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SUNFLOWER COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2016

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

**SUNFLOWER COUNTY
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SUNFLOWER COUNTY

FINANCIAL SECTION



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

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi, (the County) as of and for the year ended September 30, 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2017 on our consideration of Sunflower County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunflower County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

August 17, 2017

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government Governmental Activities	Component Units			
		North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	Total Component Units
ASSETS					
Cash	\$ 9,218,412	19,269,937	4,559,479	459,186	24,288,602
Investments		574,490	9,543,691		10,118,181
Property tax receivable	7,597,820				
Accounts receivable, net	14,544	11,147,014	3,734,976	33,706	14,915,696
Fines receivable, net	189,884				
Loans Receivable, net	-				
Note receivable			699,170		699,170
Intergovernmental receivables	111,404				
Other receivables	2,122	182,677	748,911	2,000	933,588
Inventories		1,657,298	458,665		2,115,963
Prepaid expenses		385,523	80,817		466,340
Land and construction in progress	2,612,355	615,775	1,153,872		1,769,647
Other capital assets, net	32,691,664	15,303,355	8,514,486	195,884	24,013,725
Total Assets	52,438,205	49,136,069	29,494,067	690,776	79,320,912
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	2,511,632	14,332,019	3,339,731	139,302	17,811,052
Deferred outflows recruitment incentives		433,421			433,421
Total Deferred Outflows of Resources	2,511,632	14,765,440	3,339,731	139,302	18,244,473
LIABILITIES					
Claims payable	375,748	2,784,867	680,834	16,382	3,482,083
Intergovernmental payables	256,026				
Accrued interest payable	10,198				
Accrued expenses		4,568,211	1,667,387		6,235,598
Other payables	3,127	2,204,786	2,128,291		4,333,077
Amounts held in custody	25,677				
Long-term liabilities					
Net pension liability	11,610,622	59,670,207	21,146,696	893,125	81,710,028
Due within one year:					
Capital debt	433,180	549,338	113,990		663,328
Non-capital debt	633,466				
Due in more than one year:					
Capital debt	1,466,820	4,936,871	289,586		5,226,457
Non-capital debt	55,050			8,539	8,539
Total Liabilities	14,869,914	74,714,280	26,026,784	918,046	101,659,110
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	37,465	158,562	1,066,178	2,373	1,227,113
Deferred revenues- property tax	7,597,820				
Total Deferred Inflows of Resources	7,635,285	158,562	1,066,178	2,373	1,227,113
NET POSITION					
Net investment in capital assets	33,404,019	10,432,921	9,264,782	195,884	19,893,587
Restricted:					
Expendable:					
General government	234,886				
Debt service	802,305				
Public safety	491,430				
Public works	2,932,853				
Health and welfare	25,107		2,880,832		2,880,832
Culture and recreation	108,540				
Economic development	200,768				
Unemployment compensation	20,849				
Unrestricted	(5,776,119)	(21,404,254)	(6,404,778)	(286,225)	(28,095,257)
Total Net Position	\$ 32,444,638	(10,971,333)	5,740,836	(90,341)	(5,320,838)

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

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

Exhibit 2

					Net (Expense) Revenue and Changes in Net Position				
					Primary	Component Units			
					Government	North	South	Sunflower	Total
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental	Sunflower	Sunflower	County	Component
		Services	Grants and	Grants and	Activities	Medical Center	County Hospital	Library	Units
Primary government:									
Governmental activities:									
General government	\$ 3,733,955	367,400			(3,366,555)				
Public safety	3,005,598	499,711	120,876	70,865	(2,314,146)				
Public works	3,155,787	285,375	1,288,450		(1,581,962)				
Health and welfare	354,134				(354,134)				
Culture and recreation	360,500				(360,500)				
Conservation of natural resources	87,506				(87,506)				
Economic development and assistance	284,467		11,760	51,000	(221,707)				
Interest on long-term debt	36,039				(36,039)				
Pension Expense	1,736,341				(1,736,341)				
Total Primary Government	<u>\$ 12,754,327</u>	<u>1,152,486</u>	<u>1,421,086</u>	<u>121,865</u>	<u>(10,058,890)</u>				
Component Units:									
North Sunflower Medical Center	\$ 74,063,440	64,363,222	54,202			(9,646,016)			(9,646,016)
South Sunflower County Hospital	24,504,881	23,972,641					(532,240)		(532,240)
Sunflower County Library	752,737	12,970	170,899					(568,868)	(568,868)
Total Component Units	<u>\$ 99,321,058</u>	<u>88,348,833</u>	<u>225,101</u>	<u>-</u>					<u>(10,747,124)</u>
General revenues:									
Property taxes				\$ 9,287,221				366,000	366,000
Road & bridge privilege taxes				257,145					
Grants and contributions not restricted to specific programs				473,791					
Unrestricted interest/investment income				61,853	141,356	213,400		1,200	355,956
Miscellaneous				304,618	1,715,060	476,103		157,734	2,348,897
Total General Revenues				<u>10,384,628</u>	<u>1,856,416</u>	<u>689,503</u>		<u>524,934</u>	<u>3,070,853</u>
Changes in Net Position				<u>325,738</u>	<u>(7,789,600)</u>	<u>157,263</u>		<u>(43,934)</u>	<u>(7,676,271)</u>
Net Position - Beginning, as previously reported				32,176,272	(3,181,733)	5,583,573		(46,407)	2,355,433
Prior period adjustment				(57,372)	-	-		-	-
Net Position - Beginning, as restated				<u>32,118,900</u>	<u>(3,181,733)</u>	<u>5,583,573</u>		<u>(46,407)</u>	<u>2,355,433</u>
Net Position - Ending	\$ 32,444,638				(10,971,333)	5,740,836		(90,341)	(5,320,838)

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

SUNFLOWER COUNTY
Balance Sheet – Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds				
	Countywide			Other	Total
	General	Road	Bridge &	Governmental	Governmental
	Fund	Maintenance	Culvert	Funds	Funds
		Fund	Fund		
ASSETS					
Cash	\$ 4,331,862	353,650	796,599	3,736,301	9,218,412
Property tax receivable	5,007,000	610,000	825,800	1,155,020	7,597,820
Fines receivable, net	189,884				189,884
Sanitation fees receivable, net				14,544	14,544
Loans receivable, net				-	-
Intergovernmental receivables	111,404				111,404
Other receivables	2,122				2,122
Due from other funds		27,651	12,076	78,216	117,943
Total Assets	<u>9,642,272</u>	<u>991,301</u>	<u>1,634,475</u>	<u>4,984,081</u>	<u>17,252,129</u>
LIABILITIES					
Claims payable	260,135	35,981	11,760	67,872	375,748
Intergovernmental payables	246,763				246,763
Due to other funds	65,262	61,944			127,206
Amounts held in custody for others	25,677				25,677
Other payables	3,127				3,127
Total Liabilities	<u>600,964</u>	<u>97,925</u>	<u>11,760</u>	<u>67,872</u>	<u>778,521</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	5,007,000	610,000	825,800	1,155,020	7,597,820
Unavailable revenue-sanitation fees				14,544	14,544
Unavailable revenue-fines	189,884				189,884
Total Deferred Inflows of Resources	<u>5,196,884</u>	<u>610,000</u>	<u>825,800</u>	<u>1,169,564</u>	<u>7,802,248</u>
FUND BALANCE					
Restricted for:					
General government				234,886	234,886
Public safety				491,430	491,430
Public works		283,376	796,915	1,852,562	2,932,853
Health and welfare				25,107	25,107
Culture and recreation				108,540	108,540
Economic development				200,768	200,768
Debt service				812,503	812,503
Unemployment compensation				20,849	20,849
Unassigned	3,844,424				3,844,424
Total Fund Balances	<u>3,844,424</u>	<u>283,376</u>	<u>796,915</u>	<u>3,746,645</u>	<u>8,671,360</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>9,642,272</u>	<u>991,301</u>	<u>1,634,475</u>	<u>4,984,081</u>	<u>17,252,129</u>

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

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

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 8,671,360
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 \$45,641,965	35,304,019
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	204,428
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(2,588,516)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(10,198)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(11,610,622)
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	2,511,632
Deferred inflows of resources related to pensions	(37,465)
Total Net Position - Governmental Activities	\$ <u><u>32,444,638</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2016

	Major Funds				
	Countywide				
	General	Road	Bridge &	Other	Total
	Fund	Maintenance	Culvert	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 6,217,131	734,846	999,780	1,335,464	9,287,221
Road and bridge privilege taxes		257,145			257,145
Licenses, commissions and other revenue	168,569			7,566	176,135
Fines and forfeitures	391,290				391,290
Intergovernmental revenues	605,402	624,323		787,017	2,016,742
Charges for services	256,604	1,839		527,813	786,256
Interest income	55,374			6,479	61,853
Miscellaneous revenues	67,897	5,587	645	23,763	97,892
Total Revenues	7,762,267	1,623,740	1,000,425	2,688,102	13,074,534
EXPENDITURES					
Current:					
General government	3,797,200			31,631	3,828,831
Public safety	2,712,128			470,018	3,182,146
Public works	57,396	1,418,690	689,164	1,117,726	3,282,976
Health and welfare	313,644			44,092	357,736
Culture and recreation	25,000			335,500	360,500
Conservation of natural resources	89,617				89,617
Economic development and assistance	181,631			116,859	298,490
Debt service:					
Principal				288,535	288,535
Interest				36,895	36,895
Total Expenditures	7,176,616	1,418,690	689,164	2,441,256	11,725,726
Excess of Revenues over (under) Expenditures	585,651	205,050	311,261	246,846	1,348,808
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				1,550,000	1,550,000
Proceeds from sale of capital assets	100	27,900		10,277	38,277
Transfers in	215,791	14,900	23,235		253,926
Transfers out				(253,926)	(253,926)
Total Other Financing Sources and Uses	215,891	42,800	23,235	1,306,351	1,588,277
Net Changes in Fund Balances	801,542	247,850	334,496	1,553,197	2,937,085
Fund Balances - Beginning, as previously reported	2,937,561	35,526	462,419	2,193,448	5,628,954
Prior period adjustment	105,321				105,321
Fund Balances - Beginning, as restated	3,042,882	35,526	462,419	2,193,448	5,734,275
Fund Balances - Ending	\$ 3,844,424	283,376	796,915	3,746,645	8,671,360

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016**

Net Change in Fund Balances - Governmental Funds \$ 2,937,085

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,058,673 exceeded capital outlay of \$809,913 in the current period. (248,760)

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net gain of \$30,591 and the proceeds from sale of \$38,277. (7,686)

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. (23,890)

Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. (1,170)

Debt proceed provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments. (1,261,465)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Change in compensated absences	1,232
Change in accrued interest payable	856

Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recognition of pension expense for the current year	(1,736,341)
Recognition of contributions made for the current year	665,877

Change in Net Position of Governmental Activities \$ 325,738

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 169,144
Due from other funds	<u>9,263</u>
Total Assets	<u><u>178,407</u></u>
LIABILITIES	
Intergovernmental payables	43,606
Amounts held in custody for others	<u>134,801</u>
Total Liabilities	<u><u>\$ 178,407</u></u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

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

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

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

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

C. Basis of Presentation.

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, and 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.

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H. Inter-fund Transactions and Balances.

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

I. Capital Assets.

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

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

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

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

J. Deferred Outflows/Inflows of Resources.

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

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

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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 non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

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

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

K. Pensions.

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

L. Long-term liabilities.

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

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

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

N. Property Tax Revenues.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current

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year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicle and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

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

NOTE 2 - PRIOR PERIOD ADJUSTMENTS.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities:

Explanation	Amount
Adjustment to correct capital assets	\$ (162,693)
Adjustment to correct settlement of section 42 legal dispute	105,321
Total prior period adjustments	<u>(57,372)</u>

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

Explanation	Amount
Adjustment to correct settlement of section 42 legal dispute	105,321
Total prior period adjustments	<u>105,321</u>

SUNFLOWER COUNTY
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NOTE 3 - DEPOSITS.

Deposits - The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$9,387,556 and the bank balance was \$9,937,140. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (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- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2016:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance Fund	General Fund	\$ 27,651
Bridge and Culvert Fund	General Fund	12,076
Other Governmental Funds	General Fund	16,272
Other Governmental Funds	Countywide Road Maintenance Fund	61,944
Agency	General Fund	9,263
Total		<u>\$ 127,206</u>

The receivables represent tax revenue collected but not settled until October, 2016 (64,918), amounts due from the Countywide Road Maintenance Fund to the County Vehicle Fund (61,944) and amounts due the Law Library Fund (344). All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out

The following is a summary of Transfers In/Out at September 30, 2016:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 215,791
Countywide Road Maintenance Fund	Other Governmental Funds	14,900
Bridge & Culvert Fund	Other Governmental Funds	23,235
Total		<u>\$ 253,926</u>

The purpose of the transfers were to allocate the settlement of the section 42 housing property tax dispute collected and paid by the Section 42 Repayment Fund grouped with Other Governmental Funds

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NOTES TO THE FINANCIAL STATEMENTS
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(225,926) and the transfer of residual funds from the Jail Construction Bond Fund to the General Fund (28,000). The transfers were consistent with the activities of the fund making the transfer.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2016, consisted of the following:
Governmental Activities:

Description	Amount
State Legislative Tax Credit	\$ 111,404
Total	<u>\$ 111,404</u>

NOTE 6 - LOANS RECEIVABLE.

The loan receivable at September 30, 2016, consisted of the following:

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

NOTE 7 - CAPITAL ASSETS.

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

Governmental Activities:	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 1,213,181				1,213,181
Construction in progress	1,487,403	576,611		(664,840)	1,399,174
Total non-depreciable capital assets	<u>2,700,584</u>	<u>576,611</u>	<u>-</u>	<u>(664,840)</u>	<u>2,612,355</u>
Depreciable capital assets:					
Infrastructure	60,182,318		39,739	664,840	60,807,419
Buildings	8,455,559			(163,043)	8,292,516
Improvements other than buildings	969,238				969,238
Mobile equipment	6,076,894	77,564			6,154,458
Furniture and equipment	1,955,288	155,738	1,328	300	2,109,998
Total depreciable capital assets	<u>77,639,297</u>	<u>233,302</u>	<u>41,067</u>	<u>502,097</u>	<u>78,333,629</u>
Less accumulated depreciation for:					
Infrastructure	36,524,688	433,531	33,381		36,924,838
Buildings	2,150,493	170,640			2,321,133
Improvements other than buildings	245,338	33,968			279,306
Mobile equipment	3,931,911	356,267			4,288,178
Furniture and equipment	1,764,293	64,267		(50)	1,828,510
Total accumulated depreciation	<u>44,616,723</u>	<u>1,058,673</u>	<u>33,381</u>	<u>(50)</u>	<u>45,641,965</u>
Total depreciable capital assets, net	<u>33,022,574</u>	<u>(825,371)</u>	<u>7,686</u>	<u>502,147</u>	<u>32,691,664</u>
Total capital assets, net	<u>\$ 35,723,158</u>	<u>(248,760)</u>	<u>7,686</u>	<u>(162,693)</u>	<u>35,304,019</u>

* Adjustments are to reclass assets and correct prior year errors.

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Capital Assets - Component Units

North Sunflower Medical Center

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 43,355				43,355
Construction in progress	571,327	572,420		(571,327)	572,420
Total non-depreciable capital assets	614,682	572,420	-	(571,327)	615,775
Depreciable capital assets:					
Land improvements	533,093				533,093
Buildings & Improvements	13,719,321	435,131		571,327	14,725,779
Major movable equipment:	12,645,030	747,054			13,392,084
Fixed Equipment	2,128,220				2,128,220
Automobiles	476,150	104,748			580,898
Total depreciable capital assets	29,501,814	1,286,933	-	571,327	31,360,074
Less accumulated depreciation for:					
Land improvements	277,830	39,291			317,121
Buildings	3,127,855	572,721			3,700,576
Major movable equipment	7,583,787	2,370,117			9,953,904
Fixed equipment	1,714,958	40,952			1,755,910
Automobiles	248,147	81,061			329,208
Total accumulated depreciation	12,952,577	3,104,142	-	-	16,056,719
Total depreciable capital assets, net	16,549,237	(1,817,209)	-	571,327	15,303,355
Total capital assets, net	\$ 17,163,919	(1,244,789)	-	-	15,919,130

South Sunflower County Hospital

Non-depreciable capital assets:					
Land	\$ 155,336				155,336
Construction in progress	298,741	1,570,155		(870,360)	998,536
Total non-depreciable capital assets	454,077	1,570,155	-	(870,360)	1,153,872
Depreciable capital assets:					
Land improvements	519,047				519,047
Buildings and improvements	13,477,481	827,294			14,304,775
Major moveable equipment	13,053,732	370,849			13,424,581
Vehicles	33,611				33,611
Fixed equipment	280,384				280,384
Total depreciable capital assets	27,364,255	1,198,143	-	-	28,562,398
Less accumulated depreciation for:					
Land improvements	165,259	25,478			190,737
Buildings and improvements	7,174,208	256,808			7,431,016
Major moveable equipment	12,033,330	163,078			12,196,408
Vehicles	33,611				33,611
Fixed Equipment	195,960	180			196,140
Total accumulated depreciation	19,602,368	445,544	-	-	20,047,912
Total depreciable capital assets, net	7,761,887	752,599	-	-	8,514,486
Total capital assets, net	\$ 8,215,964	2,322,754	-	(870,360)	9,668,358

Sunflower County Library

Depreciable Capital Assets:					
Building improvements	\$ 134,321	12,000			146,321
Library collections	1,316,583	37,604			1,354,187
Furniture and equipment	48,980				48,980
Total depreciable capital assets	1,499,884	49,604	-	-	1,549,488
Less accumulated depreciation for:					
Building improvements	26,018	3,996			30,014
Library collections	1,239,712	38,908			1,278,620
Furniture and equipment	37,055	7,915			44,970
Total accumulated depreciation	1,302,785	50,819	-	-	1,353,604
Total capital assets, net	\$ 197,099	(1,215)	-	-	195,884

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Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 242,118
Public safety	141,036
Public works	674,200
Health & welfare	460
Conservation	286
Economic development	573
Total	<u>\$ 1,058,673</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

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

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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 \$665,876, \$637,253 and \$594,776 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 County reported a liability of \$11,610,622 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 participating entities, actuarially determined. At June 30, 2016, the County's proportion was 0.065 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,736,341. 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	\$ 287,814	
Net difference between projected and actual earnings on pension plan investments	1,351,622	
Changes of assumptions	538,930	30,853
Changes in the proportion and differences between contributions and proportionate share of contributions	166,284	6,612
Contributions subsequent to the measurement date	166,982	
Total	\$ 2,511,632	37,465

The \$166,982 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:

Year ending September 30:	Amount
2017	\$ 881,945
2018	769,972
2019	425,896
2020	229,372
Total	\$ 2,307,185

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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

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

The actuarial assumptions used in the June 30, 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, 2015.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 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.

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 14,887,422	11,610,622	8,891,942

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

DEFINED BENEFIT PENSION PLAN – COMPONENT UNITS

North Sunflower Medical Center

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

Contributions. The Medical Center's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$3,480,120, \$3,105,125 and \$2,872,807 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 Medical Center reported a liability of \$59,670,207 for its proportionate share of the net pension liability. At June 30, 2016, the Medical Center's proportion was 0.334053 percent, which was an increase of 0.024121 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the Medical Center recognized pension expense of \$10,526,276. At September 30, 2016, the Medical Center 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	\$ 1,605,068	
Net difference between projected and actual earnings on pension plan investments	4,259,693	
Changes of assumptions	2,609,865	158,562
Changes in the proportion and differences between contributions and proportionate share of contributions	4,890,091	
Contributions subsequent to the measurement date	967,302	
Total	\$ 14,332,019	158,562

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

The \$967,302 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	\$ 5,755,018
2018	3,724,588
2019	2,547,754
2020	1,178,795
Total	<u>\$ 13,206,155</u>

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
Proportionate share of the net pension liability	\$ 76,510,584	59,670,207	45,698,153

South Sunflower County Hospital

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

Contributions. The Hospital's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$1,217,827, \$1,219,397 and \$1,316,252 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 Hospital reported a liability of \$21,146,696 for its proportionate share of the net pension liability. At June 30, 2016, the Hospital's proportion was 0.118386 percent, which was a decrease of 0.007005 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the Hospital recognized pension expense of \$2,498,244. At September 30, 2016, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows of</u>
	<u>of Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 589,837	
Net difference between projected and actual earnings on pension plan investments	1,432,584	
Changes of assumptions	996,900	56,193
Changes in the proportion and differences between contributions and proportionate share of contributions		1,009,985
Contributions subsequent to the measurement date	320,410	
Total	<u>\$ 3,339,731</u>	<u>1,066,178</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

The \$320,410 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	\$ 562,925
2018	367,405
2019	605,058
2020	417,755
Total	<u>\$ 1,953,143</u>

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
Proportionate share of the net pension liability	\$ 27,146,696	21,146,696	16,195,099

Sunflower County Library

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

Contributions. The Library's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$46,844, \$44,283 and \$45,689 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 Library reported a liability of \$893,125 for its proportionate share of the net pension liability. At June 30, 2015, the Library's proportion was 0.005 percent, which was the same as its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the Library recognized pension expense of \$104,972. At September 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows of</u>
	<u>of Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 24,911	
Net difference between projected and actual earnings on pension plan investments	60,505	
Changes of assumptions	42,104	2,373
Contributions subsequent to the measurement date	11,782	
Total	<u>\$ 139,302</u>	<u>2,373</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

The \$11,782 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	\$ 43,447
2018	32,714
2019	31,342
2020	17,644
Total	<u>\$ 125,147</u>

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
Proportionate share of the net pension liability	\$ 1,145,186	893,125	683,996

NOTE 9 - LONG TERM DEBT.

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>Final Maturity Date</u>
A. General Obligation Bonds:			
GO Road and bridge bonds, 2008	\$ 350,000	4.10/4.30	09/19
Total General Obligation Bonds	<u>\$ 350,000</u>		
B. Other Loans:			
MDA - Delta Pride Catfish, Inc.	\$ 650,749	6.50	05/18
Negotiable Note Series 2016-A	200,000	2.05	08/19
Negotiable Note Series 2016-B	1,350,000	2.30	09/21
Total Other Loans	<u>\$ 2,200,749</u>		

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

<u>Year Ending</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
<u>September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 110,000	11,210	956,646	270,525
2018	115,000	6,935	347,734	28,020
2019	125,000	2,375	337,885	20,446
2020			276,067	12,845
2021			282,417	6,496
Total	<u>\$ 350,000</u>	<u>20,520</u>	<u>2,200,749</u>	<u>338,332</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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 1.02% of the latest property assessments.

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

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
Compensated absences	\$ 38,999		1,232	37,767	
General obligation bonds	455,000		105,000	350,000	110,000
Other loans	834,284	1,550,000	183,535	2,200,749	956,646
Total	\$ 1,328,283	1,550,000	289,767	2,588,516	1,066,646

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

LONG TERM DEBT – COMPONENT UNITS

North Sunflower Medical Center

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Notes Payable			
USDA Rural Development Loan	\$ 2,690,910	4.197	01/40
Ways, LLC Medicare overpayment	516,370	0.885	02/18
Total Notes Payable	\$ 3,207,280		
B. Bonds Payable			
Series 2009 Revenue Bond	\$ 2,247,500	varying	08/29
Total Bonds Payable	\$ 2,247,500		
C. Capital Lease Obligations	\$ 31,429	6.00	08/18
Total Capital Lease Obligations	\$ 31,429		

Annual debt service requirements to maturity are as follows:

Year Ending	Bond Payable		Notes Payable		Capital Lease Obligations	
September 30:	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 112,500	99,994	420,890	171,399	15,948	1,452
2018	135,000	94,369	246,037	107,801	15,481	461
2019	140,000	88,294	79,909	100,151		
2020	145,000	82,169	82,894	97,166		
2021	155,000	76,369	86,542	93,518		
Thereafter	1,560,000	338,675	2,291,008	931,254		
Total	\$ 2,247,500	779,870	3,207,280	1,501,289	31,429	1,913

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
Bonds payable	\$ 2,380,000		132,500	2,247,500	112,500
Notes payable	3,645,084		437,804	3,207,280	420,890
Capital lease obligations	47,663		16,234	31,429	15,948
Total	\$ 6,072,747	-	586,538	5,486,209	549,338

South Sunflower County Hospital

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Capital Lease Obligations			
Equipment Financing Leases	\$ 403,576	2.99-10.66	02/21
Total Capital Lease Obligations	\$ 403,576		

Annual debt service requirements to maturity are as follows:

Year Ending September 30:	Capital Lease Obligations	
	Principal	Interest
2017	\$ 113,990	11,784
2018	118,071	8,659
2019	93,641	2,650
2020	67,311	1,418
2021	10,563	66
Total	\$ 403,576	24,577

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

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
Capital lease obligations	\$ 280,198	229,051	105,673	403,576	113,990
Total	\$ 280,198	229,051	105,673	403,576	113,990

Sunflower County Library

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

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
Compensated absences	\$ 8,189	350		8,539	
Total	\$ 8,189	350	0	8,539	-

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 10 - CONTINGENCIES.

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

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

General Obligation Debt Contingencies - The County, which appoints the North Sunflower Medical Center's Governing Board of Trustees, issued general obligation bonds, series 2009 to provide funds for constructing and improving the capital facilities of the Medical Center. Such debt is being retired from pledged revenues and resources of the Medical Center and, therefore, is reported as a liability of the Medical Center. However, because general obligation bonds are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement in August of 2029. See Note 9 for the annual debt service requirements related to the bond. The principal amount of such debt outstanding at year end is as follows:

Description	Amount
General obligation hospital bonds, series 2009	\$ 2,247,500

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Sunflower Board of Supervisors appoints six of the 20 members of the College Board of Trustees. The County appropriated \$661,218 in taxes for maintenance and support of the College in 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 Sunflower County Board of Supervisors appoints one of the 21 members of the Board of Commissioners. The County levied a .75 mil tax, which brought \$125,814 for the maintenance and support of the District in the fiscal year 2016.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Sunflower County Board of Supervisors appoints one of the eight members of the Board of Commissioners. The County appropriated \$57,300 to the entity in the fiscal year 2016.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 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 Sunflower County Board of Supervisors appoints four of the 22 members of the District's Board of Directors. The County appropriated \$9,378 for the support of the District in fiscal year 2016.

NOTE 12 - SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Sunflower County evaluated the activity of the County through August 17, 2017 (the date the financial statements were available to be issued), and determined that no events that require disclosure occurred.

SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)****General Fund****For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,597,698	6,209,958	6,209,958	-
Licenses, commissions and other revenue	199,850	189,472	189,472	-
Fines and forfeitures	527,638	403,593	403,593	-
Intergovernmental revenues	431,490	605,402	605,402	-
Charges for services	246,000	256,604	256,604	-
Interest income	37,400	55,853	55,853	-
Miscellaneous revenues	62,590	67,997	67,997	-
Total Revenues	7,102,666	7,788,879	7,788,879	-
EXPENDITURES				
General government	4,139,440	3,693,735	3,693,735	-
Public safety	2,437,287	2,687,205	2,687,205	-
Public works	65,728	56,821	56,821	-
Health and welfare	334,596	309,973	309,973	-
Culture and recreation	25,000	25,000	25,000	-
Conservation of natural resources	100,752	87,057	87,057	-
Economic development and assistance	189,988	181,418	181,418	-
Total Expenditures	7,292,791	7,041,209	7,041,209	-
Excess of Revenues over (under) Expenditures	(190,125)	747,670	747,670	-
OTHER FINANCING SOURCES (USES)				
Sources	3,610	109,200	109,200	-
Uses	(51,322)	(81,200)	(81,200)	-
Total Other Financing Sources and Uses	(47,712)	28,000	28,000	-
Net Change in Fund Balance	(237,837)	775,670	775,670	-
Fund Balance - Beginning	1,533,223	3,516,110	3,516,110	-
Fund Balance - Ending	\$ 1,295,386	4,291,780	4,291,780	-

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

SUNFLOWER COUNTY**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)****Countywide Road Maintenance Fund****For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 677,500	734,024	734,024	-
Road and bridge privilege taxes	230,000	237,864	237,864	-
Intergovernmental revenues	661,871	624,324	624,324	-
Charges for services	3,000	1,839	1,839	-
Miscellaneous revenues	3,000	5,587	5,587	-
Total Revenues	1,575,371	1,603,638	1,603,638	-
EXPENDITURES				
Public works	1,562,711	1,458,362	1,458,362	-
Total Expenditures	1,562,711	1,458,362	1,458,362	-
Excess of Revenues over (under) Expenditures	12,660	145,276	145,276	-
OTHER FINANCING SOURCES (USES)				
Sources		27,900	27,900	-
Uses	(12,660)		-	-
Total Other Financing Sources (Uses)	(12,660)	27,900	27,900	-
Net Change in Fund Balance	-	173,176	173,176	-
Fund Balance - Beginning	(508,900)	118,528	118,528	-
Fund Balance - Ending	\$ (508,900)	291,704	291,704	-

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Bridge & Culvert Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 867,819	997,841	997,841	-
Miscellaneous revenue		645	645	-
Total Revenues	<u>867,819</u>	<u>998,486</u>	<u>998,486</u>	<u>-</u>
EXPENDITURES				
Public works	<u>1,177,433</u>	<u>710,766</u>	<u>710,766</u>	<u>-</u>
Total Expenditures	<u>1,177,433</u>	<u>710,766</u>	<u>710,766</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(309,614)</u>	<u>287,720</u>	<u>287,720</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sources	-	-	-	-
Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(309,614)</u>	<u>287,720</u>	<u>287,720</u>	<u>-</u>
Fund Balance - Beginning	<u>(562,822)</u>	<u>508,883</u>	<u>508,883</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (872,436)</u>	<u>796,603</u>	<u>796,603</u>	<u>-</u>

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

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

	2016	2015	2014
Sunflower County			
Proportion of the net pension liability (asset)	0.065%	0.064%	0.063%
Proportionate share of the net pension liability (asset)	\$ 11,610,622	9,893,137	7,647,046
Covered-employee payroll	\$ 4,227,780	4,046,057	3,839,402
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	274.63%	244.51%	199.17%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%
COMPONENT UNITS			
North Sunflower Medical Center			
Proportion of the net pension liability (asset)	0.334053%	0.309932%	0.290751%
Proportionate share of the net pension liability (asset)	\$ 59,670,207	47,909,375	35,291,848
Covered-employee payroll	\$ 22,096,000	19,715,079	18,240,044
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	270.05%	243.01%	193.49%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%
South Sunflower County Hospital			
Proportion of the net pension liability (asset)	0.118386%	0.125391%	0.129754%
Proportionate share of the net pension liability (asset)	\$ 21,146,696	18,932,870	15,694,809
Covered-employee payroll	\$ 7,732,235	7,742,204	8,357,158
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	273.49%	244.54%	187.80%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%
Sunflower County Library			
Proportion of the net pension liability (asset)	0.005%	0.005%	
Proportionate share of the net pension liability (asset)	\$ 893,125	772,901	
Covered-employee payroll	\$ 292,793	281,162	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	305.04%	274.90%	
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	

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

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

SUNFLOWER COUNTY
Schedule of County and Component Unit Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2016

	2016	2015	2014
Sunflower County			
Contractually required contribution	\$ 665,876	637,253	594,776
Contributions in relation to the contractually required contribution	<u>665,876</u>	<u>637,253</u>	<u>594,776</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 4,227,780	4,046,057	3,776,347
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%
COMPONENT UNITS			
North Sunflower Medical Center			
Contractually required contribution	\$ 3,480,120	3,105,125	2,872,807
Contributions in relation to the contractually required contribution	<u>3,480,120</u>	<u>3,105,125</u>	<u>2,872,807</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 22,096,000	19,715,079	18,240,044
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%
South Sunflower County Hospital			
Contractually required contribution	\$ 1,217,827	1,219,397	1,316,252
Contributions in relation to the contractually required contribution	<u>1,217,827</u>	<u>1,219,397</u>	<u>1,316,252</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 7,732,235	7,742,204	8,357,158
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%
Sunflower County Library			
Contractually required contribution	\$ 46,844	44,283	
Contributions in relation to the contractually required contribution	<u>46,844</u>	<u>44,283</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	
County's covered-employee payroll	\$ 297,422	281,162	
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 and Components have only presented information for the years in which information is available.

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

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2016
"UNAUDITED"

BUDGETARY COMPARISON SCHEDULES

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Bridge & Culvert Fund</u>
Budget (Cash Basis)	775,670	173,176	287,720
Increase (Decrease)			
Net adjustments for revenue accruals	80,080	35,003	25,173
Net adjustments for expenditure accruals	(54,208)	39,671	21,603
GAAP Basis	<u>801,542</u>	<u>247,850</u>	<u>334,496</u>

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2016
"UNAUDITED"

PENSION SCHEDULES

A. Changes of assumptions.

2015

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

2016

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

B. Changes in benefit provisions.

2016

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

SUNFLOWER COUNTY

OTHER INFORMATION

SUNFLOWER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
“UNAUDITED”

Name	Position	Surety Company	Amount
Glenn M. Donald	Supervisor District 1	Fidelity & Deposit Co.	\$ 100,000
Riley Rice	Supervisor District 2	FCCI	100,000
Dennis W. Holmes	Supervisor District 3	Fidelity & Deposit Co.	100,000
Anthony Clark	Supervisor District 4	FCCI	100,000
Gloria Dickerson	Supervisor District 5	FCCI	100,000
Gloria McIntosh	Chancery Clerk	FCCI	100,000
Gloria McIntosh	County Administrator	FCCI	100,000
Gloria McIntosh	Assistant Purchase Clerk	FCCI	50,000
Michelle Boyles	Purchasing Clerk	FCCI	75,000
Ashley Nelson	Receiving Clerk	FCCI	75,000
Eddie Bounds	Assistant Receiving Clerk	Western Surety	50,000
Beth Smith	Deputy Clerk	FCCI	50,000
Beth Smith	Assistant Receiving Clerk	FCCI	100,000
Franchette Greer	Assistant Receiving Clerk	Fidelity & Deposit Co.	50,000
Joann Echoles	Assistant Receiving Clerk	Western Surety	50,000
Jennifer R Upton	Assistant Tax Collector	Fidelity & Deposit Co.	50,000
Joyce Walker	Inventory Control Clerk	FCCI	75,000
April Brock	Inventory Control Clerk	Western Surety	75,000
April Brock	Deputy Chancery Clerk	FCCI	25,000
Kirby Chambers	Road Manager	FCCI	50,000
Todd Rickels	Road Manager	FCCI	50,000
Mike Myers	Constables	Fidelity & Deposit Co.	50,000
James Lee	Constables	Fidelity & Deposit Co.	50,000
Carolyn Hamilton	Circuit Court Clerk	Western Surety	100,000
James Haywood	Sheriff	Fidelity & Deposit Co.	100,000
Brandi Howard	Deputy	FCCI	50,000
Stafford E. Shurden	Justice Court Judge	FCCI	50,000
Gwendolyn Pernell	Justice Court Judge	FCCI	50,000
Patricia Strong	Justice Court Clerk	FCCI	50,000
Helen Downs	Justice Court Clerk	FCCI	50,000
Susan Holt	Justice Court Clerk	FCCI	50,000
Vickie Sharp	Deputy Clerk	FCCI	25,000
Cynthia Chandler	Tax Collector/Assessor	Western Surety	100,000

SUNFLOWER COUNTY

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SPECIAL REPORTS



BRIDGERS & GOODMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIMITED LIABILITY COMPANY

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

MEMBERS OF
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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
Sunflower County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sunflower County, Mississippi (the County), as of and for the year ended September 30, 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 August 17, 2017. Other auditor's audited the financial statements of the North Sunflower Medical Center, the South Sunflower County Hospital, and the Sunflower County Library, as described in our report on Sunflower County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Sunflower County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 17, 2017, included within this document.

Purpose of this Report

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

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

August 17, 2017



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

Members of the Board of Supervisors
Sunflower County, Mississippi

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

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

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

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

August 17, 2017

SUNFLOWER COUNTY**Schedule 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>
2/16/2016	Glass partitions and doorways	\$ 14,900	Greenville Glass	\$ 11,261	This vendor offered shatter-proof security glass

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/21/2016	Computer repairs	\$ 1,698	Key Solutions	Needed repair so that inmates personal data could be logged into the system
5/23/2016	Metal culvert	3,197	G & O Supply	Damaged culvert had to be replaced due to flooding
7/1/2016	HVAC system repairs	700	Hull A/C & Heating	HVAC needed repair, the temperature was reaching unbearable point for prisoners
7/5/2016	HVAC compressor	3,500	Hull A/C & Heating	Compressor had to be replaced
8/8/2016	HVAC system & chiller	257	Upchurch Services	Water was leaking on documents & papers
	Total	<u>\$ 9,352</u>		

SUNFLOWER COUNTY**Schedule 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 Paid</u>	<u>Vendor</u>
7/5/2016	Remaining security camera system	\$ 2,299	Security Services



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

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

In addition, for areas not considered material to Sunflower County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 17, 2017, on the financial statements of Sunflower County, Mississippi.

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

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

Circuit Clerk

1. Amounts Due in Excess of the Salary Limitation

Finding

Title 9, Chapter 1, Section 43 (1), requires that amounts due in excess of the salary limitation shall be deposited into the General Fund on or before April 15 for the preceding calendar year. The Circuit Clerk exceeded the salary limitation for the 2016 calendar year. The clerk did not settle the 2016 (\$3,570) amount due to the County by April 15, 2017.

Recommendation

The circuit clerk should settle amounts due the County according to the statute.

Circuit Clerk's Response

The amounts will be settled timely in the future. The \$3,570 due the County was settled in August of 2017.

Sheriff's Office

1. Prisoner meal cost per day.

Finding

As reported in prior audits, Title 19, Chapter 25, Section 73(b), requires that the annual daily cost of feeding prisoners not exceed \$6 per day. The computation of meal cost per prisoner day resulted in a cost of \$8.88 per day.

Recommendation

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

Sheriff's Response

Efforts will be made to comply with the \$6 per day food cost on feeding prisoners.

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

August 17, 2017

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

SUNFLOWER 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 weakness identified? | No |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

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