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BOLIVAR COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2016

BOLIVAR COUNTY

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BOLIVAR COUNTY

FINANCIAL SECTION



DAVID I. BRIDGERS, JR., CPA
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MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S
GOVERNMENT AUDIT QUALITY CENTER

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Bolivar County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bolivar County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bolivar County Port Commission and the Bolivar County Library System, which represent 22 percent, 20 percent, and 40 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aforementioned component units, are based solely on the reports of the other auditors. However, we did audit the Bolivar Medical Center Foundation and the Bolivar County Economic Development District, component units, which represent 78 percent, 80 percent, and 60 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Our audit and the component unit audits of the Bolivar County Library System, the Bolivar Medical Center Foundation, and the Bolivar County Economic Development District were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. However, the financial statements of the Bolivar County Port Commission, component unit, audited by another auditor, were not audited in accordance with *Government Auditing Standards* but they were audited in accordance with auditing standards generally accepted in the United States of America.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi, as of September 30, 2016, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

Bolivar County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017, on our consideration of Bolivar County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bolivar County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

November 1, 2017

BOLIVAR COUNTY

FINANCIAL STATEMENTS

BOLIVAR COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 12,689,450	42,643	12,732,093
Cash with fiscal agents		186,202	186,202
Investments	-		-
Property tax receivable	14,353,431		14,353,431
Accounts receivable			-
Fines receivable, net	235,810		235,810
Loans receivable, net	-		-
Intergovernmental receivables	172,345	-	172,345
Other receivables	148,944		148,944
Internal balances	675,959	(675,959)	-
Prepaid bond insurance		31,663	31,663
Prepaid expenses			-
Lease payments receivable	805,357		805,357
Land and construction in progress	3,333,712	3,878	3,337,590
Other capital assets, net	57,455,091	5,515,854	62,970,945
Total Assets	89,870,099	5,104,281	94,974,380
Deferred Outflows of Resources			
Deferred outflows related to pension	3,790,520	1,183,458	4,973,978
Total Deferred Outflows of Resources	3,790,520	1,183,458	4,973,978
Liabilities			
Claims payable	529,664	192,919	722,583
Intergovernmental payables	319,146		319,146
Accrued interest payable	23,324	30,492	53,816
Premium on bonds	5,110		5,110
Other payables	114,561		114,561
Unearned revenue			
Long-term liabilities			
Due within one year:			
Capital related debt	484,871	490,000	974,871
Non-capital debt	220,000		220,000
Due in more than one year:			
Capital related debt	1,685,329	3,858,753	5,544,082
Non-capital debt	313,577	32,172	345,749
Net pension liability	15,256,360	5,642,762	20,899,122
Total Liabilities	18,951,942	10,247,098	29,199,040
Deferred Inflows of Resources			
Deferred inflows related to pension	985,404	955,265	1,940,669
Deferred revenues - property tax	14,353,431		14,353,431
Unavailable revenue - interest on capital leases	111,729		111,729
Total deferred inflows of resources	15,450,564	955,265	16,405,829
Net Position			
Net investment in capital assets	58,613,493	1,170,979	59,784,472
Restricted:			
Expendable:			
General government	456,673		456,673
Debt service	197,635		197,635
Public safety	990,048		990,048
Public works	3,117,945		3,117,945
Culture and recreation	110,452		110,452
Economic development	21,775		21,775
Unemployment			
Unrestricted	(4,249,908)	(6,085,603)	(10,335,511)
Total Net Position	\$ 59,258,113	(4,914,624)	54,343,489

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

BOLIVAR COUNTY
Statement of Net Position (Continued)
September 30, 2016

Exhibit 1

	Component Units				Total
	Bolivar County Port Comm.	Bolivar County ED District	Bolivar County Library System	Bolivar Medical Center Found.	
\$	692,963	463,759	185,195	160,277	1,502,194
					-
	3,725,000			46,918,325	50,643,325
					-
	375,800		24,208		400,008
					-
				174,000	174,000
	839				839
	100,969				100,969
					-
					-
	68,851		19,109		87,960
					-
	3,109,720	405,428			3,515,148
	4,877,105	335,118	117,118		5,329,341
	<u>12,951,247</u>	<u>1,204,305</u>	<u>345,630</u>	<u>47,252,602</u>	<u>61,753,784</u>
	126,627		121,747		248,374
	<u>126,627</u>	<u>-</u>	<u>121,747</u>	<u>-</u>	<u>248,374</u>
			5,983		5,983
					-
					-
					-
	25,937				25,937
	273,852				273,852
		60,218			60,218
			10,351		10,351
		120,348			120,348
			10,350		10,350
	873,697		768,087		1,641,784
	<u>1,173,486</u>	<u>180,566</u>	<u>794,771</u>	<u>-</u>	<u>2,148,823</u>
	2,357		2,041		4,398
					-
	<u>2,357</u>	<u>-</u>	<u>2,041</u>	<u>-</u>	<u>4,398</u>
	7,986,825	559,980	117,118	-	8,663,923
					-
					-
					-
					-
					-
					-
		463,759			463,759
	1,574				1,574
	3,913,632		(446,553)	47,252,602	50,719,681
\$	<u>11,902,031</u>	<u>1,023,739</u>	<u>(329,435)</u>	<u>47,252,602</u>	<u>59,848,937</u>

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

BOLIVAR COUNTY
Statement of Activities
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs			Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Bolivar County Port Comm.	Bolivar County ED District	Bolivar County Library	Bolivar Medical Center Found.	Total Component Units
					Governmental Activities	Business Type Activities	Total					
Primary government:												
Governmental activities:												
General government	\$ 5,702,364	725,984	165,525		(4,810,855)		(4,810,855)					
Public safety	4,934,267	678,044	122,201		(4,134,022)		(4,134,022)					
Public works	4,874,250	42,852		1,266,137	(3,565,261)		(3,565,261)					
Health and welfare	624,151				(624,151)		(624,151)					
Culture and recreation	541,210			131,067	(410,143)		(410,143)					
Conservation of natural resources	88,231				(88,231)		(88,231)					
Economic development and assistance	531,378				(531,378)		(531,378)					
Interest on long-term debt	82,078				(82,078)		(82,078)					
Pension expense	2,047,073				(2,047,073)		(2,047,073)					
Total Governmental Activities	19,425,002	1,446,880	287,726	1,397,204	(16,293,192)		(16,293,192)					
Business-type activities:												
Correctional facility	5,550,447	5,366,034				(184,413)	(184,413)					
Total Business-type Activities	5,550,447	5,366,034				(184,413)	(184,413)					
Total Primary Government	\$ 24,975,449	6,812,914	287,726	1,397,204	(16,293,192)	(184,413)	(16,477,605)					
Component Units:												
Bolivar County Port Comm.	\$ 1,595,764	1,137,770	372,516					(85,478)				(85,478)
Bolivar County ED District	188,515								(188,515)			(188,515)
Bolivar County Library System	740,485	25,721	150,461	14,018						(550,285)		(550,285)
Bolivar Medical Center Found.	590,373										(590,373)	(590,373)
Total Component Units	\$ 3,115,137	1,163,491	522,977	14,018								(1,414,651)
General revenues:												
Property taxes					\$ 14,712,795		14,712,795	58,664	153,837			212,501
Road & bridge privilege taxes					369,975		369,975					0
Grants and contributions not restricted to specific programs					1,429,881		1,429,881			507,108		507,108
Unrestricted investment income					84,217	2,056	86,273	20,018	1,009	1,141	3,676,435	3,698,603
Miscellaneous					686,402	6,992	693,394	239,346	16,226	622		256,194
Total General Revenues					17,283,270	9,048	17,292,318	318,028	171,072	508,871	3,676,435	4,674,406
Changes in Net Position					990,078	(175,365)	814,713	232,550	(17,443)	(41,414)	3,086,062	3,259,755
Net Position - Beginning, as previously reported					58,268,035	(4,739,259)	53,528,776	11,669,481	1,033,311	(316,546)	44,166,540	56,552,786
Prior period adjustment									7,871	28,525		36,396
Net Position - Beginning, as restated					58,268,035	(4,739,259)	53,528,776	11,669,481	1,041,182	(288,021)	44,166,540	56,589,182
Net Position - Ending					\$ 59,258,113	(4,914,624)	54,343,489	11,902,031	1,023,739	(329,435)	47,252,602	59,848,937

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

BOLIVAR COUNTY
Balance Sheet – Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds				
	Countywide				
	General	Road	Bridge &	Other	Total
	Fund	Maintenance	Culvert Fund	Governmental	Governmental
		Fund		Funds	Funds
ASSETS					
Cash	\$ 7,665,026	2,467,814	38,238	2,518,372	12,689,450
Property tax receivable	9,037,591	1,663,927	1,729,196	1,922,717	14,353,431
Fines receivable, net	235,810				235,810
Loans receivable, net				0	0
Intergovernmental receivables	172,345				172,345
Advances to other funds	622,548		61,653		684,201
Due from other funds	53,411	52,519	23,246	18,848	148,024
Other receivables	13,805	135,139			148,944
Lease payments receivable				805,357	805,357
Total Assets	<u>17,800,536</u>	<u>4,319,399</u>	<u>1,852,333</u>	<u>5,265,294</u>	<u>29,237,562</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Claims payable	193,340	212,554	7,246	116,524	529,664
Intergovernmental payables	319,146				319,146
Advances from other funds				61,653	61,653
Due to other funds	112,377				112,377
Other payables	96,797				96,797
Total Liabilities	<u>721,660</u>	<u>212,554</u>	<u>7,246</u>	<u>178,177</u>	<u>1,119,637</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	9,037,591	1,663,927	1,729,196	1,922,717	14,353,431
Unavailable revenue -lease payments				805,357	805,357
Unavailable revenue - fines	235,810				235,810
Total Deferred Inflows of Resources	<u>9,273,401</u>	<u>1,663,927</u>	<u>1,729,196</u>	<u>2,728,074</u>	<u>15,394,598</u>
FUND BALANCES					
Nonspendable:					
Advances	622,548				622,548
Restricted for:					
General government				456,673	456,673
Public safety				990,048	990,048
Public works		2,442,918	115,891	559,136	3,117,945
Culture and recreation				110,452	110,452
Economic development				21,775	21,775
Debt service				220,959	220,959
Unassigned	7,182,927				7,182,927
Total Fund Balances	<u>7,805,475</u>	<u>2,442,918</u>	<u>115,891</u>	<u>2,359,043</u>	<u>12,723,327</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,800,536</u>	<u>4,319,399</u>	<u>1,852,333</u>	<u>5,265,294</u>	<u>29,237,562</u>

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

BOLIVAR COUNTY**Exhibit 3-1****Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2016**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 12,723,327
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$89,141,577.	60,788,803
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	235,810
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(2,703,777)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(23,324)
Capital leases are not available to pay for current period expenditures and, therefore, are not reported in the funds.	693,628
Premium on bonds	(5,110)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(15,256,360)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	3,790,520
Deferred inflows of resources related to pensions	(985,404)
Total Net Position - Governmental Activities	<u>\$ 59,258,113</u>

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

BOLIVAR COUNTY**Exhibit 4****Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended September 30, 2016**

	Major Funds				
	General	Countywide	Bridge &	Other	Total
	Fund	Road	Culvert	Governmental	Governmental
		Maintenance	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 9,749,988	1,704,444	1,734,836	1,523,527	14,712,795
Road and bridge privilege taxes		369,975			369,975
Licenses, commissions and other revenue	494,152	1,694			495,846
Fines and forfeitures	267,206			9,649	276,855
Intergovernmental revenues	766,252	1,885,369		463,190	3,114,811
Charges for services		3,905	4,031	711,266	719,202
Interest income	31,572	7,551	1,460	43,634	84,217
Miscellaneous revenues	128,671	1,118	36	8,921	138,746
Total Revenues	<u>11,437,841</u>	<u>3,974,056</u>	<u>1,740,363</u>	<u>2,760,187</u>	<u>19,912,447</u>
EXPENDITURES					
Current:					
General government	5,364,446			210,205	5,574,651
Public safety	3,631,909			1,254,730	4,886,639
Public works		4,810,469	1,558,180	785,201	7,153,850
Health and welfare	587,251				587,251
Culture and recreation	405,480			205,344	610,824
Conservation of natural resources	110,722				110,722
Economic development and assistance	380,863			150,926	531,789
Debt service:					
Principal	14,487		176,745	475,073	666,305
Interest	5,446		8,909	71,407	85,762
Total Expenditures	<u>10,500,604</u>	<u>4,810,469</u>	<u>1,743,834</u>	<u>3,152,886</u>	<u>20,207,793</u>
Excess of Revenues over (under) Expenditures	<u>937,237</u>	<u>(836,413)</u>	<u>(3,471)</u>	<u>(392,699)</u>	<u>(295,346)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	7,123	645,444			652,567
Long-term capital debt issued				70,075	70,075
Transfers in				93,114	93,114
Transfers out	(93,114)				(93,114)
Lease principal payments				126,176	126,176
Total Other Financing Sources and Uses	<u>(85,991)</u>	<u>645,444</u>	<u>0</u>	<u>289,365</u>	<u>848,818</u>
Net Changes in Fund Balances	<u>851,246</u>	<u>(190,969)</u>	<u>(3,471)</u>	<u>(103,334)</u>	<u>553,472</u>
Fund Balances - Beginning	<u>6,954,229</u>	<u>2,633,887</u>	<u>119,362</u>	<u>2,462,377</u>	<u>12,169,855</u>
Fund Balances - Ending	<u>\$ 7,805,475</u>	<u>2,442,918</u>	<u>115,891</u>	<u>2,359,043</u>	<u>12,723,327</u>

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

BOLIVAR COUNTY**Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 553,472
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 \$3,085,756 exceeded depreciation of \$1,873,309 in the current period.	1,212,447
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.	(104,912)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(45,023)
Debt proceed provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$666,305 exceeded debt proceeds of \$70,075.	596,230
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Principal payments received on capital leases receivable	(126,176)
Change in compensated absences	76,846
Change in accrued interest payable	1,128
Amortization of premiums	2,556
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(2,047,073)
Recognition of contributions made for the current year	870,583
Change in Net Position of Governmental Activities	\$ <u>990,078</u>

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

BOLIVAR COUNTY
Statement of Net Position – Proprietary Funds
September 30, 2016

Exhibit 5

	Business-type Activities - Enterprise Funds
	<u>BCRCF Fund</u>
ASSETS	
Current assets:	
Cash	\$ 42,643
Cash with fiscal agents	186,202
Prepaid bond insurance	31,663
Total Current Assets	<u>260,508</u>
Noncurrent assets:	
Land and construction in progress	3,878
Capital assets, net	5,515,854
Total Noncurrent Assets	<u>5,519,732</u>
Total Assets	<u>5,780,240</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,183,458
Total Deferred Outflows of Resources	<u>1,183,458</u>
LIABILITIES	
Current liabilities:	
Claims payable	192,919
Due to other funds	53,411
Advances from other funds	622,548
Accrued interest payable	30,492
Capital related debt - current	490,000
Total Current Liabilities	<u>1,389,370</u>
Noncurrent liabilities:	
Capital related debt:	
Other long-term liabilities	3,858,753
Non-capital debt:	
Compensated absences payable	32,172
Net pension liability	5,642,762
Total Noncurrent Liabilities	<u>9,533,687</u>
Total Liabilities	<u>10,923,057</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	955,265
Total Deferred Inflows of Resources	<u>955,265</u>
NET POSITION	
Net investment in capital assets	1,170,979
Unrestricted	<u>(6,085,603)</u>
Total Net Position	<u>\$ (4,914,624)</u>

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

BOLIVAR COUNTY**Exhibit 6****Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2016**

	<u>Business-type Activities - Enterprise Funds</u>
	<u>BCRCF Fund</u>
Operating Revenues	
Charges for services	\$ 5,366,034
Miscellaneous	3,357
Total Operating Revenues	<u>5,369,391</u>
Operating Expenses	
Personal services	3,129,791
Contractual services	698,764
Materials and supplies	839,358
Depreciation expense	244,903
Indirect administrative cost	53,411
Pension expense	430,800
Insurance premiums	6,445
Total Operating Expenses	<u>5,403,472</u>
Operating Income (Loss)	<u>(34,081)</u>
Nonoperating Revenues (Expenses)	
Interest income	2,056
Interest expense	(146,975)
Gain (loss) on sale of capital assets	3,635
Net nonoperating Revenue (Expenses)	<u>(141,284)</u>
Change in Net Position	(175,365)
Net Position - Beginning	<u>(4,739,259)</u>
Net Position - Ending	<u>\$ (4,914,624)</u>

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

BOLIVAR COUNTY
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2016

Exhibit 7

	<u>Business-type Activities - Enterprise Funds</u>
	<u>BCRCF</u>
	<u>Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 5,306,658
Payments to suppliers	(1,336,536)
Payments to employees for services	(3,551,541)
Other operating cash receipts	10,739
Net Cash Provided (Used) by Operating Activities	<u>429,320</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of fixed assets	(13,929)
Principal paid on debt	(425,000)
Interest paid on debt	(126,436)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(565,365)</u>
Cash Flows From Investing Activities	
Interest on deposits	2,045
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,045</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(134,000)
Cash and Cash Equivalents at Beginning of Year	<u>362,845</u>
Cash and Cash Equivalents at End of Year	<u>\$ 228,845</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating income (Loss)	\$ (34,081)
Adjustments to reconcile operating income to net cash	
provided (used) by operating activities:	
Depreciation expense	244,903
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	38,382
(Increase) decrease in deferred outflows of resources	(102,746)
Increase (decrease) in claims payable	51,760
Increase (decrease) in compensated absences liability	(33,858)
Increase (decrease) in net pension liability	(540,449)
Increase (decrease) in interfund payables	53,411
Increase (decrease) in deferred inflows of resources	751,998
Total Adjustments	<u>463,401</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 429,320</u>

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

BOLIVAR COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 707,109
Due from other funds	17,764
	<hr/>
Total Assets	<u>724,873</u>
LIABILITIES	
Intergovernmental payables	17,764
Amounts held in custody for others	707,109
	<hr/>
Total Liabilities	<u>\$ 724,873</u>

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

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

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

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

B. Individual Component Unit Disclosures

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

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

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

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

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

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

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

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures are expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

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

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

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

The County reports the following major Proprietary Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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

PROPRIETARY FUND TYPE

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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 Associations.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. 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 represent short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” 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 account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Restricted Assets – Proprietary fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

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

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

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

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

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

L. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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.

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

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

N. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

are available, and amounts in the unrestricted classification could be used, it is the County's general policy to spend 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 or unassigned. The following are descriptions of fund classifications used by the County:

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

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted 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 to those purposes, it may be necessary to report a negative unassigned fund balance.

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

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

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

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

NOTE 2 – Prior Period Adjustments.

Exhibit 2 – Statement of Activities – Component Units:

Bolivar County ED District

Explanation	Amount
To correct long-term debt	\$ 7,871
Total prior period adjustments	<u>\$ 7,871</u>

Bolivar County Library System

Explanation	Amount
Net pension liability	\$ (34,564)
Deferred outflows related to pension	(51,640)
Understatement of capital assets	81,566
Understatement of net position related to various accruals	33,163
Total prior period adjustments	<u>\$ 28,525</u>

NOTE 3 – DEPOSITS.

The carrying amount of the County’s total deposits with financial institutions at September 30, 2016, was \$13,625,404, and the bank balance was \$14,292,350. 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).

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for managing custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

NOTE 4 – INTERFUND TRANSACTIONS AND BALANCES.

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 53,411
Countywide Road Maintenance Fund	General Fund	52,519
Bridge and Culvert Fund	General Fund	23,246
Other Governmental Funds	General Fund	18,848
Agency Funds	General Fund	17,764
Total		<u>\$ 165,788</u>

The General Fund receivable is for indirect administrative cost due from BCRCF. All other receivables represent the tax revenue collected but not settled until October 2016. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 622,548
Bridge and Culvert Fund	Other Governmental Funds	61,653
Total		<u>\$ 684,201</u>

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 93,114
Total		<u>\$ 93,114</u>

Transfers are for renovations to the Cleveland courthouse.

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

At September 30, 2016, intergovernmental receivables consisted of:

<u>Governmental Activities:</u>	<u>Amount</u>
Legislative tax credit	\$ 172,345
Total Governmental Activities	<u>\$ 172,345</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 – LOANS RECEIVABLE.

At September 30, 2016, loans receivable consisted of:

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

NOTE 7 – CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2016:

Governmental activities:

	<u>Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2016</u>
Non-depreciable capital assets:					
Land	\$ 1,066,270	190,000			1,256,270
Construction in progress	1,028,553	1,438,858		(389,969)	2,077,442
Total non-depreciable capital assets	<u>2,094,823</u>	<u>1,628,858</u>	<u>0</u>	<u>(389,969)</u>	<u>3,333,712</u>
Depreciable capital assets:					
Infrastructure	92,053,515	151,900			92,205,415
Buildings	38,525,542			389,969	38,915,511
Improvements other than buildings	1,128,504				1,128,504
Mobile equipment	10,121,213	1,266,158	1,015,058		10,372,313
Furniture and equipment	3,101,385	38,840	47,100		3,093,125
Capital leases	881,800				881,800
Total depreciable capital assets	<u>145,811,959</u>	<u>1,456,898</u>	<u>1,062,158</u>	<u>389,969</u>	<u>146,596,668</u>
Less accumulated depreciation for:					
Infrastructure	53,723,159	712,772			54,435,931
Buildings	23,384,008	362,150			23,746,158
Improvements other than buildings	373,966	35,257			409,223
Mobile equipment	7,935,053	566,843	913,551		7,588,345
Furniture and equipment	2,598,854	116,925	43,695		2,672,084
Capital leases	210,474	79,362			289,836
Total accumulated depreciation	<u>88,225,514</u>	<u>1,873,309</u>	<u>957,246</u>	<u>0</u>	<u>89,141,577</u>
Total depreciable capital assets, net	<u>57,586,445</u>	<u>(416,411)</u>	<u>104,912</u>	<u>389,969</u>	<u>57,455,091</u>
Governmental activities					
Capital assets, net	<u>\$ 59,681,268</u>	<u>1,212,447</u>	<u>104,912</u>	<u>0</u>	<u>60,788,803</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Business-type activities:

	Balance Oct. 1, 2015	Additions	Deletions	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>				
Land	\$ 3,878			3,878
Total Non-depreciable capital assets	<u>3,878</u>	<u>0</u>	<u>0</u>	<u>3,878</u>
<u>Depreciable capital assets:</u>				
Buildings	7,481,689			7,481,689
Improvements other than buildings	1,042,434			1,042,434
Mobile equipment	296,629		17,010	279,619
Furniture and equipment	281,222	13,929		295,151
Total depreciable capital assets	<u>9,101,974</u>	<u>13,929</u>	<u>17,010</u>	<u>9,098,893</u>
<u>Less accumulated depreciation for:</u>				
Buildings	2,350,807	149,636		2,500,443
Improvements other than buildings	604,489	41,701		646,190
Mobile equipment	205,727	26,731	15,309	217,149
Furniture and equipment	192,422	26,835		219,257
Total accumulated depreciation	<u>3,353,445</u>	<u>244,903</u>	<u>15,309</u>	<u>3,583,039</u>
Total depreciable capital assets, net	<u>5,748,529</u>	<u>(230,974)</u>	<u>1,701</u>	<u>5,515,854</u>
Business -type activities				
Capital assets, net	<u>\$ 5,752,407</u>	<u>(230,974)</u>	<u>1,701</u>	<u>5,519,732</u>

Depreciation expense was charged to the following functions:

Governmental Activities:

	Amount
General government	\$ 827,841
Public safety	613,350
Public works	393,183
Health & welfare	36,900
Culture & recreation	675
Economic development	1,360
Total governmental activities depreciation expense	<u>\$ 1,873,309</u>

Business-type activities:

Correctional facility	<u>\$ 244,903</u>
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Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

Description of Commitment	Remaining Financial	Expected Date of Completion
Cleveland Courthouse Project	\$ 249,435	December 2017

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Capital Assets - Component Units:

Bolivar County Port Commission	Balance Oct. 1, 2015	Additions	Deletions	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>				
Land	\$ 3,109,720			3,109,720
Total non-depreciable capital assets	3,109,720	0	0	3,109,720
<u>Depreciable capital assets:</u>				
Infrastructure	2,615,942			2,615,942
Buildings and improvements	4,971,732			4,971,732
Equipment and fixtures	1,153,058	207,234		1,360,292
Total depreciable capital assets	8,740,732	207,234	0	8,947,966
<u>Less accumulated depreciation for:</u>				
Infrastructure	1,383,369	71,411		1,454,780
Buildings and improvements	1,441,533	145,182		1,586,715
Equipment and fixtures	984,782	44,584		1,029,366
Total accumulated depreciation	3,809,684	261,177	0	4,070,861
Total depreciable capital assets, net	4,931,048	(53,943)	0	4,877,105
Component unit capital assets, net	\$ 8,040,768	(53,943)	0	7,986,825

Bolivar County ED District

<u>Non-depreciable capital assets:</u>				
Land	\$ 405,428			405,428
Total non-depreciable capital assets	405,428	0	0	405,428
<u>Depreciable capital assets:</u>				
Infrastructure	949,626			949,626
Equipment and fixtures	6,755			6,755
Total depreciable capital assets	956,381	0	0	956,381
<u>Less accumulated depreciation for:</u>				
Infrastructure	569,779	47,482		617,261
Equipment and fixtures	3,677	325		4,002
Total accumulated depreciation	573,456	47,807	0	621,263
Total depreciable capital assets, net	382,925	(47,807)	0	335,118
Component unit capital assets, net	\$ 788,353	(47,807)	0	740,546

Bolivar County Library

<u>Depreciable capital assets:</u>				
Equipment and fixtures	\$ 454,803	62,677	1,649	515,831
Total depreciable capital assets	454,803	62,677	1,649	515,831
<u>Less accumulated depreciation for:</u>				
Equipment and fixtures	358,437	41,925	1,649	398,713
Total accumulated depreciation	358,437	41,925	1,649	398,713
Component unit capital assets, net	\$ 96,366	20,752	0	117,118

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 8 – CLAIMS AND JUDGMENTS.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 9 – OPERATING LEASES.

As Lessor:

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 10 – CAPITAL LEASES.

As Lessor:

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

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2016, are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 57,885	4,267
2018	59,645	2,507
2019	51,098	705
Total	<u>\$ 168,628</u>	<u>7,479</u>

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

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2016, are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 75,000	30,422
2018	80,000	25,675
2019	85,000	20,590
2020	90,000	15,120
2021	95,000	9,293
2022	100,000	3,150
Total	<u>\$ 525,000</u>	<u>104,250</u>

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Class of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 881,800
Less: Accumulated depreciation	<u>289,836</u>
Leased Property Under Capital Leases	<u>\$ 591,964</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 11 – DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2016, 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, 2016 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, 2016, 2015 and 2014 were \$1,192,579, \$1,216,088, and \$1,252,186, respectively, equal to the required contributions for each year.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

At September 30, 2016, the County reported a liability of \$20,899,122 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. At June 30, 2016, the County's proportion was 0.117 percent, which was a decrease of 0.008 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$2,477,873. At September 30, 2016, 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	\$ 532,807	
Net difference between projected and actual earnings on pension plan investments	2,499,398	
Changes of assumptions	1,052,598	55,537
Changes in the proportion and differences between County contributions and proportionate share of contributions	590,800	1,885,132
County Contributions subsequent to the measurement date	298,375	
	<u>\$ 4,973,978</u>	<u>1,940,669</u>

\$298,375 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2017	\$ 939,963
2018	803,386
2019	578,716
2020	412,869
Total	<u>\$ 2,734,934</u>

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

The actuarial assumptions used in the June 30, 2016 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, 2016.

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, 2016, are summarized in the following table:

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 26,797,359	20,899,122	16,005,496

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

COMPONENT UNITS

Bolivar County Port Commission

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

Contributions. The Port's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$50,973, \$47,328, and \$50,361, 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, 2016, the Port reported a liability of \$873,697 for its proportionate share of the net pension liability. At June 30, 2016, the Port's proportion was 0.004965 percent. For the year ended September 30, 2016, the Port recognized pension expense of \$109,301. At September 30, 2016, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,737	
Net difference between projected and actual earnings on pension plan investments	60,081	
Changes of assumptions	41,809	2,357
	<u>\$ 126,627</u>	<u>2,357</u>

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

<u>Year ending September 30:</u>	<u>Amount</u>
2017	\$ 43,144
2018	32,484
2019	31,123
2020	17,520
Total	<u>\$ 124,271</u>

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 1,137,170	886,873	679,210

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Bolivar County Library System

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

Contributions. The System's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$45,239, \$41,569, and \$43,172, 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, 2016, the System reported a liability of \$768,087 for its proportionate share of the net pension liability. At June 30, 2016, the System's proportion was 0.0043 percent. For the year ended September 30, 2016, the System recognized pension expense of \$94,879. At September 30, 2016, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,424	
Net difference between projected and actual earnings on pension plan investments	52,034	
Changes of assumptions	36,209	2,041
Contributions subsequent to the measurement date	12,080	
	<u>\$ 121,747</u>	<u>2,041</u>

\$12,080 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2017	\$ 37,365
2018	28,133
2019	26,954
2020	15,174
Total	<u>\$ 107,626</u>

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 984,860	768,087	588,236

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 – LONG TERM DEBT.

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Jail Bonds, Series 2011	\$ 375,000	2.00 to 3.00	9/18
2006 Baxter Bonds	525,000	7.50 to 6.30	11/21
Total General Obligation Bonds	<u>\$ 900,000</u>		
B. Other Loans:			
CDBG Knight Line Products, Inc.	\$ 474,699	4.00	02/09
CAP Loan - Faurecia	168,628	3.00	07/19
DEQ - SRF-C280925-01-2	299,187	1.75	03/34
E-911 Special Equipment	70,075	2.32	05/19
Bridge and Culvert	355,917	2.23	02/18
Total Other Loans	<u>\$ 1,368,506</u>		
C. Capital Leases:			
Fire trucks	\$ 276,694	2.20	04/18
Total Capital Leases	<u>\$ 276,694</u>		
Business-type Activities:			
A. Limited Obligation Bonds:			
MS Development Bank special obligation bonds, Series 2012A	\$ 3,135,000	2.00/3.250	07/25
MS Development Bank special obligation bonds, Series 2012B	1,225,000	2.00/2.625	07/25
Total Limited Obligation Bonds	<u>\$ 4,360,000</u>		

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		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 295,000	41,672	273,029	19,175	136,842	6,087
2018	235,000	30,325	276,334	12,581	139,852	3,077
2019	85,000	20,590	90,269	5,933		
2020	90,000	15,120	15,536	4,396		
2021	95,000	9,293	15,810	4,122		
2022-2026	100,000	3,150	83,335	16,328		
2027-2031			90,949	8,714		
2032-2034			523,244	1,287		
Total	<u>\$ 900,000</u>	<u>120,150</u>	<u>1,368,506</u>	<u>72,536</u>	<u>276,694</u>	<u>9,164</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Business-type Activities:

Year Ending September 30:	Limited Obligation Bonds	
	Principal	Interest
2017	\$ 490,000	121,969
2018	490,000	111,344
2019	485,000	100,719
2020	510,000	86,994
2021	455,000	72,569
2022-2025	1,930,000	151,063
Total	<u>\$ 4,360,000</u>	<u>644,658</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 2.06% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Deletions	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 235,423		76,846	158,577	-
General obligation bonds	1,185,000		285,000	900,000	295,000
Other loans	1,545,839	70,075	247,408	1,368,506	273,029
Capital leases	410,591		133,897	276,694	136,842
Total	<u>\$ 3,376,853</u>	<u>70,075</u>	<u>743,151</u>	<u>2,703,777</u>	<u>704,871</u>
Business-type Activities:					
Compensated absences	\$ 66,030		33,858	32,172	-
Limited obligation bonds	4,785,000		425,000	4,360,000	490,000
Less: Discount	(12,558)		(1,311)	(11,247)	-
Total	<u>\$ 4,838,472</u>	<u>-</u>	<u>457,547</u>	<u>4,380,925</u>	<u>490,000</u>

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Component Units

Bolivar County ED District:

Debt outstanding as of September 30, 2016, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Notes Payable:			
Industrial park acquisition & development	\$ 100,993	5.00	07-19
Industrial park acquisition & development	16,201	5.00	07-19
Industrial park acquisition & development	63,372	6.38	08/26
Total	<u>\$ 180,566</u>		

Annual debt service requirements to maturity are as follows:

<u>Year Ending September 30:</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 60,218	9,899
2018	63,437	6,681
2019	41,686	3,289
2020	15,225	970
Total	<u>\$ 180,566</u>	<u>20,839</u>

The following is the summary of changes in long-term liabilities for the year ended September 30, 2016:

	<u>Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2016</u>
Notes Payable	\$ 245,850	-	57,413	(7,871)	180,566
Total	<u>\$ 245,850</u>	<u>-</u>	<u>57,413</u>	<u>(7,871)</u>	<u>180,566</u>

Bolivar County Library System:

Debt outstanding at September 30, 2016, consisted of the following:

	<u>Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2016</u>
Compensated Absences	\$	20,701			20,701
Total	<u>\$ -</u>	<u>20,701</u>	<u>-</u>	<u>-</u>	<u>20,701</u>

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 13 – CONTINGENCIES.

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

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

NOTE 14 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position amount of (\$4,249,908) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$217,814 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$3,572,706 balance of deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next four years. The \$985,404 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position amount of (\$4,249,908) includes the effect of deferring the recognition of revenue resulting from interest on capital leases receivable. The \$111,729 balance of deferred inflows of resources at September 30, 2016, will be recognized as revenue and will increase the unrestricted net position over the next six years.

The business-type activities' unrestricted net position amount of (\$6,085,603) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$80,561 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$1,102,897 balance of the deferred outflow of resources related to pensions at September 30, 2016 will be recognized in pension expense over the next four years. The \$955,265 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next four years.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 15 – RELATED ORGANIZATIONS.

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

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

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The Board of Commissioners is composed of one appointee from each county Board of Supervisors. The County appropriated \$243,080 for maintenance and support of the commission in fiscal year 2016.

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The governing body is a 22-member Board of Directors with 4 appointed by the Board of Supervisors of Bolivar County. The County appropriated \$12,963 for maintenance and support of the district in fiscal year 2016.

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Bolivar County Board of Supervisors appoints 2 of the 20 members of the College Board of Trustees. The County levied \$331,445 in taxes for the maintenance and support of the college in the fiscal year 2016.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Bolivar County Board of Supervisors appoints 2 of the 12 members of the College Board of Trustees. The County levied \$331,445 in taxes for maintenance and support in the fiscal year 2016.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Bolivar County Board of Supervisors appoints 2 of 21 members of the Board of Commissioners. The County levied \$208,783 in taxes to support the district in fiscal year 2016.

Bolivar County Community Action Program, Inc. was created as a non-profit organization by non-government individuals in 1964 pursuant to federal community action legislation. The Bolivar County Board of Supervisors appoints 7 of the 21 board members. Most of the entity's revenues are derived from federal grants. The County appropriated \$18,196 for maintenance and support of the organization in the fiscal year 2016.

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 17 – SUBSEQUENT EVENTS.

Events that occur after the statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Bolivar County evaluated the activity of the County through November 1, 2017, (the date the financial statements were available to be issued), and determined that no subsequent events occurred requiring disclosure in the notes to the financial statements.

BOLIVAR COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

BOLIVAR COUNTY**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)****General Fund****September 30, 2016**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 9,637,591	9,739,621	9,739,621	0
Licenses, commissions and other revenue	436,000	494,303	494,303	0
Fines and forfeitures	275,000	267,600	267,600	0
Intergovernmental revenues	566,500	766,252	766,252	0
Interest income	25,000	30,295	30,295	0
Miscellaneous revenues	125,000	220,495	220,495	0
Total Revenues	<u>11,065,091</u>	<u>11,518,566</u>	<u>11,518,566</u>	<u>0</u>
EXPENDITURES				
General government	5,850,797	5,372,063	5,372,063	0
Public safety	3,155,124	2,813,714	2,813,714	0
Public works	19,933	0	0	0
Health and welfare	703,158	654,066	654,066	0
Culture and recreation	434,846	432,078	432,078	0
Conservation of natural resources	155,269	107,776	107,776	0
Economic development and assistance	217,508	382,284	382,284	0
Debt service		55,933	55,933	0
Total Expenditures	<u>10,536,635</u>	<u>9,817,914</u>	<u>9,817,914</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>528,456</u>	<u>1,700,652</u>	<u>1,700,652</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Sources	496,949	379,091	379,091	0
Uses	<u>(1,396,949)</u>	<u>(1,376,836)</u>	<u>(1,376,836)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>(900,000)</u>	<u>(997,745)</u>	<u>(997,745)</u>	<u>0</u>
Net Change in Fund Balance	(371,544)	702,907	702,907	0
Fund Balance - Beginning	<u>3,248,370</u>	<u>6,533,896</u>	<u>6,533,896</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 2,876,826</u>	<u>7,236,803</u>	<u>7,236,803</u>	<u>0</u>

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

BOLIVAR COUNTY**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)****Countywide Road Maintenance Fund****September 30, 2016**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,678,927	1,672,652	1,672,652	0
Road and bridge privilege taxes	305,000	369,975	369,975	0
Licenses, commissions and other revenue	1,000	1,694	1,694	0
Intergovernmental revenues	500,000	1,885,369	1,885,369	0
Interest income	5,000	8,832	8,832	0
Miscellaneous revenues	1,000	38,178	38,178	0
Total Revenues	<u>2,490,927</u>	<u>3,976,700</u>	<u>3,976,700</u>	<u>0</u>
EXPENDITURES				
Public works	<u>3,622,943</u>	<u>4,799,690</u>	<u>4,799,690</u>	<u>0</u>
Total Expenditures	<u>3,622,943</u>	<u>4,799,690</u>	<u>4,799,690</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,132,016)</u>	<u>(822,990)</u>	<u>(822,990)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Sources	0	645,444	645,444	0
Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>0</u>	<u>645,444</u>	<u>645,444</u>	<u>0</u>
Net Change in Fund Balance	(1,132,016)	(177,546)	(177,546)	0
Fund Balance - Beginning	<u>(2,235,890)</u>	<u>1,486,962</u>	<u>1,486,962</u>	<u>0</u>
Fund Balance - Ending	<u>\$ (3,367,906)</u>	<u>1,309,416</u>	<u>1,309,416</u>	<u>0</u>

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

BOLIVAR COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Bridge & Culvert Fund
September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,729,196	1,729,667	1,729,667	0
Charges for services	0	4,031	4,031	0
Interest income	0	1,460	1,460	0
Miscellaneous revenues	0	36	36	0
Total Revenues	1,729,196	1,735,194	1,735,194	0
EXPENDITURES				
Public works	1,729,196	1,598,228	1,598,228	0
Debt Service	0	185,654	185,654	0
Total Expenditures	1,729,196	1,783,882	1,783,882	0
Excess of Revenues over (under) Expenditures	0	(48,688)	(48,688)	0
OTHER FINANCING SOURCES (USES)				
Sources	0	0	0	0
Uses	0	0	0	0
Total Other Financing Sources and Uses	0	0	0	0
Net Change in Fund Balance	0	(48,688)	(48,688)	0
Fund Balance - Beginning	1,773,627	86,903	86,903	0
Fund Balance - Ending	\$ 1,773,627	38,215	38,215	0

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

BOLIVAR COUNTY**Schedule of the County's Proportionate Share of the Net Pension Liability****Last 10 Fiscal Years*****For the Year Ended September 30, 2016****BOLIVAR COUNTY**

	2016	2015	2014
County's proportion of the net pension liability (asset)	0.117%	0.125%	0.132%
County's proportionate share of the net pension liability (asset) \$	20,899,122	19,322,535	16,022,383
County's covered-employee payroll \$	7,485,190	7,787,473	8,081,035
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.21%	248.12%	198.27%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

COMPONENT UNITS**Bolivar County Port Commission**

Proportion of the net pension liability (asset)	0.004965%	0.004878%	
Proportionate share of the net pension liability (asset) \$	873,697	754,043	
Covered-employee payroll \$	323,635	300,494	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	269.96%	250.93%	
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	

Bolivar County Library System

Proportion of the net pension liability (asset)	0.0043%	0.0043%	0.0043%
Proportionate share of the net pension liability (asset)	768,087	664,695	521,941
Covered-employee payroll	287,227	263,929	274,106
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	267.41%	251.85%	190.42%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

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

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

BOLIVAR COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2016

BOLIVAR COUNTY

	2016	2015
Contractually required contribution	\$ 1,192,579	1,216,088
Contributions in relation to the contractually required contribution	<u>1,192,579</u>	<u>1,216,088</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
County's covered-employee payroll	\$ 7,571,920	7,721,194
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

COMPONENT UNITS

Bolivar County Port Commission

Contractually required contribution	\$ 50,973	47,328
Contributions in relation to the contractually required contribution	<u>50,973</u>	<u>47,328</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Covered-employee payroll	\$ 323,635	300,496
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

Bolivar County Library System

Contractually required contribution	45,239	41,569
Contributions in relation to the contractually required contribution	<u>45,239</u>	<u>41,569</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered-employee payroll	287,227	263,929
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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

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

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016
UNAUDITED

Budgetary Comparison Schedule

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund
Budget (Cash basis)	\$ 702,907	(177,546)	(48,688)
Increase (Decrease)			
Net adjustments for revenue accruals	(416,694)	(2,643)	5,168
Net adjustments for expenditure accruals	565,033	(10,780)	40,049
GAAP Basis	\$ 851,246	(190,969)	(3,471)

BOLIVAR COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016
UNAUDITED

Pension Schedules

A. Changes in Benefit Terms.

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

B. Changes of Assumptions.

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

BOLIVAR COUNTY

OTHER INFORMATION

BOLIVAR COUNTY
Schedule of Surety Bonds for County Officials
September 30, 2016
"Unaudited"

Name	Position	Company	Bond
Benitha Calvin Williams	Supervisor District 1	Western Surety	\$100,000
Donnie Whitten	Supervisor District 2	Brierfield Insurance	\$100,000
Preston Billings	Supervisor District 3	Brierfield Insurance	\$100,000
James McBride	Supervisor District 4	Brierfield Insurance	\$100,000
Larry King	Supervisor District 5	Western Surety	\$100,000
Willie L. Hooker	County Administrator	Brierfield Insurance	\$100,000
Brenett N Haynes	Chancery Clerk	Brierfield Insurance	\$100,000
Teddra Turner	Deputy Chancery Clerk	Western Surety	\$50,000
Elexo Robinson	Purchase Clerk	Brierfield Insurance	\$75,000
Sarah Holloway	Asst. Purchase Clerk	Brierfield Insurance	\$50,000
Brandie Hudson	Asst. Receiving Clerk	Travelers Insurance	\$50,000
Vivian Caston	Asst. Receiving Clerk	Brierfield Insurance	\$50,000
Clarence "Buck" Beckham	Inventory Control Clerk	Brierfield Insurance	\$75,000
Lee Chatman	Road Manager	Brierfield Insurance	\$50,000
James Pritchett	Road Manager	Brierfield Insurance	\$50,000
Joe Lee Bassie	Constable	Brierfield Insurance	\$50,000
Lorene Scott	Constable	Brierfield Insurance	\$50,000
Sam Toliver	Constable	Brierfield Insurance	\$50,000
Marilyn Kelly	Circuit Clerk	Brierfield Insurance	\$100,000
Kelvin Williams	Sheriff	Brierfield Insurance	\$100,000
James Michael Lamb	Sheriff's Deputy	Brierfield Insurance	\$50,000
Ramona Bates	Sheriff's Deputy	Brierfield Insurance	\$50,000
James Carmicle	Sheriff's Deputy	Western Surety	\$50,000
Kevin Craig	Sheriff's Deputy	Brierfield Insurance	\$50,000
Joey Davis	Sheriff's Deputy	Brierfield Insurance	\$50,000
Dave Dorsey	Sheriff's Deputy	Brierfield Insurance	\$50,000
Mark Hall Jr.	Sheriff's Deputy	Brierfield Insurance	\$50,000
Youlandar Harris	Sheriff's Deputy	Brierfield Insurance	\$50,000
Charles Morris	Sheriff's Deputy	Brierfield Insurance	\$50,000
Steven Rose	Sheriff's Deputy	Brierfield Insurance	\$50,000
Gerald Wesley	Sheriff's Deputy	Brierfield Insurance	\$50,000
Gerald Wesley Jr.	Sheriff's Deputy	Brierfield Insurance	\$50,000
Michael Williams	Sheriff's Deputy	Brierfield Insurance	\$50,000
Andrew Stimage	Sheriff's Deputy	Brierfield Insurance	\$50,000
Michael Honorable	Sheriff's Deputy	Western Surety	\$50,000
Eugene Hall, Security	Sheriff's Deputy	Western Surety	\$50,000
Ora Starks	Warden	Brierfield Insurance	\$50,000
James Straight	Justice Court Judge	Brierfield Insurance	\$50,000
Harold Ward	Justice Court Judge	Brierfield Insurance	\$50,000
Betty Jean Taylor	Justice Court Judge	Brierfield Insurance	\$50,000
Gloria Klauder	Justice Court Clerk	Brierfield Insurance	\$50,000
Dorothy Lewis	Deputy Justice Court Clerk	Western Surety	\$50,000
Monika Locke	Deputy Justice Court Clerk	Brierfield Insurance	\$50,000
Sophia D. Shelton	Deputy Justice Court Clerk	Western Surety	\$50,000
Zina Williams	Deputy Justice Court Clerk	Western Surety	\$50,000
Nancy Havens	Tax Collector-Assessor	Brierfield Insurance	\$100,000
Lajan VanVulpen	Deputy Tax Collector-Assessor	Brierfield Insurance	\$100,000
Kay Sandra Anderson	Deputy Tax Collector-Assessor	Western Surety	\$50,000
Ebony Latham	Deputy Tax Collector-Assessor	Brierfield Insurance	\$10,000

BOLIVAR COUNTY

SPECIAL REPORTS



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

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S
GOVERNMENT AUDIT QUALITY CENTER

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

Members of the Board of Supervisors
Bolivar County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Bolivar County, Mississippi (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 1, 2017. Other auditor's audited the financial statements of the Bolivar County Port Commission and Bolivar County Library System, as described in our report on Bolivar County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Bolivar County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated November 1, 2017, included within this document.

Purpose of this Report

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

November 1, 2017



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

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GOVERNMENT AUDIT QUALITY CENTER

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

Members of the Board of Supervisors
Bolivar County, Mississippi

We have examined Bolivar County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Bolivar County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Bolivar County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

November 1, 2017

BOLIVAR COUNTYSchedule 1**Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2016**

<u>Date</u>	<u>Item</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for accepting other than Lowest Bid</u>
3/18/2016	Unleaded Gas	\$ 11,057.24	Serv-U-Petroleum	\$10,916.86	Could not deliver
6/13/2016	Road Diesel	\$ 13,714.20	Serv-U-Petroleum	\$ 13,690.64	Could not deliver
8/4/2016	Unleaded Gas	\$ 13,736.16	Gresham Petroleum	\$ 12,008.16	Could not deliver
7/5/2016	Road Diesel	\$ 13,607.80	Serv-U-Petroleum	\$ 13,413.00	Could not deliver
9/20/2016	Road Diesel	\$ 13,116.84	Serv-U-Petroleum	\$13,006.61	Could not deliver

BOLIVAR COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

Our test results did not identify any emergency purchases.

BOLIVAR COUNTYSchedule 3**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2016**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount</u>	<u>Vendor</u>
6/28/2016	Drug testing reagents	\$14,000	Drug Testing Program Management



DAVID I. BRIDGERS, JR., CPA
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MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S
GOVERNMENT AUDIT QUALITY CENTER

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Bolivar County, Mississippi

In planning and performing our audit of the financial statements of Bolivar County, Mississippi for the year ended September 30, 2016, we considered Bolivar County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Bolivar County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 1, 2017, on the financial statements of Bolivar County, Mississippi.

Due to the reduced scope, these review procedures and compliance 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.

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

Sheriff's Office

1. Finding

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

Recommendation

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

Sheriff's Response

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

2. Finding

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

Recommendation

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

Sheriff's Response

Settlements will be made in a timely manner.

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

November 1, 2017

BOLIVAR COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

BOLIVAR COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2016

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

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