response** The County will enter a local agreement with the City of Greenwood and the City of Itta Bena for tax collections.

2. The Board of Supervisors should ensure compliance with State Law over the Interlocal Agreement with municipalities for Commissions on Land Redemptions

**Repeat Finding** No

**Criteria** §17-13-7(4), Miss. Code Ann. (1972), provides that “Any two (2) or more local governmental units may enter into written contractual agreements with one another for joint or cooperative action to provide services and facilities...” §17-13-7(4) supports §27-41-2 which allows inter-local agreements for collection by county of ad valorem taxes due to municipality.

**Condition** During our testing, we noted the County collects taxes for local municipalities, but does not have an agreement addressing the collection of commission for land redemptions.

**Cause** The inter-local agreement between the County and the respective municipalities has not been updated to cover all collections and commissions including those for land redemptions.

**Effect** Failure to enter into appropriate and sufficient contractual agreements could result in the loss or misappropriation of public funds.

**Recommendation** The Board of Supervisors should enter into an inter-local agreement with each applicable municipality to cover all services provided by the County and all commissions paid by the local municipalities.

**Response** The County will enter a local agreement with the City of Greenwood and City of Itta Bena with collection for 3% for land redemption.

**3.** All supervisors must inspect county roads. In addition, a four-year road plan must be adopted for construction and major maintenance of such roads and bridges.

**Repeat Finding** No

**Criteria** §65-7-117, Mississippi Code Annotated (1972), states “Each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County... not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by him or her with recommendations for a four-year plan for construction and major maintenance of such roads and bridges.”

**Condition** During the course of our testing we noted no certifications or affidavits from supervisors indicating they had examined the roads and bridges in their district. Further, a four-year road plan was not created nor filed with the Clerk of the Board.

**Cause** Annual inspections of the roads and bridges in the County have not been completed and attested to. Additionally, a four-year road plan has not been created or filed with the Clerk of the Board.

**Effect** Failure to complete annual inspections of roads and bridges and to create a four-year road plan is not in compliance with statute and can lead to failure to complete necessary improvements in a timely manner.

**Recommendation** The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and further create a four-year road plan and file it with the Clerk of the Board.

**Response** The Board of Supervisors will discuss with Road Manager/County Engineer to inspect and adopt a 4 year plan of construction and major maintenance of road projects and bridge projects and spread them on the minutes.

**4.** Public Officials and Employees should ensure compliance with state law over surety bonding requirements.

**Repeat Finding** No

<b>Criteria</b>	<p>§25-1-15(2), Miss. Code Ann. (1972), public employees are required to give individual bond to obtain a new bond at least every four years concurrent with the County’s normal election cycle.</p> <p>§31-7-124, Miss. Code Ann. (1972), requires that all assistant purchasing, receiving and inventory control clerks shall be bonded in a penalty not less than \$50,000.</p>
<b>Condition</b>	<p>During the course of our testing we noted the following non-compliance:</p> <ul style="list-style-type: none"> <li>• The County Administrator/Chancery Clerk and the Purchase Clerk were bonded for the appropriate period, but under their nickname or under the name they utilize most frequently rather than their legal name.</li> <li>• Five (5) Deputy Tax Collectors, Justice Court Clerk, Deputy Justice Court Clerk, Solid Waste Clerk, Inventory Control Clerk and one (1) Assistant Receiving Clerk were bonded either with a Continuation Certificate or a bond issued for an indefinite time.</li> <li>• Sixteen (16) individuals designated as Assistant Receiving Clerks were not bonded at all.</li> <li>• One (1) individual was bonded as Assistant Purchase Clerk but was designated by management as Assistant Receiving Clerk.</li> <li>• The bond for one (1) Deputy Tax Collector did not cover the full 2018 fiscal year.</li> </ul>
<b>Cause</b>	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
<b>Effect</b>	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
<b>Recommendation</b>	We recommend the Board of Supervisors implement procedures to ensure that County officials’ and employees’ bonds meet the requirements of State Laws.
<b>Response</b>	Each department has been asked to submit the names of all receiving clerks to ensure that everyone listed as receiving clerks will be bonded.
<b>5.</b>	<u>Public Officials and Employees should ensure compliance with state law over use of seized and forfeited property.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	§41-29-181 Miss. Code Ann. (1972), requires that the proceeds of any forfeiture be deposited and credited to the budget of the law enforcement agency.
<b>Condition</b>	During the course of our testing we noted that the Board of Supervisors approved transfers from the NTF Forfeiture Fund and the Narcotics Task Force Fund to repay outstanding interfund loans to the General Fund. The Board further ordered that any future funds received for sale of assets, forfeitures, or other purposes be deposited into the General County Fund to offset expenses.

<b>Cause</b>	Public Officials and the Board of Supervisors made the decision to close out the NTF Forfeiture Fund and the Narcotics Task Force Fund and have future funds be deposited in the General County Fund without an appropriate segregation of the funds to assure expenses paid are appropriately credited to the budget of the law enforcement agency.
<b>Effect</b>	Failure to have forfeited funds specifically set aside in a fund separate from the General County Fund may cause these funds to be utilized for unauthorized purposes in violation of state law.
<b>Recommendation</b>	We recommend the Board of Supervisors keep forfeited proceeds in a separate fund to ensure that the funds are utilized for allowable and approved purposes.
<b>Response</b>	This will be brought to the Board of Supervisors attention. The recommendation will be to have two accounts (one for forfeiture and one for seized funds).
 <b>Chancery Clerk.</b>	
<b>1.</b>	<u>The Clerk of the Board of Supervisors should keep and preserve a complete and correct record of all the proceedings and orders of the board.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	§19-3-27, Miss. Code Ann requires that the Clerk of the Board of Supervisors keep a complete and correct record of the proceedings and orders of the board, including the names of the members who attend at each meeting, and the names of those who do not attend.
<b>Condition</b>	During our audit, we noted that the Clerk of the Board of Supervisors is not listing all attendees in the board minutes.
<b>Cause</b>	The Clerk of the Board of Supervisors is not in compliance with the statutory guidance.
<b>Effect</b>	Failure to include a listing of attendees in the Board Minutes is not in compliance with the statutory guidance and could lead to individuals being paid for attendance to meetings they did not attend.
<b>Recommendation</b>	The Clerk of the Board of Supervisors should follow all statutory guidance for information to be included in the Board minutes.
<b>Response</b>	Going forward, we will ensure that all required attendees (members of the board, clerk of the board, sheriff, and board attorney) are listed as either present or absent.

**Circuit Clerk.**

1. The County paid unauthorized amounts to the Circuit Clerk.

**Repeat Finding** Yes

**Criteria** §25-7-13(3), Miss. Code Ann. (1972) states that “On order of the court, clerks and deputies may be allowed five (5) extra days for attendance upon the court to get up record.”

**Condition** During the course of our test work, we noted the following:

<u>Court</u>	<u>Court Term</u>	<u>Days Claimed</u>	<u>Days Over</u>	<u>Amount Over</u>
Circuit	October 2017	6	1	\$ 150
County	October 2017	7	2	200
Circuit	November 2017	8	3	500 *
County	December 2017	6	1	100
Circuit	February 2018	7	2	300
Circuit	May 2018	8	3	450
County	June 2018	6	1	100
Circuit	August 2018	7	2	300
			TOTAL	\$ <u>2,100</u>

\*Note: In November of 2017, the amount calculated was \$1,250, \$50 over the correctly calculated amount, \$500 over the statutorily allowed amount.

**Cause** Internal controls did not ensure that fees claimed and paid to the Circuit Clerk complied with state law.

**Effect** Lack of internal controls over fees claimed and paid to the Circuit Clerk as prescribed by state law could result in the loss or misuse of public assets.

**Recommendation** The Circuit Clerk should reimburse the County to correct the overpayment and ensure that claim fees are in compliance with state law.

**Response** According to the auditor, the total amount due is \$950. The clerk has paid the majority of this debt in 2018. (Check #1885 in the amount of \$3,450.)

**Tax Collector.**

**1.** The Tax Collector is settling tax receipts not yet collected.

**Repeat Finding** No

**Criteria** The Tax Collector should establish appropriate policies, procedures, and controls for the treatment of returned checks received for tax collections such that those amounts are not settled to outside entities. Further, the tax collector should follow the statutory requirements with regard to auction of property when taxes are not timely paid in full.

**Condition** During the course of our test work, we found that when checks written for the payment of assessed taxes and fees were returned due to insufficient funds by the bank, the Tax Collector's office allowed taxpayers an extended period of time to repay the funds but settled monies to the applicable entities as if the taxes had been paid in full.

**Cause** The Tax Collector did not establish proper policies, procedures, and controls to adequately account for returned checks.

**Effect** The Tax Collector is settling funds that are not yet available to be settled and unlawfully extending due dates for taxes due such that those penalties and interest are not being collected and properties are not available for auction in accordance with statute.

**Recommendation** The Tax Collector should establish proper policies, procedures, and controls to account for the treatment of returned checks such that only collected taxes are settled and penalties and interest are accurately calculated when appropriate.

**Response** Tax Collector is not settling receipts as collected; unfortunately, the checks are later determined to be insufficient, the real and personal properties are then voided. We can only flag the motor vehicles in that they will have to pay the check in full and prohibit them from paying with a check in the future, they will not be able to transact any business in this office until they have resolved this issue with any returned check. On the other hand, we will have the check turned over to the Justice Court for collections.

**2.** The Tax Collector is not making deposits timely.

**Repeat Finding** No

**Criteria** Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenues.

**Condition** During the course of our test work, we found that the deposits are not being made or recorded in a timely manner. Further, on the date of our cash count, the Tax Collector had failed to record and deposit collections for the previous eight (8) business days. Failure to implement controls over monies collected could result in the loss or misappropriation of public funds, delay in the timely reconciliation of bank accounts, and settlement of funds to the appropriate entities.

**Cause** Management has not established adequate internal controls for the timely deposit of monies collected in the Tax Collector’s Office.

**Effect** Inadequate controls for the timely deposit of monies collected could result in loss or misappropriation of public funds and improper revenue recognition.

**Recommendation** Management and the Tax Collector should establish an internal control system to ensure that the deposits are being made and recorded in a timely manner.

**Response** The issue with the timely deposits has been resolved. The bookkeeper got behind in her work, due to Covid-19 issues. The assistant bookkeeper and the Tax Collector on a daily basis will now verify that all deposits will be deposited daily.

**3.** The Tax Collector is settling in excess of funds collected.

**Repeat Finding** No

**Criteria** Per §27-29-11, Miss. Code Ann. (1972), the Tax Collector should report “all taxes collected by him during the preceding month for the state, levee, and county respectively” and should “pay over all the taxes collected” to the appropriate entities.

**Condition** During the course of our cash count and related reconciliation, we found that the Tax Collector had insufficient funds available on the date of the cash count to settle all outstanding liabilities.

**Cause** The Tax Collector has not established adequate controls over collections to ensure taxes collected, deposited, and recorded are properly accounted for and available to settle amounts due to the appropriate entities.

**Effect** Inadequate controls over collections and the subsequent settlements could result in a shortage of funds available for the settlement of liabilities and improper revenue recognition.

**Recommendation** The Tax Collector should ensure controls over tax collections are properly designed and implemented to assure adequate monies are available for the settlement of amounts due the appropriate entities.

**Response** These settlements are addressed in finding 2. These inadequate settlement questions are associated in the returned checks question. In that, we made corrections to correct the return check issues, as indicated previously, which has caused us to show up inadequate funds.

**Justice Court Clerk.**

**1.** The Justice Court Clerk is settling in excess of funds collected.

**Repeat Finding** No

**Criteria** Per §9-11-19, the Justice Court Clerk shall receive and account for all collections monthly and to pay the reported amount to the General Fund of the County.

**Condition** During the course of our cash count and related reconciliation, we found that the Justice Court had insufficient funds available on the date of the cash count to settle all outstanding liabilities.

**Cause** The Justice Court Clerk has inadequate controls over collections to ensure that only those funds collected, deposited, and recorded are settled to the County.

**Effect** Inadequate controls over collections and the subsequent settlements could result in loss or misappropriation of county assets and improper revenue recognition.

**Recommendation** The Justice Court Clerk should ensure that collections are appropriately and timely collected, deposited, and recorded such that settlement amounts are accurate and timely.

**Response** We will be talking to Data System, our software programmer, and other Justice Courts for guidance on how they handle cash bonds and accounts.

**Sheriff.**

**1.** Sheriff's Office is not performing bank reconciliations.

**Repeat Finding** No

**Criteria** An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.



<b>Condition</b>	During the course of our test work, we noted that bank reconciliations were not being completed accurately and in a timely manner.
<b>Cause</b>	The Sheriff's department has not established a system of internal control to ensure cash accounts are accurately and timely reconciled.
<b>Effect</b>	Not performing accurate and timely bank reconciliations creates a weakness in the system of internal controls over cash and may result in the loss or misappropriation of county assets.
<b>Recommendation</b>	The Sheriff's Office should implement an effective internal control system to increase the accuracy in accounting for receipts and disbursements and to ensure that all bank accounts are reconciled monthly in an accurate and timely manner.
<b>Response</b>	Action was taken immediately to correct this condition. Reconciliations are now prepared in a timely manner.

**2.** Sheriff's Office does not have sufficient controls over petty cash.

<b>Repeat Finding</b>	No
<b>Criteria</b>	The Sheriff is responsible for complying with §7-7-60, Miss. Code Ann. (1972), which establishes the guidelines for the use of a proper petty cash system.
<b>Condition</b>	The Sheriff did not comply with §7-7-60, Miss. Code Ann. (1972), which establishes the guidelines for the use of a proper petty cash system. During the course of our test work, we determined that the Sheriff's Office petty cash fund did not follow these guidelines.
<b>Cause</b>	The Sheriff has not established and maintained a petty cash system to comply with the requirements of § 7-7-60, Miss. Code Ann. (1972).
<b>Effect</b>	The Sheriff is not in compliance with §7-7-60, Miss. Code Ann. (1972).
<b>Recommendation</b>	The Sheriff should follow the prescribed regulations set forth by §7-7-60, Miss. Code Ann. (1972), to establish and operate the petty cash fund to adhere to regulations for disbursement and replenishment of petty cash.
<b>Response</b>	Action has been taken to correct and establish a set amount on petty cash fund.

**3.** Sheriff's Office is not making deposits timely.

**Repeat Finding** No

**Criteria** Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenues.

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

**Cause** The Sheriff's Office did not establish adequate internal controls over the timely deposit of revenue collected.

**Effect** Inadequate controls surrounding the timely deposit of revenue collections could result in the loss or misappropriation of public funds and improper revenue recognition.

**Recommendation** The Sheriff's Office should ensure that the deposits are being made in a timely manner.

**Response** Action has been taken to ensure more timely deposits.

**4.** Sheriff's Office is not making settlements timely.

**Repeat Finding** No

**Criteria** Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenues.

**Condition** During the course of our test work, we found that the settlements to the County are not being made in a timely manner. A delay in settlements could result in the loss or misappropriation of public funds.

**Cause** The Sheriff's Office did not establish adequate internal controls surrounding the settlements made by the Sheriff's Office.

**Effect** Inadequate controls surrounding the settlement of revenue collections could result in the loss or misappropriation of public funds and improper revenue recognition.

**Recommendation** The Sheriff's Office should establish internal control policies and procedures to ensure that the settlements are being made in a timely manner.

**Response** Settlements are now being made monthly and in more timely manner.

5. The Sheriff should ensure compliance with state law over meal logs being presented to the Board of Supervisors.

**Repeat Finding** No

**Criteria** §19-25-74, Miss. Code Ann. (1972), requires the Sheriff to maintain a log that records the number of meals served to prisoners at each mealtime and the hours of the day served, and to make affidavit as to the correctness thereof and file the same with the Board of Supervisors on a monthly basis.

**Condition** Submission of the monthly meal logs was not documented in the minutes of the Board of Supervisors meetings.

**Cause** The Sheriff is not in compliance with statutory guidance for reporting monthly meal logs.

**Effect** Failure to file the meal logs as required places the Sheriff in violation of state law.

**Recommendation** The Sheriff should ensure that monthly meal logs are filed and spread across the minutes of the Board of Supervisors.

**Response** Effective next Board meeting, meal log reports will be turned over to the Board of Supervisors or Chancery Clerk.

**Payroll Clerk.**

1. Re-hired retirees were not paid in compliance with the Form 4Bs filed with the Mississippi Public Employees Retirement System (PERS).

**Repeat Finding** No

**Criteria** Section 25-11-127, Mississippi Code Annotated (1972) provides that as a PERS retiree, a PERS Form 4B "Certification/Acknowledgement of Reemployment of Retiree" must be filed within 5 days of employment. If an employee decides to return to employment with a covered employer after they retire, the employee and the employer must notify PERS in writing within five days of the

reemployment date and provide the conditions under which he/she is being reemployed. Notification must be repeated each new fiscal year of post-retirement employment.

<b>Condition</b>	During fiscal year 2018, there were eleven (11) total re-hired retirees. Of the eleven (11), four (4) retirees were paid in excess of the allowed salary as reported on the filed Form 4B. Additionally, one (1) individual did not have a Form 4B on file.
<b>Cause</b>	The County did not comply with Section 25-11-127, Mississippi Code Annotated (1972).
<b>Effect</b>	The failure to comply with the reemployment conditions as reported on PERS Form 4B could jeopardize the provisions for reemployment.
<b>Recommendation</b>	The County should timely and accurately file PERS Form 4Bs for all re-hired retirees and ensure that the statutory conditions for reemployment are met.
<b>Response</b>	Currently, all retirees have either a form 4B or 9C on file. We will work to inform all current and future retirees of their work and salary limits conditional of being reemployed.

**Solid Waste Department.**

**1. The Solid Waste Department is not performing bank reconciliations.**

<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
<b>Condition</b>	During the course of our test work, we noted that bank reconciliations were not being completed accurately and in a timely manner.
<b>Cause</b>	Management has not established internal control policies and procedures, so bank accounts are accurately and timely reconciled to internal accounting records.
<b>Effect</b>	Not performing accurate and timely bank reconciliations creates a weakness in the system of internal controls over cash and may result in the loss or misappropriation of county assets.
<b>Recommendation</b>	In order to support an effective internal control system in the accounting for receipts and disbursements, the Solid Waste Department should ensure that all bank accounts are reconciled correctly and monthly in a timely manner.

**Response** We immediately took the auditor’s recommendation in March of 2021 and began reconciling our bank statements. This process is currently in place, and we are working to strengthen our reconciliation process.

**2.** The Solid Waste Department has inadequate controls over collections.

**Repeat Finding** No

**Criteria** A properly designed and implemented system of internal controls should require that all those employees performing collection duties for an entity or department use separate cash drawers. Also, the entity or department should limit the number of individuals being granted collection authority.

**Condition** During the course of our testing, we noted that one cash drawer is used for all collections, despite multiple individuals performing those collections at various times.

**Cause** The entity or department has not established adequate controls over the cash collection process.

**Effect** Inadequate controls surrounding revenue collections could result in loss or misappropriation of assets and improper revenue recognition. Utilization of only one cash drawer by multiple individuals limits individual responsibility.

**Recommendation** The Solid Waste Department should implement an effective system of internal controls over the revenue collection process.

**Response** We will seek Board approval to establish a second till for use as back-up in receipting for solid waste. We will also have a separate daily close-out report for each drawer operated that day.

**3.** The Solid Waste Department has inadequate controls over the collection and receipting process.

**Repeat Finding** No

**Criteria** Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.

**Condition** During the course of our test work, we noted multiple days with voided transactions as well as multiple days where the reported collections per the computer system could not be reconciled to the amount of the deposit.

**Cause** Management has not established adequate internal controls surrounding the reconciliation of collections reported to deposits made of revenue collected in the Solid Waste department.

**Effect** Inadequate controls over the revenue collection process could result in the loss or misappropriation assets and improper revenue recognition.

**Recommendation** The Solid Waste Department should implement an effective system of internal controls over the accounting and reporting process to ensure that collections are being properly recorded and reported so monies deposited can be appropriately and timely reconciled to internal records.

**Response** We will establish procedures in our system to account for money receipted and collected so that the daily close-out report matches the amount(s) deposited.

**County Jail.**

1. County Jail is not performing bank reconciliations.

**Repeat Finding** No

**Criteria** An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

**Condition** During the course of our test work, we noted that bank reconciliations were not being completed accurately and in a timely manner.

**Cause** The County has not established adequate controls over cash accounts to ensure accounts are reconciled accurately and timely.

**Effect** Not performing accurate and timely bank reconciliations creates a weakness in the system of internal controls over cash and may result in the loss or misappropriation of county assets.

**Recommendation** In order to support an effective internal control system in the accounting for receipts and disbursements, the management at the County Jail should ensure that all bank accounts are reconciled correctly and monthly in a timely manner.

**Response** We will accept the auditor's recommendation and begin to reconcile all bank accounts immediately.

Leflore 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, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
August 31, 2021

**LEFLORE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES**



**LEFLORE COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2018**

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: |               |
| Governmental activities   | Unmodified    |
| Aggregate discretely presented component unit                   | Unmodified    |
| General Fund  | Unmodified    |
| Road and Bridge Fund  | Unmodified    |
| GO PI Bonds Series 2017 Fund                                    | Unmodified    |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weaknesses identified?                              | No            |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements 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*.