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SUNFLOWER COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

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

**SUNFLOWER COUNTY
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SUNFLOWER COUNTY

FINANCIAL SECTION



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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, 2017, 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, 2017, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sunflower County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2018 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 & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

July 31, 2018

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government Governmental Activities	Component Units			
		North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	Total Component Units
ASSETS					
Cash	\$ 8,994,458	16,652,718	3,637,403	469,563	20,759,684
Investments		774,490	9,525,706		10,300,196
Property tax receivable	7,809,918				
Accounts receivable, net	15,788	14,192,261	3,170,225	42,938	17,405,424
Fines receivable, net	185,910				
Loans Receivable, net	-				
Note receivable			781,565		781,565
Intergovernmental receivables	86,401				
Other receivables	7,134	650,611	562,177	2,000	1,214,788
Inventories		1,574,833	408,522		1,983,355
Prepaid expenses		379,220	114,151		493,371
Land and construction in progress	2,253,902	45,483	155,336		200,819
Other capital assets, net	34,259,553	13,961,221	11,071,846	177,067	25,210,134
Total Assets	53,613,064	48,230,837	29,426,931	691,568	78,349,336
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	2,267,005	17,025,259	1,044,485	117,894	18,187,638
Deferred outflows recruitment incentives		409,948			409,948
Total Deferred Outflows of Resources	2,267,005	17,435,207	1,044,485	117,894	18,597,586
LIABILITIES					
Claims payable	702,223	2,666,860	1,209,766	9,163	3,885,789
Intergovernmental payables	215,788				
Internal balance	7,772				
Accrued interest payable	6,735				
Accrued expenses		4,554,368	1,372,287		5,926,655
Other payables	9,011		1,909,936		1,909,936
Amounts held in custody	269,968				
Long-term liabilities					
Net pension liability	11,636,377	65,111,008	19,734,628	787,949	85,633,585
Due within one year:					
Capital debt	445,451	213,775	135,238		349,013
Non-capital debt	650,749				
Due in more than one year:					
Capital debt	1,021,368	4,540,353	259,927		4,800,280
Non-capital debt	69,293			10,658	10,658
Total Liabilities	15,034,735	77,086,364	24,621,782	807,770	102,515,916
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	1,009,064	6,879,506	939,539	100,708	7,919,753
Deferred revenues- property tax	7,809,918				
Total Deferred Inflows of Resources	8,818,982	6,879,506	939,539	100,708	7,919,753
NET POSITION					
Net investment in capital assets	35,046,636	9,252,576	10,832,017	177,067	20,261,660
Restricted:					
Expendable:					
General government	84,898				
Debt service	976,021				
Public safety	270,615				
Public works	1,784,753				
Health and welfare	32,165		2,875,111		2,875,111
Culture and recreation	102,468				
Economic development	192,656				
Unemployment compensation	10,451				
Unrestricted	(6,474,311)	(27,552,402)	(8,797,033)	(276,083)	(36,625,518)
Total Net Position	\$ 32,026,352	(18,299,826)	4,910,095	(99,016)	(13,488,747)

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

SUNFLOWER COUNTY
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units			Total Component Units
					Governmental Activities	North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	
Primary government:									
Governmental activities:									
General government	\$ 3,838,095	462,350			(3,375,745)				
Public safety	3,307,658	505,830	46,884	7,700	(2,747,244)				
Public works	4,132,296	285,333	161,346	112,515	(3,573,102)				
Health and welfare	723,552			298,300	(425,252)				
Culture and recreation	403,000				(403,000)				
Conservation of natural resources	94,165				(94,165)				
Economic development and assistance	585,832		381,200		(204,632)				
Interest on long-term debt	42,897				(42,897)				
Pension Expense	1,963,664				(1,963,664)				
Total Primary Government	<u>\$ 15,091,159</u>	<u>1,253,513</u>	<u>589,430</u>	<u>418,515</u>	<u>(12,829,701)</u>				
Component Units:									
North Sunflower Medical Center	\$ 79,716,877	70,144,477	534,245			(9,038,155)			(9,038,155)
South Sunflower County Hospital	24,303,323	23,152,104					(1,151,219)		(1,151,219)
Sunflower County Library	762,930	12,009	174,442					(576,479)	(576,479)
Total Component Units	<u>\$ 104,783,130</u>	<u>93,308,590</u>	<u>708,687</u>	<u>-</u>					<u>(10,765,853)</u>
General revenues:									
Property taxes				\$ 9,818,435				366,000	366,000
Road & bridge privilege taxes				239,050					
Grants and contributions not restricted to specific programs				1,867,526					
Unrestricted interest/investment income				75,439	203,271			1,214	204,485
Miscellaneous				122,670	1,476,391	320,478		159,258	1,956,127
Total General Revenues				<u>12,123,120</u>	<u>1,679,662</u>	<u>320,478</u>		<u>526,472</u>	<u>2,526,612</u>
Changes in Net Position					(706,581)	(7,358,493)	(830,741)	(50,007)	(8,239,241)
Net Position - Beginning, as previously reported					32,444,638	(10,971,333)	5,740,836	(90,341)	(5,320,838)
Prior period adjustment					288,295	-	-	41,332	41,332
Net Position - Beginning, as restated					<u>32,732,933</u>	<u>(10,971,333)</u>	<u>5,740,836</u>	<u>(49,009)</u>	<u>(5,279,506)</u>
Contributed capital						30,000			30,000
Net Position - Ending				\$	<u>32,026,352</u>	<u>(18,299,826)</u>	<u>4,910,095</u>	<u>(99,016)</u>	<u>(13,488,747)</u>

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

SUNFLOWER COUNTY
Balance Sheet – Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds				
	Countywide				Total
	General	Road	Bridge &	Other	Total
	Fund	Maintenance	Culvert	Governmental	Governmental
		Fund	Fund	Funds	Funds
ASSETS					
Cash	\$ 5,282,897	583,780	986,844	2,140,937	8,994,458
Property tax receivable	5,136,979	787,630	825,800	1,059,509	7,809,918
Fines receivable, net	185,910				185,910
Sanitation fees receivable, net				15,788	15,788
Loans receivable, net				-	-
Intergovernmental receivables	86,401				86,401
Other receivables	7,134				7,134
Due from other funds		24,252	10,136	76,331	110,719
Total Assets	10,699,321	1,395,662	1,822,780	3,292,565	17,210,328
LIABILITIES					
Claims payable	386,861	69,315	106,841	139,206	702,223
Intergovernmental payables	215,788				215,788
Due to other funds	56,547	61,944			118,491
Amounts held in custody for others	269,968				269,968
Other payables	9,011				9,011
Total Liabilities	938,175	131,259	106,841	139,206	1,315,481
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	5,136,979	787,630	825,800	1,059,509	7,809,918
Unavailable revenue-sanitation fees				15,788	15,788
Unavailable revenue-fines	185,910				185,910
Total Deferred Inflows of Resources	5,322,889	787,630	825,800	1,075,297	8,011,616
FUND BALANCE					
Restricted for:					
General government				84,898	84,898
Public safety				270,615	270,615
Public works		476,773	890,139	402,053	1,768,965
Health and welfare				32,165	32,165
Culture and recreation				102,468	102,468
Economic development				192,656	192,656
Debt service				982,756	982,756
Unemployment compensation				10,451	10,451
Unassigned	4,438,257				4,438,257
Total Fund Balances	4,438,257	476,773	890,139	2,078,062	7,883,231
Total Liabilities, Deferred Inflows					
of Resources and Fund Balances	\$ 10,699,321	1,395,662	1,822,780	3,292,565	17,210,328

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, 2017**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 7,883,231
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 \$46,548,556.	36,513,455
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	201,698
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(2,186,861)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(6,735)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(11,636,377)
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	2,267,005
Deferred inflows of resources related to pensions	(1,009,064)
Total Net Position - Governmental Activities	\$ <u>32,026,352</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, 2017

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 6,536,604	767,664	1,046,957	1,467,210	9,818,435
Road and bridge privilege taxes		239,050			239,050
Licenses, commissions and other revenue	181,313			6,410	187,723
Fines and forfeitures	317,162				317,162
Intergovernmental revenues	1,277,606	632,659	175	965,031	2,875,471
Charges for services	233,378	1,922		516,058	751,358
Interest income	69,050			6,389	75,439
Miscellaneous revenues	80,553	6,382		35,735	122,670
Total Revenues	8,695,666	1,647,677	1,047,132	2,996,833	14,387,308
EXPENDITURES					
Current:					
General government	3,686,561			28,357	3,714,918
Public safety	3,180,319			789,681	3,970,000
Public works	60,959	1,454,280	953,908	2,261,508	4,730,655
Health and welfare	662,843			733,166	1,396,009
Culture and recreation	37,000			366,000	403,000
Conservation of natural resources	93,982				93,982
Economic development and assistance	191,584			406,812	598,396
Debt service:					
Principal				433,181	433,181
Interest				46,360	46,360
Total Expenditures	7,913,248	1,454,280	953,908	5,065,065	15,386,501
Excess of Revenues over (under) Expenditures	782,418	193,397	93,224	(2,068,232)	(999,193)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets				218,260	218,260
Transfers in				181,389	181,389
Transfers out	(181,389)				(181,389)
Total Other Financing Sources and Uses	(181,389)	-	-	399,649	218,260
Net Changes in Fund Balances	601,029	193,397	93,224	(1,668,583)	(780,933)
Fund Balances - Beginning, as previously reported	3,844,424	283,376	796,915	3,746,645	8,671,360
Prior period adjustment	(7,196)				(7,196)
Fund Balances - Beginning, as restated	3,837,228	283,376	796,915	3,746,645	8,664,164
Fund Balances - Ending	\$ 4,438,257	476,773	890,139	2,078,062	7,883,231

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, 2017**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ (780,933)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$2,630,351 exceeded depreciation of \$1,285,916, in the current period.	1,344,435
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 loss of \$212,230, and the proceeds from sale of \$218,260.	(430,490)
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.	(3,974)
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.	1,244
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.	433,181
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	(31,526)
Change in accrued interest payable	3,463
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	(1,963,664)
Recognition of contributions made for the current year	721,683
Change in Net Position of Governmental Activities	\$ <u>(706,581)</u>

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

SUNFLOWER COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 109,297
Due from other funds	7,772
Total Assets	<u>117,069</u>
LIABILITIES	
Intergovernmental payables	47,896
Amounts held in custody for others	69,173
Total Liabilities	<u>\$ 117,069</u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

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

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

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

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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.

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

The County reports the following major Governmental Funds:

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

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.

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.

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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

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.

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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.

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.

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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 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

SUNFLOWER COUNTY
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prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. Compensated Absences.

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

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

NOTE 2 - PRIOR PERIOD ADJUSTMENTS.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities:

Explanation	Amount
To adjust payables due to local entities	\$ (7,196)
To correct capital assets.	295,491
Total prior period adjustments	<u>\$ 288,295</u>

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

Explanation	Amount
General Fund	
To adjust payables due to local entities	\$ (7,196)
Total prior period adjustments	<u>\$ (7,196)</u>

NOTE 3 - DEPOSITS.

Deposits - The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$9,103,755 and the bank balance was \$9,443,255. 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

SUNFLOWER COUNTY
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liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

NOTE 4- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2017:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance Fund	General Fund	\$ 24,252
Bridge and Culvert Fund	General Fund	10,136
Other Governmental Funds	General Fund	14,387
Other Governmental Funds	Countywide Road Maintenance Fund	61,944
Agency	General Fund	7,772
Total		<u>\$ 118,491</u>

The receivables represent tax revenue collected but not settled until October, 2017 \$56,162, amounts due from the Countywide Road Maintenance Fund to the County Vehicle Fund \$61,944 and amounts due the Law Library Fund \$386. 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, 2017:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 181,389
Total		<u>\$ 181,389</u>

The transfers were to allocate the following: settlement of the Section 42 Housing Property Tax dispute that was collected and paid by the Section 42 Repayment Fund grouped with Other Governmental Funds \$13,308; for the purchase of a county vehicle to the County Vehicle Fund grouped with Other Governmental Funds \$155,018; a portion of the matching funds for the CDBG project \$12,977; and to correct a classification error of \$86. The transfers were consistent with the activities of the fund making the transfer.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2017, consisted of the following:

Governmental Activities:

Description	Amount
State Legislative Tax Credit	\$ 86,401
Total	<u>\$ 86,401</u>

NOTE 6 - LOANS RECEIVABLE.

The loan receivable at September 30, 2017, 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, 2017:

Governmental Activities:	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 1,213,181				1,213,181
Construction in progress	1,399,174	665,701		(1,024,154)	1,040,721
Total non-depreciable capital assets	<u>2,612,355</u>	<u>665,701</u>	<u>-</u>	<u>(1,024,154)</u>	<u>2,253,902</u>
Depreciable capital assets:					
Infrastructure	60,807,419			1,024,154	61,831,573
Buildings	8,292,516			240,614	8,533,130
Improvements other than buildings	969,238				969,238
Mobile equipment	6,154,458	1,890,263	958,547	275,266	7,361,440
Furniture and equipment	2,109,998	74,387	18,781	(52,876)	2,112,728
Total depreciable capital assets	<u>78,333,629</u>	<u>1,964,650</u>	<u>977,328</u>	<u>1,487,158</u>	<u>80,808,109</u>
Less accumulated depreciation for:					
Infrastructure	36,924,838	453,219		25,111	37,403,168
Buildings	2,321,133	170,640		166,026	2,657,799
Improvements other than buildings	279,306	33,969			313,275
Mobile equipment	4,288,178	559,146	529,396	29,253	4,347,181
Furniture and equipment	1,828,510	68,942	17,442	(52,877)	1,827,133
Total accumulated depreciation	<u>45,641,965</u>	<u>1,285,916</u>	<u>546,838</u>	<u>167,513</u>	<u>46,548,556</u>
Total depreciable capital assets, net	<u>32,691,664</u>	<u>678,734</u>	<u>430,490</u>	<u>1,319,645</u>	<u>34,259,553</u>
Total capital assets, net	<u>\$ 35,304,019</u>	<u>1,344,435</u>	<u>430,490</u>	<u>295,491</u>	<u>36,513,455</u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Capital Assets - Component Units

North Sunflower Medical Center

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 43,355				43,355
Construction in progress	572,420	26,674		(596,966)	2,128
Total non-depreciable capital assets	615,775	26,674	-	(596,966)	45,483
Depreciable capital assets:					
Land improvements	533,093	229,268			762,361
Buildings & Improvements	14,725,779	62,395		276,249	15,064,423
Major movable equipment:	13,392,084	677,338		320,717	14,390,139
Fixed Equipment	2,128,220				2,128,220
Automobiles	580,898	81,621			662,519
Total depreciable capital assets	31,360,074	1,050,622	-	596,966	33,007,662
Less accumulated depreciation for:					
Land improvements	317,121	65,341			382,462
Buildings	3,700,576	598,237			4,298,813
Major movable equipment	9,953,904	2,199,643			12,153,547
Fixed equipment	1,755,910	40,952			1,796,862
Automobiles	329,208	85,549			414,757
Total accumulated depreciation	16,056,719	2,989,722	-	-	19,046,441
Total depreciable capital assets, net	15,303,355	(1,939,100)	-	596,966	13,961,221
Total capital assets, net	\$ 15,919,130	(1,912,426)	-	-	14,006,704

South Sunflower County Hospital

Non-depreciable capital assets:					
Land	\$ 155,336				155,336
Construction in progress	998,536	1,065,372		(2,063,908)	-
Total non-depreciable capital assets	1,153,872	1,065,372	-	(2,063,908)	155,336
Depreciable capital assets:					
Land improvements	519,047				519,047
Buildings and improvements	14,304,775	245,076		2,063,908	16,613,759
Major moveable equipment	13,424,581	811,097			14,235,678
Vehicles	33,611				33,611
Fixed equipment	280,384				280,384
Total depreciable capital assets	28,562,398	1,056,173	-	2,063,908	31,682,479
Less accumulated depreciation for:					
Land improvements	190,737	25,479			216,216
Buildings and improvements	7,431,016	305,595			7,736,611
Major moveable equipment	12,196,408	231,467			12,427,875
Vehicles	33,611	-			33,611
Fixed Equipment	196,140	180			196,320
Total accumulated depreciation	20,047,912	562,721	-	-	20,610,633
Total depreciable capital assets, net	8,514,486	493,452	-	2,063,908	11,071,846
Total capital assets, net	\$ 9,668,358	1,558,824	-	-	11,227,182

Sunflower County Library

Depreciable Capital Assets:					
Building improvements	\$ 146,321	6,150			152,471
Library collections	1,354,187	22,955			1,377,142
Furniture and equipment	48,980				48,980
Total depreciable capital assets	1,549,488	29,105	-	-	1,578,593
Less accumulated depreciation for:					
Building improvements	30,014	7,011			37,025
Library collections	1,278,620	36,901			1,315,521
Furniture and equipment	44,970	4,010			48,980
Total accumulated depreciation	1,353,604	47,922	-	-	1,401,526
Total capital assets, net	\$ 195,884	(18,817)	-	-	177,067

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Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 270,334
Public safety	189,596
Public works	824,783
Health & welfare	460
Conservation	183
Economic development	560
Total	<u>\$ 1,285,916</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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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, 2017, 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, 2017 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, 2017, 2016 and 2015 were \$721,683, \$665,876 and \$637,253 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, 2017, the County reported a liability of \$11,636,377 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the County's proportion was 0.070 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2017.

For the year ended September 30, 2017, the County recognized pension expense of \$1,963,664. At September 30, 2017, 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	\$ 154,607	84,907
Net difference between projected and actual earnings on pension plan investments	977,538	899,090
Changes of assumptions	237,482	18,412
Changes in the proportion and differences between contributions and proportionate share of contributions	717,338	6,655
Contributions subsequent to the measurement date	180,040	
Total	<u>\$ 2,267,005</u>	<u>1,009,064</u>

The \$180,040 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, 2018. 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
2018	\$ 778,006
2019	433,930
2020	90,739
2021	(224,774)
Total	<u>\$ 1,077,901</u>

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Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 - 18.50 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 2022, with males rates set forward one year.

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.50
Cash	1.00	-
	<u>100.00 %</u>	

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

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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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	\$ 15,261,884	11,636,377	8,626,416

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, 2017, 2016 and 2015 were \$3,894,813, \$3,480,120 and \$3,105,125 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, 2017, the Medical Center reported a liability of \$65,111,008 for its proportionate share of the net pension liability. At June 30, 2017, the Medical Center's proportion was 0.391683 percent, which was an increase of 0.05763 percent from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Medical Center recognized pension expense of \$13,363,318. At September 30, 2017, 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	\$ 782,611	475,096
Net difference between projected and actual earnings on pension plan investments	4,937,998	6,309,785
Changes of assumptions	1,159,001	94,625
Changes in the proportion and differences between contributions and proportionate share of contributions	9,240,991	
Contributions subsequent to the measurement date	904,658	
Total	\$ 17,025,259	6,879,506

The \$904,658 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending September 30:	Amount
2018	\$ 5,344,850
2019	4,168,016
2020	985,945
2021	(1,257,716)
Total	<u>\$ 9,241,095</u>

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 85,397,434	65,111,008	48,268,866

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, 2017, 2016 and 2015 were \$1,217,251, \$1,217,827 and \$1,219,397 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, 2017, the Hospital reported a liability of \$19,734,628 for its proportionate share of the net pension liability. At June 30, 2017, the Hospital's proportion was 0.118716 percent, which was an increase of 0.00033 percent from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Hospital recognized pension expense of \$1,973,790. At September 30, 2017, the Hospital 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	\$ 283,522	143,998
Net difference between projected and actual earnings on pension plan investments		253,378
Changes of assumptions	438,626	33,627
Changes in the proportion and differences between contributions and proportionate share of contributions		508,536
Contributions subsequent to the measurement date	322,337	
Total	<u>\$ 1,044,485</u>	<u>939,539</u>

The \$322,337 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

SUNFLOWER COUNTY
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year ended September 30, 2018. 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
2018	\$ (48,852)
2019	188,710
2020	23,953
2021	(381,202)
Total	<u>\$ (217,391)</u>

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 25,883,283	19,734,628	14,629,909

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, 2017, 2016 and 2015 were \$48,118, \$46,844 and \$44,283 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, 2017 the Library reported a liability of \$787,949 for its proportionate share of the net pension liability. At June 30, 2016, the Library's proportion was 0.00474 percent, which was a decrease of 0.00026 percent from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Library recognized pension expense of \$104,017. At September 30, 2017, the Library 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	\$ 12,747	5,749
Net difference between projected and actual earnings on pension plan investments	75,542	60,882
Changes of assumptions	17,625	1,416
Changes in the proportion and differences between contributions and proportionate share of contributions		32,661
Contributions subsequent to the measurement date	11,980	
Total	<u>\$ 117,894</u>	<u>100,708</u>

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The \$11,980 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, 2018. 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
2018	\$ 23,530
2019	255
2020	(3,357)
2021	(15,222)
Total	\$ 5,206

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 1,033,448	787,949	584,132

NOTE 9 - LONG TERM DEBT.

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
GO Road and bridge bonds, 2008	\$ 240,000	4.10/4.30	09/19
Total General Obligation Bonds	\$ 240,000		
B. Other Loans:			
MDA - Delta Pride Catfish, Inc.	\$ 650,749	6.50	05/18
Negotiable Note Series 2016-A	134,682	2.05	08/19
Negotiable Note Series 2016-B	1,092,137	2.30	09/21
Total Other Loans	\$ 1,877,568		

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

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2018	\$ 115,000	6,935	981,200	263,395
2019	125,000	2,375	337,885	20,446
2020			276,067	12,845
2021			282,416	6,496
Total	\$ 240,000	9,310	1,877,568	303,182

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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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, 2017, the amount of outstanding debt was equal to 0.75% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Compensated absences	\$ 37,767	31,526		69,293	
General obligation bonds	350,000		110,000	240,000	115,000
Other loans	2,200,749		323,181	1,877,568	981,200
Total	\$ 2,588,516	31,526	433,181	2,186,861	1,096,200

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, 2017 consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Notes Payable			
USDA Rural Development Loan	\$ 2,617,134	4.197	01/40
Total Notes Payable	\$ 2,617,134		
B. Bonds Payable			
Series 2009 Revenue Bond	\$ 2,121,500	varying	08/29
Total Bonds Payable	\$ 2,121,500		
C. Capital Lease Obligations	\$ 15,494	6.00	08/18
Total Capital Lease Obligations	\$ 15,494		

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Annual debt service requirements to maturity are as follows:

Year Ending September 30:	Bond Payable		Notes Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 121,500	84,932	76,781	171,399	15,494	461
2019	140,000	88,294	79,909	107,801		
2020	145,000	82,169	82,894	100,151		
2021	155,000	76,369	86,542	97,166		
2022	160,000	69,975	90,068	93,518		
Thereafter	1,400,000	268,700	2,200,940	931,254		
Total	\$ <u>2,121,500</u>	<u>670,439</u>	<u>2,617,134</u>	<u>1,501,289</u>	<u>15,494</u>	<u>461</u>

The following is the summary of changes in long-term liabilities for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Bonds payable	\$ 2,247,500		126,000	2,121,500	121,500
Notes payable	3,207,280		590,146	2,617,134	76,781
Capital lease obligations	31,429		15,935	15,494	15,494
Total	\$ <u>5,486,209</u>	<u>-</u>	<u>732,081</u>	<u>4,754,128</u>	<u>213,775</u>

South Sunflower County Hospital

Debt outstanding as of September 30, 2017 consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Capital Lease Obligations			
Equipment Financing Leases	\$ 395,165	2.99-10.66	02/22
Total Capital Lease Obligations	\$ <u>395,165</u>		

Annual debt service requirements to maturity are as follows:

Year Ending September 30:	Capital Lease Obligations	
	Principal	Interest
2018	\$ 135,238	10,546
2019	123,025	6,759
2020	100,096	2,586
2021	34,762	521
2022	2,044	7
Total	\$ <u>395,165</u>	<u>20,419</u>

The following is the summary of changes in long-term liabilities for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Capital lease obligations	\$ 403,576	133,598	142,009	395,165	135,238
Total	\$ <u>403,576</u>	<u>133,598</u>	<u>142,009</u>	<u>395,165</u>	<u>135,238</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Sunflower County Library

The following is the summary of changes in long-term liabilities for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Compensated absences	\$ 8,539	2,119		10,658	
Total	\$ 8,539	2,119	0	10,658	-

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

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

NOTE 11 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of (\$6,474,311) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$180,040 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$2,086,965 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The \$1,009,064 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next three years.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 12 - 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 \$691,499 in taxes for maintenance and support of the College in fiscal year 2017.

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 2 mil tax, which brought \$131,959 for the maintenance and support of the District in the fiscal year 2017.

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 2017.

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 \$11,254 for the support of the District in fiscal year 2017.

NOTE 13 – TAX ABATEMENT

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Sunflower County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with nine entities as of September 30, 2017.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies:

27-31-105, Miss. Code (Ann.) 1972
All allowable property tax levies

SUNFLOWER COUNTY
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Category	Fiscal Year 2017	
	% of Taxes Abated	Amount of Taxes Abated
Additions, expansions or equipment replacment	100.00%	\$ 230,423

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

NOTE 14 - 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 July 31, 2018 (the date the financial statements were available to be issued), and determined that the following events occurred that require disclosure:

Subsequent to September 30, 2017 the County issued the following debt:

Issue Date	Interest rate	Issue Amount	Type of Financing
12/1/2017	2.15%	1,269,000	Lease purchase

SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,021,400	6,549,077	6,549,077	-
Licenses, commissions and other revenue	190,250	179,741	179,741	-
Fines and forfeitures	510,650	316,456	316,456	-
Intergovernmental revenues	489,100	1,277,606	1,277,606	-
Charges for services	246,000	233,378	233,378	-
Interest income	40,408	69,057	69,057	-
Miscellaneous revenues	78,900	80,553	80,553	-
Total Revenues	7,576,708	8,705,868	8,705,868	-
EXPENDITURES				
General government	4,430,007	3,682,668	3,682,668	-
Public safety	2,842,099	3,194,740	3,194,740	-
Public works	66,066	61,230	61,230	-
Health and welfare	363,920	544,241	544,241	-
Culture and recreation		37,000	37,000	-
Conservation of natural resources	100,752	89,785	89,785	-
Economic development and assistance	246,333	190,967	190,967	-
Total Expenditures	8,049,177	7,800,631	7,800,631	-
Excess of Revenues over (under) Expenditures	(472,469)	905,237	905,237	-
OTHER FINANCING SOURCES (USES)				
Sources		153,841	153,841	-
Uses	(43,200)	(335,231)	(335,231)	-
Total Other Financing Sources and Uses	(43,200)	(181,390)	(181,390)	-
Net Change in Fund Balance	(515,669)	723,847	723,847	-
Fund Balance - Beginning	1,295,386	4,291,780	4,291,780	-
Fund Balance - Ending	\$ 779,717	5,015,627	5,015,627	-

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, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 730,900	769,151	769,151	-
Road and bridge privilege taxes	250,000	240,962	240,962	-
Intergovernmental revenues	677,299	632,659	632,659	-
Charges for services	3,000	1,922	1,922	-
Miscellaneous revenues	2,000	6,382	6,382	-
Total Revenues	1,663,199	1,651,076	1,651,076	-
EXPENDITURES				
Public works	1,650,539	1,420,947	1,420,947	-
Total Expenditures	1,650,539	1,420,947	1,420,947	-
Excess of Revenues over (under) Expenditures	12,660	230,129	230,129	-
OTHER FINANCING SOURCES (USES)				
Uses	(12,660)	-	-	-
Total Other Financing Sources (Uses)	(12,660)	-	-	-
Net Change in Fund Balance	-	230,129	230,129	-
Fund Balance - Beginning	(508,900)	291,704	291,704	-
Fund Balance - Ending	\$ (508,900)	521,833	521,833	-

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, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 953,600	1,048,898	1,048,898	-
Miscellaneous revenue	-	175	175	-
Total Revenues	953,600	1,049,073	1,049,073	-
EXPENDITURES				
Public works	1,184,463	858,828	858,828	-
Total Expenditures	1,184,463	858,828	858,828	-
Excess of Revenues over (under) Expenditures	(230,863)	190,245	190,245	-
OTHER FINANCING SOURCES (USES)				
Sources	-	-	-	-
Uses	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(230,863)	190,245	190,245	-
Fund Balance - Beginning	(872,436)	796,603	796,603	-
Fund Balance - Ending	\$ (1,103,299)	986,848	986,848	-

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, 2017**

	2017	2016	2015	2014
Sunflower County				
Proportion of the net pension liability (asset)	0.070%	0.065%	0.064%	0.063%
Proportionate share of the net pension liability (asset)	\$ 11,636,377	11,610,622	9,893,137	7,647,046
Covered-employee payroll	\$ 4,499,208	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	258.63%	274.63%	244.51%	199.17%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%
COMPONENT UNITS				
North Sunflower Medical Center				
Proportion of the net pension liability (asset)	0.391683%	0.334053%	0.309932%	0.290751%
Proportionate share of the net pension liability (asset)	\$ 65,111,008	59,670,207	47,909,375	35,291,848
Covered-employee payroll	\$ 24,728,971	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	263.30%	270.05%	243.01%	193.49%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%
South Sunflower County Hospital				
Proportion of the net pension liability (asset)	0.118716%	0.118386%	0.125391%	0.129754%
Proportionate share of the net pension liability (asset)	\$ 19,734,628	21,146,696	18,932,870	15,694,809
Covered-employee payroll	\$ 7,728,578	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	255.35%	273.49%	244.54%	187.80%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%
Sunflower County Library				
Proportion of the net pension liability (asset)	0.00474%	0.00500%	0.00500%	
Proportionate share of the net pension liability (asset)	\$ 787,949	893,125	772,901	
Covered-employee payroll	\$ 297,422	292,793	281,162	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	264.93%	305.04%	274.90%	
Plan fiduciary net position as a percentage of the total pension liability	61.49%	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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sunflower County				
Contractually required contribution	\$ 721,683	665,876	637,253	594,776
Contributions in relation to the contractually required contribution	<u>721,683</u>	<u>665,876</u>	<u>637,253</u>	<u>594,776</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 4,582,112	4,227,780	4,046,057	3,776,347
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%
COMPONENT UNITS				
North Sunflower Medical Center				
Contractually required contribution	\$ 3,894,813	3,480,120	3,105,125	2,872,807
Contributions in relation to the contractually required contribution	<u>3,894,813</u>	<u>3,480,120</u>	<u>3,105,125</u>	<u>2,872,807</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 24,728,971	22,096,000	19,715,079	18,240,044
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%
South Sunflower County Hospital				
Contractually required contribution	\$ 1,217,251	1,217,827	1,219,397	1,316,252
Contributions in relation to the contractually required contribution	<u>1,217,251</u>	<u>1,217,827</u>	<u>1,219,397</u>	<u>1,316,252</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 7,728,578	7,732,235	7,742,204	8,357,158
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%
Sunflower County Library				
Contractually required contribution	\$ 48,118	46,844	44,283	
Contributions in relation to the contractually required contribution	<u>48,118</u>	<u>46,844</u>	<u>44,283</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	
County's covered-employee payroll	\$ 305,511	297,422	281,162	
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County 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, 2017
"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)	\$ 723,847	230,129	190,245
Increase (Decrease)			
Net adjustments for revenue accruals	(164,042)	(3,398)	(1,940)
Net adjustments for expenditure accruals	41,224	(33,334)	(95,081)
GAAP Basis	<u>\$ 601,029</u>	<u>193,397</u>	<u>93,224</u>

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017
"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%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

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

SUPPLEMENTAL INFORMATION

SUNFLOWER COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency			
Disaster Grants - Presidentially Declared Disasters	97.036		\$ 49,784
Emergency Management Performance	97.042		29,403
Total Passed-through Mississippi Emergency Management Agency			<u>79,187</u>
Homeland Security Grant Program	97.067		7,700
Total Department of Homeland Security			<u>86,887</u>
Department of Transportation			
Passed-through Mississippi Department of Transportation			
Highway Planning and Construction	20.205		34,540
Total Passed-through Mississippi Department of Transportation			<u>34,540</u>
Total Department of Transportation			<u>34,540</u>
Department of Housing and Urban Development			
Passed-through Mississippi Development Authority			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	1132-15-067-PF-01	298,300
Total Passed-through Mississippi Development Authority			<u>298,300</u>
Passed-through Mississippi Home Corporation			
Home Investment Partnerships Program *	14.239	1227-M15-SG-280-190	379,200
Total Passed-through Mississippi Home Corporation			<u>379,200</u>
Total Department of Housing and Urban Development			<u>677,500</u>
Total for All Federal Awards			\$ <u>798,927</u>

* Denotes Major Federal Award Program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- 1. Basis of Presentation** – The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sunflower County under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sunflower County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.
- 2. Summary of Significant Accounting Policies** – Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- 3. Indirect Cost Rate** – Sunflower County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SUNFLOWER COUNTY

OTHER INFORMATION

SUNFLOWER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
“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
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	Sheriff 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

SPECIAL REPORTS



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

Members of the Board of Supervisors
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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 31, 2018. 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 July 31, 2018, 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 & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

July 31, 2018



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Sunflower County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Sunflower County, Mississippi's major federal program for the year ended September 30, 2017. Sunflower County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Sunflower County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sunflower County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Sunflower County, Mississippi's compliance.

Opinion on the Major Federal Program

In our opinion, Sunflower County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of Sunflower County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sunflower County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman & Aldridge, PLLC

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

July 31, 2018



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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, 2017. 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, 2017.

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.

A handwritten signature in cursive script that reads "Bridgers, Goodman & Aldridge, PLLC". The signature is written in black ink on a light-colored background.

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

July 31, 2018

SUNFLOWER COUNTY**Schedule 1****Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2017**

<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>
11/21/2016	Trackhoes	\$ 130,636	Thompson Caterpillar	\$ 110,000	Offers and operates a full service parts and repair location approximately 28 miles from Indianola and 35 miles from Drew thereby decreasing the cost of transporting the equipment for repair. This Board has experienced costs of \$1,600 per trip where such equipment was required to be transported to Jackson for repairs.
6/5/2017	Ballot boxes	5,958	A. Rifkin Co.	\$ 5,599	These include name of Sunflower County on each bag aiding in identification.
	Total	<u>\$ 136,594</u>			

SUNFLOWER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
10/10/2016	Boiler repairs	\$ 1,178	Upchurch Services	Needed repair because jail was without heat.
11/7/2016	Oven repairs	171	Hobart Services	Both ovens were in need of repair to cook meals for inmates.
5/8/2017	Bridge removal	5,000	Crawford Construction	Immediate restoration of a condition of usefulness of such bridge was necessary.
4/17/2017	Cell tower repair	1,500	Diamond K Tower	Repairs needed to return tower to a safe condition and ensure its operability for emergency communications.
	Total	<u>\$ 7,849</u>		

**Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017**

The results of our tests did not identify any purchases made noncompetitively from a sole source.



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

In planning and performing our audit of the financial statements of Sunflower County, Mississippi for the year ended September 30, 2017, 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 July 31, 2018, 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. Bank reconciliations

Finding

During the course of our test work we found that the bank reconciliations were not being completed accurately and in a timely manner. An effective system of internal control requires bank reconciliations to be performed correctly and on a timely basis subsequent to month end to ensure the completeness and inclusion of all transactions for each account.

Recommendation

In order to maintain an effective internal control system and increase the accuracy in recording receipts and disbursements, the clerk should ensure that all bank accounts are reconciled correctly and monthly in a timely manner.

Circuit Clerk's Response

I do accept these findings and I am currently working to ensure that statements are reconciled in a timely manner. I do recognize the importance of an effective internal control system and will ensure that reconciliations are done accurately and timely.

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 \$9.21 per day.

Recommendation

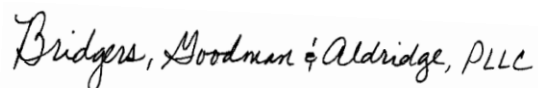
The Sheriff should make necessary changes in food procurement and preparation in order to comply with the \$6 per day limit.

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 & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

July 31, 2018

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

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 |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs | |
| a. 14.239, Home Investment Partnership Program | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.516(b)? | 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*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.