



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

LEFLORE COUNTY

**Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015**

LEFLORE COUNTY

(This page left blank intentionally.)

SHOEMAKER
— & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

Members of the Board of Supervisors
Leflore County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2015 financial and compliance audit report for Leflore County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Leflore County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Leflore County. If I can be of any further assistance, please contact me at (601) 397-4419.

Respectfully submitted,

Shoemaker and Company

August 24, 2017
Clinton, Mississippi

POST OFFICE BOX 2201 CLINTON, MISSISSIPPI 39060

T. 601.951.8318

WWW.SHOEMAKERCPA.NET

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY
TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
FINANCIAL STATEMENTS.....	16
Statement of Net Position	18
Statement of Activities.....	19
Balance Sheet - Governmental Funds.....	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Fiduciary Assets and Liabilities.....	24
Notes to Financial Statements.....	25
REQUIRED SUPPLEMENTARY INFORMATION	47
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund	49
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – Road and Bridges Fund	50
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – HUD Section 108 Loan Fund	51
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – 2015 Bond Fund	52
Schedule of the County's Proportionate Share of the Net Pension Liability.....	53
Schedule of the County Contributions – Last 10 Fiscal Years	54
Notes to the Required Supplementary Information	56
SUPPLEMENTARY INFORMATION	59
Reconciliation of Operating Costs of Solid Waste	61
OTHER INFORMATION	63
Schedule of Surety Bonds for County Officials.....	65
SPECIAL REPORTS	68
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70
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)).....	72
Limited Internal Control and Compliance Review Management Report.....	78
SCHEDULE OF FINDINGS AND RESPONSES.....	80

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

FINANCIAL SECTION

LEFLORE COUNTY

(This page left blank intentionally.)

SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Leflore County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

POST OFFICE BOX 2201 CLINTON, MISSISSIPPI 39060

T. 601.951.8318

WWW.SHOEMAKERCPA.NET

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Leflore County, Mississippi's basic financial statements. The accompanying 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, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2017, on our consideration of Leflore County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Leflore County, Mississippi's internal control over financial reporting and compliance.



SHOEMAKER & COMPANY, CPA PLLC
August 24, 2017

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

MANAGEMENT DISCUSSION AND ANALYSIS

LEFLORE COUNTY

(This page left blank intentionally.)

**LEFLORE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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, 2015. 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 decreased \$15,676,914, which represents a 31% decrease from fiscal year 2014. This was due primarily because of an accounting change affecting the recording and recognition of pension expense, liability, deferred outflows and deferred inflows.
- General revenues account for \$11,371,081 in revenue, or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,084,394 or 26% of total revenues.
- The County had \$16,141,992 in total expenses; only \$4,084,394 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$11,371,081 and beginning net position were adequate to provide for the remainder of these programs.
- The County had a \$3,307 special item due to refunding bank interest earned from administration of a grant.
- Among major funds, the General Fund had \$12,874,338 in revenues and \$12,387,734 in expenditures. The General Fund's fund balance increased \$566,610 over the prior year.
- Among major funds, the Road and Bridge Fund had \$853,603 in revenues and \$4,772,367 in expenditures. The Road and Bridge Fund's fund balance increased \$51,943.
- Among major funds, the HUD Section 108 Loan Fund had \$106,611 in revenues, and \$3,600,962 in expenditures. The HUD Section 108 Loan Fund's fund balance decreased by \$3,500,965 over the prior year.
- Among major funds, the 2015 Bond Fund had \$17,364 in revenues and \$2,246,298 in expenditures. The 2015 Bond Fund's fund balance increased by \$2,741,154 over the prior year.
- Capital assets, net of accumulated depreciation, increased by \$1,447,324 primarily due to an increase in leased property under capital lease.
- Long-term debt decreased by \$1,173,272 due primarily to the retirement of other loans, capital leases, and general obligation bonds as well as the refunding of general obligation bonds.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The County has the following discretely presented component unit.

Greenwood Leflore Hospital

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing

decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. Net position may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$35,497,673 as of September 30, 2015.

By far the largest portion of the County's net position 125% reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, mobile equipment, furniture and equipment, leased property under capital leases, infrastructure assets, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the county; consequently these assets are not available for future spending.

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

The following table presents a comparative summary of the County's net position for the fiscal year ended September 30, 2015.

	2014	2015
Current and other assets	\$ 29,479,218	24,299,952
Capital assets, net	61,045,017	62,492,341
Total assets	90,524,235	86,792,293
Deferred outflows	49,768	3,056,419
Current liabilities	1,798,237	1,477,225
Long-term debt outstanding	23,037,911	39,174,248
Total liabilities	24,836,148	40,651,473
Deferred inflows	14,563,268	13,699,566
Net position:		
Net investment in capital assets	\$ 48,037,252	\$ 44,179,272
Restricted	6,489,951	5,228,778
Unrestricted	(3,352,616)	(13,910,377)
Total net position	\$ 51,174,587	\$ 35,497,673

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

- The decrease in current assets was due mainly to the loan receivable decrease in the HUD Loan Fund and capital leases receivable decreases in other governmental funds.
- The primary increase in long-term debt outstanding was primarily due to the accounting changes regarding the recording and recognition of pensions in which the county participates. For more information see Note 9.
- Also, the Board of Supervisors issued \$5,000,000 in general obligation bonds, issued \$2,845,000 in general obligation bonds to refund \$2,465,000 in general obligation bonds and issued \$1,668,604 in capital leases.

Changes in net position. The County's total revenues for the fiscal year ended September 30, 2015 were \$15,455,475. The total cost of all programs and services was \$16,141,992. The decrease in net position was \$15,676,914. The following table presents a comparative summary of the changes in net position for the fiscal year ended September 30, 2015.

	2014	2015
Revenues:		
Program revenues		
Charges for services	\$ 2,528,440	\$ 2,808,617
Operating grants & contributions	1,992,429	937,772
Capital grants & contributions	635,650	338,005
General revenues		
Property taxes	13,709,236	14,109,299
Road and bridge privilege taxes	273,487	298,297
Grants & contributions not restricted	696,682	558,458
Unrestricted interest income	80,631	112,618
Miscellaneous	906,073	(3,707,591)
Total revenues	20,822,628	15,455,475
Expenses:		
General Government	5,705,750	4,999,841
Public Safety	6,636,464	5,208,095
Public Works	4,047,983	1,866,209
Health and Welfare	789,160	497,241
Culture and Recreation	893,737	380,335
Education		98,458
Conservation of Natural Resources	103,234	438,328
Economic Development & Assistance	1,030,817	263,855
Interest on long-term liabilities	901,955	523,978
Pension expense		1,865,652
Total expenses	20,109,100	16,141,992
Special item – refund of interest earned	-	(3,307)
Prior period adjustment	-	(14,987,090)
Increase/(Decrease) in net position	\$ 713,528	\$ (15,676,914)

Governmental activities. The following table presents the cost of ten major county functional activities: general government, public safety, public works, health and welfare, culture and recreation, education, 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 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.

	2014	2014	2015	2015
	Total	Net (Expense)	Total	Net (Expense)
	Expenses	Revenue	Expenses	Revenue
General Government	\$ 5,705,750	\$ (4,792,907)	4,999,841	\$ (3,911,472)
Public Safety	6,636,464	(4,866,037)	5,208,095	(3,717,506)
Public Works	4,047,983	(2,127,937)	1,866,209	(758,631)
Health & Welfare	789,160	(789,160)	497,241	(321,666)
Culture & Recreation	893,737	(893,737)	380,335	(380,335)
Education			98,458	(98,458)
Conservation of Natural Resources	103,234	(103,234)	438,328	(438,328)
Economic Development & Assistance	1,030,817	(477,614)	263,855	(41,572)
Interest on long-term liabilities	901,955	(901,955)	523,978	(523,978)
Pension expense	-	-	1,865,652	(1,865,652)
Total Expenses	\$ 20,109,100	\$ (14,952,581)	\$ 16,141,992	\$ (12,057,598)

Net cost of governmental activities of \$12,057,598, was financed by general revenue, which is made up of property taxes of \$14,109,299, road and bridge privilege of \$298,297, grants and contributions not restricted to specific programs of \$558,458 interest earning of \$112,618, miscellaneous revenues of \$(3,707,591). Beginning of year net position were used to cover remaining costs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The financial performance of the county as a whole is reflected in its governmental funds. As the county completed the year, its governmental funds reported a combined fund balance of \$9,575,488. The amount of \$3,869,903 or 40% of the fund balance constitutes unreserved and undesignated fund balance, which is available to be expended by the county. The remaining fund balance of \$5,705,585 or 60% is reserved or designated to indicate that it is not available for spending because it has already been committed for loans receivable, debt service, and unemployment compensation.

The General Fund is the principal operating fund of the county. The increase in fund balance in the General Fund for the fiscal year was \$566,610. The fund balance of the Road and Bridge fund increased by \$51,943. The fund balance of the HUD Section 108 Loan fund decreased by \$3,500,965. The fund balance of the 2015 Bond fund increased by \$2,741,154. The fund balance of Other Governmental Funds showed a decrease of \$853,575.

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, 2015, the county's total capital assets were \$146,287,708, including land, construction in progress, buildings, improvements other than buildings, infrastructure, mobile equipment, leased property under capital leases, and furniture and equipment. This amount represents an increase of \$1,659,711 from the previous year. The majority of this increase is due to the purchase of mobile equipment, furniture and equipment and improvements other than buildings, along with a substantial increase in construction in progress.

Total accumulated depreciation as of September 30, 2015 was \$83,795,367 and total depreciation expense for the year was \$2,105,129.

The balance in total net capital assets was \$62,492,341 at year end.

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

Debt Administration. At September 30, 2015, the county had \$21,864,639 in general obligation bonds and all other long-term obligations outstanding, of which \$1,989,306 is due within one year.

The county maintains an A3 bond rating.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

FINANCIAL STATEMENTS

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government Governmental Activities	Component Unit Greenwood Leflore Hospital
ASSETS		
Cash	\$ 9,880,844	13,883,658
Assets limited as to use		1,650,226
Patients accounts receivable, net of allowance of doubtful accounts of \$26,115,472)		29,403,337
Property tax receivable	12,424,541	
Accounts receivable (net of allowance for uncollectibles of \$910,083)	313,015	
Fines receivable (net of allowance for uncollectibles of \$3,360,920)	127,475	
Capital leases receivable	665,379	
Intergovernmental receivables	601,137	
Other receivables	196,135	1,960,140
Capital leases interest receivable	91,426	
Other assets		17,495
Intangibles		1,024,940
Estimated third-party payor settlements		2,274,276
Other current receivables		409,471
Inventories		2,169,596
Prepaid expenses and other current assets		1,779,712
Noncurrent assets:		
Funds internally designated for capital improvements		25,000,000
Capital assets:		
Land and construction in progress	10,304,550	2,341,068
Other capital assets, net	52,187,791	47,372,527
Total Assets	86,792,293	129,286,446
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	2,726,187	1,636,315
Deferred amount on refunding	523,786	
Total Deferred Outflows of Resources	3,249,973	1,636,315
LIABILITIES		
Claims payable	698,860	
Accounts payable		8,289,620
Accrued expenses, including payroll taxes withheld		7,304,147
Intergovernmental payables	334,666	
Accrued interest payable	374,597	
Amounts held in custody for others	59,297	
Other payables	9,805	
Long-term liabilities		
Net pension liability	17,503,163	17,229,050
Due within one year:		
Capital debt	1,577,922	
Non-capital debt	411,384	
Due in more than one year:		
Capital debt	17,258,933	
Non-capital debt	2,616,400	
Total Liabilities	40,845,027	32,822,817
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues - property taxes	12,424,541	
Deferred revenues - capital lease interest receivable	91,426	
Deferred inflows related to pensions	1,183,599	
Total deferred inflows of resources	13,699,566	-
NET POSITION		
Net investment in capital assets	44,179,272	49,713,595
Restricted for:		
Use in self-insurance		1,650,226
Specific operating activities		48,984
Expendable:		
General government	261,250	
Public safety	519,500	
Public works	3,772,098	
Culture and recreation	18,852	
Economic development and assistance	171,038	
Unemployment compensation	32,940	
Debt service	453,100	
Unrestricted	(13,910,377)	46,687,139
Total Net Position	\$ 35,497,673	98,099,944

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Greenwood Leflore Hospital
Primary government:						
Governmental activities:						
General government	\$ 4,999,841	974,719	113,650		(3,911,472)	
Public safety	5,208,095	973,232	220,564	296,793	(3,717,506)	
Public works	1,866,209	860,666	205,700	41,212	(758,631)	
Health and welfare	497,241		175,575		(321,666)	
Culture and recreation	380,335				(380,335)	
Education	98,458				(98,458)	
Conservation of natural resources	438,328				(438,328)	
Economic development and assistance	263,855		222,283		(41,572)	
Interest on long-term debt	523,978				(523,978)	
Pension expense	1,865,652				(1,865,652)	
Total Governmental Activities	16,141,992	2,808,617	937,772	338,005	(12,057,598)	
Component unit:						
Greenwood-Leflore Hospital	\$ 123,079,439	123,967,123				887,684
Total Component Units	\$ 123,079,439	123,967,123	-	-		887,684
General revenues:						
Property taxes				\$ 14,109,299		
Road & bridge privilege taxes				298,297		
Grants and contributions not restricted to specific programs				558,458		
Unrestricted investment income				112,618		196,858
Miscellaneous				(3,707,591)		
Total General Revenues				11,371,081		196,858
Special item - refund of interest earned				(3,307)		
Total Special Item				(3,307)		-
Total General Revenues and Special Item				11,367,774		196,858
Changes in Net Position				(689,824)		1,084,542
Net Position - Beginning, as previously reported				51,174,587		112,911,951
Prior period adjustments				(14,987,090)		(15,896,549)
Net Position - Beginning, as restated				36,187,497		97,015,402
Net Position - Ending				\$ 35,497,673		98,099,944

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

LEFLORE COUNTY
Balance Sheet - Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds				Other	Total
	General	Road and	HUD Section	2015 Bond	Governmental	Governmental
	Fund	Bridge	108 Loan	Fund	Funds	Funds
ASSETS						
Cash	\$ 4,220,331	1,154,161		2,123,112	2,383,240	9,880,844
Property tax receivable	9,470,372	497,342			2,456,827	12,424,541
Accounts receivable (net of allowance for uncollectibles of \$910,083)					313,015	313,015
Fines receivable (net of allowance for uncollectibles of \$3,360,920)	127,475					127,475
Capital lease receivable					665,379	665,379
Intergovernmental receivables	422,150	37,175			141,812	601,137
Other receivables	11,711	101,848			79,576	193,135
Due from other funds	11,862	27,148		704,900	49,399	793,309
Advances to other funds	102,211					102,211
Capital lease interest receivable					91,426	91,426
Total Assets	\$ 14,366,112	1,817,674	-	2,828,012	6,180,674	25,192,472
LIABILITIES						
Liabilities:						
Claims payable	\$ 373,849	127,094		86,858	111,059	698,860
Intergovernmental payables	335,950	(1,284)				334,666
Due to other funds	76,547	704,900			11,862	793,309
Advances from other funds					99,211	99,211
Amounts held in custody for others					59,297	59,297
Other payables	9,805					9,805
Total Liabilities	\$ 796,151	830,710	-	86,858	281,429	1,995,148
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	9,470,372	497,342			2,456,827	12,424,541
Unavailable revenue - fines receivable	127,475					127,475
Unavailable revenue - accounts receivable					313,015	313,015
Unavailable revenue - capital lease receivable					665,379	665,379
Unavailable revenue - capital lease interest receivable					91,426	91,426
Total deferred inflows of resources	\$ 9,597,847	497,342	-	-	3,526,647	13,621,836
Fund balances:						
Nonspendable:						
Advances	102,211					102,211
Restricted for:						
General government					261,250	261,250
Public safety					519,500	519,500
Public works		489,622		2,741,154	541,321	3,772,097
Culture and recreation					18,852	18,852
Economic development and assistance					171,038	171,038
Debt service					827,697	827,697
Unemployment compensation					32,940	32,940
Unassigned	3,869,903					3,869,903
Total Fund Balances	\$ 3,972,114	489,622	-	2,741,154	2,372,598	9,575,488
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,366,112	1,817,674	-	2,828,012	6,180,674	25,192,472

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

LEFLORE COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2015

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,575,488
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 \$2,101,345.	62,492,341
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Accounts Receivable	313,015
Fines Receivable	127,475
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(21,864,639)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(17,503,163)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(374,597)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	665,379
Deferred amount on refunding	523,786
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	2,726,187
Deferred inflows of resources related to pensions	<u>(1,183,599)</u>
Total Net Position - Governmental Activities	\$ <u>35,497,673</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 - Governmental Funds
For the Year Ended September 30, 2015

	Major Funds				Other	Total
	General	Road and	HUD Section	2015 Bond	Governmental	Governmental
	Fund	Bridge	108 Loan	Fund	Funds	Funds
		Fund	Fund			
REVENUES						
Property taxes	\$ 9,712,668	382,841			4,013,790	14,109,299
Road and bridge privilege taxes		298,297				298,297
Licenses, commissions and other revenue	402,605				21,540	424,145
Fines and forfeitures	341,445					341,445
Intergovernmental revenues	950,695	47,221			835,427	1,833,343
Charges for services	829,796	101,848			1,092,925	2,024,569
Interest income	57,543	5,185	5,648	17,364	26,878	112,618
Miscellaneous revenues	579,586	18,211	100,963		215,535	914,295
Total Revenues	12,874,338	853,603	106,611	17,364	6,206,095	20,058,011
EXPENDITURES						
Current:						
General government	5,529,283				395,428	5,924,711
Public safety	4,973,375				1,427,407	6,400,782
Public works	134,878	4,772,367		2,129,298	801,675	7,838,218
Health and welfare	643,702					643,702
Culture and recreation	684,732				79,314	764,046
Education	98,458					98,458
Conservation of natural resources	236,089				255,240	491,329
Debt service:						
Principal	84,718		3,500,000		4,350,483	7,935,201
Interest	2,499		100,962		596,104	699,565
Bond issue costs				117,000	7,682	124,682
Total Expenditures	12,387,734	4,772,367	3,600,962	2,246,298	7,913,333	30,920,694
Excess of Revenues over (under) Expenditures	486,604	(3,918,764)	(3,494,351)	(2,228,934)	(1,707,238)	(10,862,683)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued		1,089,244		5,000,000	579,361	6,668,605
Refunding bonds issued					2,845,000	2,845,000
Proceeds from sale of capital assets	136,570	1,070,190			53,560	1,260,320
Compensation for loss of capital assets					16,404	16,404
Transfers in	10,936	1,811,273			80,801	1,903,010
Transfers out	(67,500)		(3,307)		(1,832,203)	(1,903,010)
Lease principal payments					2,135,740	2,135,740
Payment to bond refunding escrow agent					(2,778,172)	(2,778,172)
Discount on bonds issued				(29,912)	(246,828)	(276,740)
Total Other Financing Sources and Uses	80,006	3,970,707	(3,307)	4,970,088	853,663	9,871,157
Special item - refund of interest earned			(3,307)			(3,307)
Net Changes in Fund Balances	566,610	51,943	(3,500,965)	2,741,154	(853,575)	(994,833)
Fund Balances - Beginning	3,405,504	437,679	3,500,965	-	3,226,173	10,570,321
Fund Balances - Ending	\$ 3,972,114	489,622	-	2,741,154	2,372,598	9,575,488

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, 2015

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (994,833)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$9,453,903 exceeded depreciation of \$2,105,129 in the current period.	7,348,774
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 \$4,624,726 and the proceeds from the sale of \$1,276,724 in the current period.	(5,901,450)
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.	11,068
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.	8,283
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 \$9,513,605 exceed debt repayments of \$7,935,201.	(1,578,404)
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:	
Decrease in compensated absences payable	8,947
Decrease in accrued interest payable	300,269
Payment to bond refunding escrow agent	2,778,172
Bond discount	276,740
Amortization of refunding bond deferred charges	(3,830)
Amortization of discount on refunding bond	(40)
Amortization of premium on refunding bond	1,030
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(2,135,740)
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 year	(1,865,652)
Recording of contributions made for the current year	1,056,843
Rounding	(1)
Change in Net Position of Governmental Activities	\$ <u>(689,824)</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 319,756
Other receivables	<u>14,573</u>
Total Assets	<u>\$ 334,329</u>
LIABILITIES	
Accrued Payables	\$ 163,603
Intergovernmental payables	167,726
Advances from other funds	<u>3,000</u>
Total Liabilities	<u>\$ 334,329</u>

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

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

B. Individual Component Unit Disclosures

Discretely Presented Component Unit

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

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

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate 2015 liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate 2015 liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

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

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

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

2015 Bond Fund - This fund is used to account for the activities related to the 2015 bond issuance.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets.

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

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

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

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

J. Deferred Outflows/Inflows of Resources.

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

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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

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

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

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

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

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

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

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.

K. Pensions.

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

L. Long-term Liabilities.

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

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

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

M. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

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

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

Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

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

N. Property Tax Revenues.

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

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

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

O. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. Compensated Absences.

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

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68,

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

(2) Prior Period Adjustments.

A summary of significant equity adjustments is as follows:

Exhibit 2 – Statement of Activities.

Explanation	Amount
Implementation of GASB 68 and 71	
Net pension liability	\$ (14,653,926)
Deferred outflows of resources – contributions	263,610
An adjustment to correct capital lease interest receivable	(596,774)
Total prior period adjustments	\$ (14,987,090)

(3) Deposits and Investments.

Primary Government:

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2015, was \$9,880,844, and the bank balance was \$10,027,553. In addition, the county's agency funds had total deposits with financial institutions at September 30, 2015 of \$319,756. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Discretely Presented Component Unit: Greenwood Leflore Hospital

Custodial credit risk is the risk that, in the event of a bank failure, the hospital's deposits might not be recovered. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27 105-5, Miss. Code Ann. (1972). Under this program, the hospital's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

deposits not covered by the Federal Deposit Insurance Corporation (FDIC). All deposits with financial institutions must be collateralized in an amount equal to 105 percent of uninsured deposits and are therefore fully insured. The collateralized and insured bank balance was \$33,518,067 at September 30, 2015.

Investments:

Discretely Presented Component Unit: Greenwood Leflore Hospital

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

The hospital's investments generally are reported at fair value. At September 30, 2015, the hospital had the following investments and maturities all of which were held in the hospital's name by a custodial bank that is an agent of the hospital:

Investments balances at September 30, 2015, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
FHLB Bond	1 - 5 years	\$ 5,023,712
FHLB Bond	1 - 5 years	3,015,995
Total		<u>\$ 8,039,707</u>

Deposits and investments are presented on the balance sheet as of September 30, 2015 as follows:

Cash and cash equivalents	\$ 32,494,177
Investment	8,039,707
Total	<u>\$ 40,533,884</u>
Cash and cash equivalents	\$ 13,883,658
Assets limited as to use	1,650,226
Internally designated for capital improvements	25,000,000
Total	<u>\$ 40,533,884</u>

(4) Interfund Transactions and Balances.

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

A. Due From/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 11,862
2015 Bond Fund	Road and Bridge Fund	704,900
Road and Bridge Fund	General Fund	27,148
Other Governmental Funds	General Fund	49,399
Total		<u>\$ 793,309</u>

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

The amount payable from Other Governmental Funds represents expenditures for state or federal grant which will be repaid when funds have been reimbursed by the granting agency. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 99,211
General Fund	Agency Funds	3,000
Total		\$ 102,211

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	HUD Loan Fund	\$ 3,307
General Fund	Other Governmental Funds	7,629
Road and Bridge Fund	Other Governmental Funds	1,811,273
Other Governmental Funds	General Fund	67,500
Other Governmental Funds	Other Governmental Funds	13,301
Total		\$ 1,903,010

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

(5) Intergovernmental Receivables

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tag Credit	\$ 154,173
Reimbursement for Housing Prisoners	130,673
Public Safety Grant	151,067
Reimbursement for State Aid Road	27,689
Waste Tire Grant	21,057
Motor Vehicle Licenses	19,536
Other	96,942
Total Governmental Activities	\$ 601,137

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

(6) Capital Assets.

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

**Primary Government:
Governmental activities:**

	Oct. 1, 2014	Additions	Deletions	Sept. 30, 2015
Non-depreciable capital assets:				
Land	4,149,795	203,762	2,375	4,351,182
Construction in progress	6,658,984	2,375,346	3,080,962	5,953,368
Total non-depreciable capital assets	10,808,779	2,579,108	3,083,337	10,304,550
Depreciable capital assets				
Infrastructure	94,232,365			94,232,365
Buildings	17,252,053	2,393,157	2,145,395	17,499,815
Improvements other than buildings	4,053,114	25,159		4,078,273
Mobile equipment	7,389,751	2,748,883	1,676,501	8,462,133
Furniture and equipment	2,744,683	222,842	129,705	2,837,820
Leased property under capital leases	8,147,252	1,484,754	759,254	8,872,752
Total depreciable capital assets	133,819,218	6,874,795	4,710,855	135,983,158
Less accumulated depreciation for:				
Infrastructure	66,368,390	152,798		66,521,188
Buildings	4,665,831	345,313		5,011,144
Improvements other than buildings	1,591,600	186,726		1,778,326
Mobile equipment	5,611,586	613,011	1,398,098	4,826,499
Furniture and equipment	2,127,587	170,242	25,972	2,271,857
Leased property under capital leases	3,217,987	637,039	468,672	3,386,354
Total accumulated depreciation	83,582,980	2,105,129	1,892,742	83,795,367
Total depreciable capital assets, net	50,236,238	4,769,666	2,818,113	52,187,791
Governmental activities capital assets, net	61,045,017	7,348,774	5,901,450	62,492,341

Depreciation expense was charged to the following functions:

Governmental Activities:	
General government	\$ 257,529
Public safety	618,712
Public works	716,401
Health and welfare	41,581
Culture and recreation	120,268
Economic development and assistance	350,638
Total governmental activities depreciation expense	<u>\$ 2,105,129</u>

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

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

	Oct. 1, 2014	Additions	Deletions	Sept. 30, 2015
Non-depreciable capital assets:				
Land	562,925			562,925
Construction in progress	1,182,645	1,984,384	1,388,886	1,778,143
Total non-depreciable capital assets	1,745,570	1,984,384	1,388,886	2,341,068
Depreciable capital assets				
Land improvements	1,238,276	35,628		1,273,904
Buildings	49,625,000	235,000		49,860,000
Fixed equipment	6,077,268	875,374		6,952,642
Movable equipment	111,082,077	4,679,025	473,910	115,287,192
Total depreciable capital assets	168,022,621	5,825,027	473,910	173,373,738
Less accumulated depreciation for:				
Land improvements	328,211	34,401		362,612
Buildings	12,685,361	1,299,649		13,985,010
Fixed equipment	3,616,817	36,009		3,652,826
Movable equipment	102,153,215	6,307,140	459,592	108,000,763
Total accumulated depreciation	118,783,604	7,677,199	459,592	126,001,211
Total depreciable capital assets, net	49,239,017	(1,852,172)	14,318	47,372,527
Total capital assets, net	50,984,587	132,212	1,403,204	49,713,595

The hospital had approximately \$1,776,000 in construction commitments outstanding as of September 30, 2015. Interest capitalized and included in construction in progress for the year ended September 30, 2015 totaled \$-0-.

(7) **Claims and Judgments.**

Risk Financing.

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

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

(8) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2015:

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

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

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 76,645	\$ 18,950
2017	78,976	16,619
2018	81,378	14,217
2019	83,854	11,742
2020	86,404	11,763
2021-2024	258,122	18,135
Total	\$ 665,379	\$ 91,426

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Buildings	\$ 4,200,000
Mobile equipment	4,215,279
Furniture and equipment	457,473
Total	\$ 8,872,752
Less: Accumulated Depreciation	3,386,354
Lease Property under Capital Lease	\$ 5,486,398

The following is a schedule by years of the total payments due as of September 30, 2015:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 679,327	\$ 62,164
2017	672,221	48,696
2018	602,539	35,853
2019	510,086	24,678
2020	464,314	14,554
2021-2024	443,674	13,361
Total	\$ 3,372,161	\$ 199,306

LEFLORE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

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

(9) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate Percentage	Final Maturity Date
Primary government:			
Governmental Activities:			
A. General Obligation Bonds:			
General obligation bonds (Series 2008)	\$ 720,000	4.50/5.00	11-2028
General obligation (Series 2010)	1,690,000	2.50/3.38	04-2025
General obligation (Series 2011)	275,000	3.00/3.50	12-2026
Jail Refunding (Series 2012)	3,285,000	5.00	12-2023
GO Public Improvement Bonds (2012)	3,565,000	3.00	07-2032
General Obligation Bonds (Series 2015)	5,000,000	Various	02-2035
GO Refunding Bonds (Series 2015)	2,845,000	Various	11-2028
Total General Obligation Bonds	\$ <u>17,380,000</u>		
B. Capital Leases:			
2-2016 Pierce Commercial Pumper	\$ 183,850	1.94	9-2020
3-2016 Freightliner MS 106 Trucks w/ Pac-Mac RLX-20 Rear Loaders	374,631	2.03	03-2020
Trucks	1,072,832	1.97	08-2020
Two Ford F-150's	29,825	1.90	04-2018
Six 2012 Tahoe's, One 2013 Explorer & One 2013 F-150	179,617	4.41	08-2018
3 LifePak 15" Monitor/Defibrillators	15,890	1.86	10-2016
PACMAC Knucklebom	47,920	1.94	10-2017
Commercial Pumper	75,396	1.94	06-2017
Six 2013 Ford F-150's and 1 2013 RAM	65,983	1.88	04-2018
Seven 2013 140M2 Cat Motor Graders	1,209,485	2.17	05-2023
20 Mobile Radios and 89 Handheld Radios	116,732	1.94	01-2019
Total Capital Leases	\$ <u>3,372,161</u>		
C. Other Loans:			
MDA mitigation capital improvements loan	\$ 112,267	3.00	09-2019
Express Grain Terminal	35,847	2.00	05-2019
Coburn Supply Company	665,379	2.00	10-2023
Total Other Loans	\$ <u>813,493</u>		

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans *	
	Principal	Interest	Principal	Interest
2016	\$ 1,140,000	521,162	\$ 113,595	22,640
2017	1,105,000	448,707	116,950	19,285
2018	1,135,000	413,790	120,405	15,829
2019	1,170,000	380,955	118,016	12,279
2020	1,200,000	351,426	86,404	9,191
2021-2025	6,030,000	1,289,639	258,123	11,503
2026-2030	3,400,000	626,713		
2031-2034	2,200,000	166,104		
	<u>\$ 17,380,000</u>	<u>4,198,496</u>	<u>\$ 813,493</u>	<u>90,727</u>

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

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2015, the amount of outstanding debt was equal to 7.05% of the latest property assessments.

Advance Refunding – On August 27, 2015, the County issued \$2,845,000 in general obligation refunding bonds with an average interest rate of 4.375 – 5.00% to advance refund \$ 2,465,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
General obligation bonds, series 2008	4.50 - 5.00%	\$ 2,465,000

The General obligation bonds, series 2008 had an outstanding balance of \$3,185,000 at the time of refunding, but only \$2,465,000 of the bond was refunded, leaving a remaining principal balance of \$720,000.

The County advance refunded the above bonds to reduce its total debt service payments over the next fourteen years by almost \$95,298 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$83,586.

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

<u>Governmental Activities:</u>	<u>Balance Oct. 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Refunded</u>	<u>Balance Sept. 30, 2015</u>	<u>Amount due Within one year</u>
Compensated absences	\$ 572,784		8,947		563,837	56,384
General obligation						
Bonds	13,600,000	7,845,000	1,600,000	(2,465,000)	17,380,000	1,140,000
Less:						
Discounts	(513)	(276,740)	(40)		(277,213)	
Add:						
Premiums	13,390		1,030		12,360	
Capital leases	2,285,977	1,668,605	582,421		3,372,161	679,327
Other loans	6,566,273		5,752,780		813,493	113,595
Total	\$ 23,037,911	9,236,865	7,945,177	(2,465,000)	21,864,639	1,989,306

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

(10) Contingencies

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

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

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. 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.

(11) Related Organizations.

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

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

Teoc Drainage District

Big Sand Drainage District

Abiaca Drainage District

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

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

New Jones Walton Drainage District

Cude Drainage District

Rucker Ellsberry Drainage District

Lake Henry Drainage District

(12) 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 \$141,634. Complete financial statements for the Greenwood-Leflore Airport can be obtained from the Greenwood-Leflore County Airport, P.O. Box 378, Greenwood, MS 38930.

Leflore County entered into an interlocal agreement with Claiborne, Grenada, Holmes and Humphreys Counties and the Cities of Itta Bena, Greenwood and Grenada to provide a multi-jurisdictional drug enforcement task force known as North Central Narcotics Task Force. Most of the funding is provided by a federal grant, with the local entities contributing a minimum of 25 percent. Leflore County contributed \$33,212 to the task force. The accounting for the project is performed by Leflore County. All of the project's transactions are reflected in the financial statements of Leflore County.

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

(13) 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 2015.

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 \$196,451 for the maintenance and support of the district in fiscal year 2015.

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 2015.

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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 \$577,963 for maintenance and support of the college in fiscal year 2015.

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 \$107,736 in support of the industrial board in fiscal year 2015.

(14) Defined Benefit Pension Plan

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. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

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

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

and 2013 were \$1,056,843, \$1,105,349 and \$974,921, respectively, equal to the required contributions for each year.

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

At September 30, 2015, the County reported a liability of \$17,503,163 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was .10739 percent, which was a decrease of .0133 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,865,652. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 255,471	
Net difference between projected and actual earnings on pension plan investments	777,040	
Changes of assumptions	1,430,066	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions		1,183,599
County contributions subsequent to the measurement date	263,610	
Total	<u>2,726,187</u>	<u>1,183,599</u>

\$263,610 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2016	\$ 378,796
2017	378,796
2018	327,126
2019	194,260
Total	<u>\$ 1,278,978</u>

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

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent, a decrease of 1.33 percentage points since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

LEFLORE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 22,783,603	17,503,163	13,121,385

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

(15) 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 the date the financial statements were available to be issued, August 24, 2017 and determined the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Subsequent to September 30, 2015, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
07/05/2016	1.66%	25,836	Capital Lease	Ad valorem taxes

(16) Special Item

The County refunded \$3,307 of interest earned related to the HUD Section 108 note during fiscal year 2015. This was residual interest that had accumulated over time. The County closed out the grant and refunded the interest in 2015.

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LEFLORE COUNTY

(This page left blank intentionally.)

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 9,399,124	9,702,839	9,702,839	-
Licenses, commissions and other revenue	360,100	390,520	390,520	-
Fines and forfeitures	332,000	336,447	336,447	-
Intergovernmental revenues	1,037,388	966,750	966,750	-
Charges for services	720,000	868,712	868,712	-
Interest income	41,500	56,586	56,586	-
Miscellaneous revenues	375,000	578,281	578,281	-
Total Revenues	<u>12,265,112</u>	<u>12,900,135</u>	<u>12,900,135</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	5,278,358	5,512,450	5,512,450	-
Public safety	4,828,093	4,881,688	4,881,688	-
Public works	109,456	141,634	141,634	-
Health and welfare	683,648	636,729	636,729	-
Culture and recreation	729,490	679,167	679,167	-
Conservation of natural resources	124,277	98,578	98,578	-
Economic development and assistance	244,575	240,144	240,144	-
Debt service	87,218	87,217	87,217	-
Total Expenditures	<u>12,085,115</u>	<u>12,277,607</u>	<u>12,277,607</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>179,997</u>	<u>622,528</u>	<u>622,528</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	520,858	657,310	657,310	-
Other financing uses	(568,358)	(583,804)	(583,804)	-
Total Other Financing Sources and Uses	<u>(47,500)</u>	<u>73,506</u>	<u>73,506</u>	<u>-</u>
Net Change in Fund Balance	132,497	696,034	696,034	-
Fund Balances - Beginning	<u>3,118,778</u>	<u>3,202,451</u>	<u>5,345,444</u>	<u>2,142,993</u>
Fund Balances - Ending	<u>\$ 3,251,275</u>	<u>3,898,485</u>	<u>6,041,478</u>	<u>2,142,993</u>

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

LEFLORE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road and Bridges Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 373,797	382,763	382,763	-
Road and bridge privilege taxes	290,000	298,768	298,768	-
Intergovernmental revenues	883,000	784,766	784,766	-
Interest income	500	5,185	5,185	-
Miscellaneous revenues	-	18,393	18,393	-
Total Revenues	<u>1,547,297</u>	<u>1,489,875</u>	<u>1,489,875</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	3,123,537	4,794,672	4,794,672	-
Total Expenditures	<u>3,123,537</u>	<u>4,794,672</u>	<u>4,794,672</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,576,240)</u>	<u>(3,304,797)</u>	<u>(3,304,797)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	3,970,706	3,970,706	3,970,706	-
Total Other Financing Sources and Uses	<u>3,970,706</u>	<u>3,970,706</u>	<u>3,970,706</u>	<u>-</u>
Net Change in Fund Balance	2,394,466	665,909	665,909	-
Fund Balances - Beginning	<u>560,201</u>	<u>488,252</u>	<u>488,252</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,954,667</u>	<u>1,154,161</u>	<u>1,154,161</u>	<u>-</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)
 HUD Section 108 Loan Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 50	5,648	5,648	-
Miscellaneous revenues	451,925	3,600,962	3,600,962	-
Total Revenues	<u>451,975</u>	<u>3,606,610</u>	<u>3,606,610</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service	451,925	3,600,962	3,600,962	
Total Expenditures	<u>451,925</u>	<u>3,600,962</u>	<u>3,600,962</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>50</u>	<u>5,648</u>	<u>5,648</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing uses		(6,612)	(6,612)	-
Total Other Financing Sources and Uses	<u>-</u>	<u>(6,612)</u>	<u>(6,612)</u>	<u>-</u>
Net Change in Fund Balance	50	(964)	(964)	-
Fund Balances - Beginning	<u>908</u>	<u>908</u>	<u>964</u>	<u>56</u>
Fund Balances - Ending	<u>\$ 958</u>	<u>(56)</u>	<u>-</u>	<u>56</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)
 2015 Bond Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$	17,364	17,364	-
Total Revenues	-	17,364	17,364	-
EXPENDITURES				
Current:				
Public works		2,042,440	2,042,440	-
Total Expenditures	-	2,042,440	2,042,440	-
Excess of Revenues over (under) Expenditures	-	(2,025,076)	(2,025,076)	-
OTHER FINANCING SOURCES (USES)				
Other financing sources		4,853,088	4,853,088	-
Total Other Financing Sources and Uses	-	4,853,088	4,853,088	-
Net Change in Fund Balance	-	2,828,012	2,828,012	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	2,828,012	2,828,012	-

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, 2015

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.11%	0.12%
County's proportionate share of the net pension liability (asset)	\$ 17,503,163	14,653,926
County's covered-employee payroll	\$ 6,710,113	7,018,089
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	260.85%	208.80%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to 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 County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,056,843	1,105,349
Contributions in relation to the contractually required contribution	<u>1,056,843</u>	<u>1,105,349</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 6,710,113	7,018,089
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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

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

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

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, the Tax Assessor and the Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

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

	Governmental Fund Types			
	General Fund	Road and Bridges Fund	HUD Section 108 Fund	2015 Bond Fund
Budget (Cash Basis)	696,034	665,909	(964)	2,828,012
Increase (Decrease)				
Net adjustment for revenue accruals	(25,797)	(636,271)	(3,500,001)	146,912
Net adjustment for expenditure accruals	(103,627)	22,305		(233,770)
GAAP Basis	<u>566,610</u>	<u>51,943</u>	<u>(3,500,965)</u>	<u>2,741,154</u>

LEFLORE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

Pension Schedules

A. Changes in Benefit Terms.

None

B. Changes in Assumptions.

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

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

SUPPLEMENTARY INFORMATION

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2015

Operating Disbursements, Cash Basis:

Salaries	\$ 414,646
Expendable Commodities:	
Gasoline and petroleum products	64,170
Repair parts	54,168
Clothing	2,657
Maintenance	8,296
Professional fees, legal advertising and other fees	103,587
Capital Outlay	485,115
Insurance on equipment	175
Interest on capital leases	5,312
Supplies	<u>22,427</u>
Solid Waste Cash Basis Operating Expenditures	1,160,553
Full Cost Expenses:	
Indirect administrative costs	43,559
Depreciation on equipment	<u>98,285</u>
Solid Waste Full Cost Operating Expenses	\$ <u><u>1,302,397</u></u>

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

OTHER INFORMATION

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
UNAUDITED

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

LEFLORE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
UNAUDITED

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

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

SPECIAL REPORTS

LEFLORE COUNTY

(This page left blank intentionally.)

SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

Members of the Board of Supervisors
Leflore County, Mississippi

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Leflore County, Mississippi, as of and for the year ended September 30, 2015, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 24, 2017. Our report includes a reference to another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Another auditor audited the financial statements of the Greenwood Leflore Hospital, as described in our report on Leflore County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control and on compliance and other matters that are reported separately by the other auditor

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leflore County, Mississippi's financial statements are free from 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*.

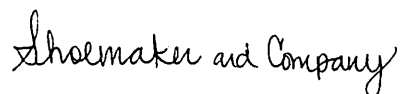
POST OFFICE BOX 2201 CLINTON, MISSISSIPPI 39060

T. 601.951.8318

WWW.SHOEMAKERCPA.NET

Purpose of this Report

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



SHOEMAKER & COMPANY, CPA PLLC
August 24, 2017

POST OFFICE BOX 2201 CLINTON, MISSISSIPPI 39060

T. 601.951.8318

WWW.SHOEMAKERCPA.NET

SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

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

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

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

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

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

Shoemaker and Company

SHOEMAKER & COMPANY, CPA PLLC
August 24, 2017

POST OFFICE BOX 2201 CLINTON, MISSISSIPPI 39060

T. 601.951.8318

WWW.SHOEMAKERCPA.NET

LEFLORE COUNTY

(This page left blank intentionally.)

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
01/06/2015	Ground Control Systems Inc	Mobile Satellite System Equipment	\$ 25,017

LEFLORE COUNTY

(This page left blank intentionally.)

SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Leflore County, Mississippi

In planning and performing our audit of the financial statements of Leflore County, Mississippi for the year ended September 30, 2015, 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 24, 2017, on the financial statements of Leflore County, Mississippi.

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

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

Shoemaker and Company

SHOEMAKER & COMPANY, CPA PLLC
August 24, 2017

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

LEFLORE COUNTY

(This page left blank intentionally.)

LEFLORE COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements

Governmental Activities	Unmodified
Discretely presented component unit	Unmodified
General Fund	Unmodified
Road and Bridge Fund	Unmodified
HUD Section 108 Loan Fund	Unmodified
2015 Bond Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

- | | |
|---|---------------|
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

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