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SUNFLOWER COUNTY

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2009

SUNFLOWER COUNTY

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SUNFLOWER COUNTY

FINANCIAL SECTION

SUNFLOWER COUNTY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Sunflower County, Mississippi

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, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. 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 and the Sunflower County Library, component units, which represent 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously, 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, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of Sunflower County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Sunflower County, Mississippi has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board.

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bridgers & Company, P.C.*

Bridgers & Company, P.C.  
Certified Public Accountants  
Vicksburg, Mississippi

December 15, 2010

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY

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	Primary Government	Component Units			Total Component Units
	Governmental Activities	North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	
<b>ASSETS</b>					
Cash	\$ 5,471,212	13,505,031	2,103,550	136,225	15,744,806
Plant fund designated investments			8,171,610		8,171,610
Accrued interest receivable	666				
Property tax receivable	6,759,146				
Accounts receivable, (net of allowance for uncollectibles of \$490,385)	9,984	4,862,945	4,606,178	14,206	9,483,329
Fines receivable, (net of allowance for uncollectibles of \$7,385,252)	259,827				
Loans receivable, (net of allowance for uncollectibles of \$ 315,906 )	266,435				
Intergovernmental receivables	138,219				
Other receivables	2,538	64,862	415,596	2,000	482,258
Inventories		461,974	448,671		910,645
Prepaid expenses		86,579	62,795		149,374
Investments		186,147			186,147
Bond issue cost		3,123			3,123
Deferred expense		34,534			34,534
Land and construction in progress	3,818,824	3,103,763	2,385,388	1,719	5,490,870
Other capital assets, net	26,195,451				
<b>Total Assets</b>	<b>42,922,302</b>	<b>22,308,758</b>	<b>18,193,788</b>	<b>154,150</b>	<b>40,656,696</b>
<b>LIABILITIES</b>					
Claims payable	438,948	850,521	641,531	22,608	1,514,660
Claims and judgments payable	210,754				
Intergovernmental payables	184,153				
Accrued interest payable	48,199				
Accrued expenses		2,573,504	922,552		3,496,056
Deferred revenue	6,759,146				
Unearned revenue					
Other payables	27,130				
Long-term liabilities					
Due within one year:					
Capital related debt	594,157	310,477			310,477
Non-capital debt	441,128				
Due in more than one year:					
Capital related debt	2,448,103	3,164,842			3,164,842
Non-capital debt	1,561,292		300,225	6,936	307,161
<b>Total Liabilities</b>	<b>12,703,010</b>	<b>6,899,344</b>	<b>1,864,308</b>	<b>29,544</b>	<b>8,793,196</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	26,972,015	2,600,242	2,385,388	1,719	4,987,349
Restricted:					
Expendable:					
General Government	61,880				0
Debt service	837,784				0
Public safety	685,285				0
Public works	1,965,496				0
Health and welfare	10,844				0
Capital Projects	0		8,171,610		8,171,610
Economic development	146,235				0
Unemployment compensation	28,740				0
Unrestricted	488,987	12,609,172	5,772,482	122,887	18,704,541
<b>Total Net Assets</b>	<b>\$ 30,219,292</b>	<b>15,409,414</b>	<b>16,329,480</b>	<b>124,606</b>	<b>31,863,500</b>

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

Sunflower County  
Statement of Activities  
For the Year Ended September 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units		Total Component Units
						North Sunflower Medical Center	Sunflower County Hospital	
Primary government:								
Governmental activities								
General government	\$ 3,625,243	630,729			-2,994,514			
Public safety	2,666,284	466,625	109,396	50,008	-2,038,264			
Public works	3,019,188	212,738	899,052	1,712,707	-194,691			
Health and welfare	604,001		52,329		-551,672			
Culture and recreation	297,742				-297,742			
Conservation of natural resources	121,420				-121,420			
Economic development and assistance	515,584		68,179		-447,405			
Interest on long-term debt	167,125				-167,125			
Total Primary Government	\$ 11,016,597	1,312,092	1,128,956	1,762,716	-6,812,833			
Component Units:								
North Sunflower Medical Center	27,714,870	31,122,706		160,000		3,567,838		3,567,838
South Sunflower County Hospital	19,133,593	17,600,162					-1,533,431	-1,533,431
Sunflower County Library	525,407	10,797	160,315				-354,295	-354,295
General revenues								
Property taxes				\$	7,363,868			419,745
Road & bridge privilege taxes					227,841			
Grants and contributions not restricted to specific programs					296,109			
Unrestricted investment income					186,580	126,954	605,681	733,153
Miscellaneous					219,961	385,894	149,863	540,330
Total General Revenues					8,294,359	512,848	755,444	424,936
Changes in Net Assets					1,481,526	4,050,686	-777,987	70,641
Net Assets - Beginning					28,807,476	11,328,728	17,107,467	53,665
Prior period adjustment					-69,710			
Net Assets - Ending				\$	30,219,292	15,409,414	16,329,480	124,608
								31,863,500

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

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
<b>ASSETS</b>					
Cash	\$ 1,739,852	415,306	469,399	2,846,655	5,471,212
Accrued interest receivable				666	666
Property tax receivable	4,149,000	530,000	558,000	1,522,146	6,759,146
Accounts receivable ( net of allowance for uncollectibles of \$ 490,385 )				9,984	9,984
Fines receivable (net of allowance for uncollectibles \$ 7,385,252)	259,827				259,827
Loans receivable (net of allowance for uncollectibles \$315,906)				266,435	266,435
Intergovernmental receivables	88,398	2,186		47,635	138,219
Other receivables	2,538				2,538
Due from other funds		23,901	6,231	18,283	48,415
<b>Total Assets</b>	<b>\$ 6,239,615</b>	<b>971,393</b>	<b>1,033,630</b>	<b>4,711,804</b>	<b>12,956,442</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	116,730	70,148	10,622	241,448	438,948
Claims and judgments payable	210,754				210,754
Intergovernmental payables	184,153				184,153
Due to other funds	54,849				54,849
Deferred revenue	4,408,827	530,000	558,000	1,532,130	7,028,957
Other payables	20,696				20,696
<b>Total Liabilities</b>	<b>4,996,009</b>	<b>600,148</b>	<b>568,622</b>	<b>1,773,578</b>	<b>7,938,357</b>
<b>Fund balances</b>					
Reserved for:					
Unemployment Compensation				28,740	28,740
Debt service				619,548	619,548
Loans receivable				266,435	266,435
Unreserved/undesignated, reported in:					
General Fund	1,243,606				1,243,606
Special Revenue Funds		371,245	465,008	2,023,503	2,859,756
<b>Total Fund Balances</b>	<b>1,243,606</b>	<b>371,245</b>	<b>465,008</b>	<b>2,938,226</b>	<b>5,018,085</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,239,615</b>	<b>971,393</b>	<b>1,033,630</b>	<b>4,711,804</b>	<b>12,956,442</b>

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

Sunflower County  
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2009

Exhibit 3-1

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 5,018,085
Amounts reported for governmental services in the Statement of Net Assets 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 \$ 40,538,255.	30,014,275
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	269,811
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	-5,034,680
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	<u>-48,199</u>
Total Net Assets - Governmental Activities	<u>\$ 30,219,292</u>

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

Sunflower County  
Statement of Revenues, Expenditures, and Changes in Fund Balances For Governmental Funds  
For the Year Ended September 30, 2009

Exhibit 4

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
<b>REVENUES</b>					
Property taxes	\$ 4,654,257	598,394	545,381	1,565,836	7,363,868
Road and bridge privilege taxes		227,841			227,841
Licenses, commissions and other revenue	363,328				363,328
Fines and forfeitures	338,617				338,617
Intergovernmental revenues	451,513	2,180,248	162,500	395,994	3,190,255
Charges for services	181,398	3,480		457,827	642,705
Interest income	89,461			97,119	186,580
Miscellaneous revenues	52,636	16,781		150,544	219,961
<b>Total Revenues</b>	<b>6,131,210</b>	<b>3,026,744</b>	<b>707,881</b>	<b>2,667,320</b>	<b>12,533,155</b>
<b>EXPENDITURES</b>					
Current:					
General government	3,467,799			37,429	3,505,228
Public safety	2,078,831			450,924	2,529,755
Public works	67,202	3,035,347	777,111	1,341,712	5,221,372
Health and welfare	325,047			225,328	550,375
Culture and recreation				297,742	297,742
Conservation of natural resources	118,019			3,054	121,073
Economic development and assistance	207,890			733,894	941,784
Debt service:					0
Principal	5,477			806,972	812,449
Interest	288			138,682	138,970
<b>Total Expenditures</b>	<b>6,270,553</b>	<b>3,035,347</b>	<b>777,111</b>	<b>4,035,737</b>	<b>14,118,748</b>
Excess of Revenues over (under) Expenditures	-139,343	-8,603	-69,230	-1,368,417	-1,585,593
<b>OTHER FINANCING SOURCES ( USES)</b>					
Proceeds of long term capital debt				1,820,000	1,820,000
Proceeds from sale of capital assets					0
Transfers in					0
Transfers out					0
Lease principal payments					0
<b>Total Other Financing Sources and Uses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,820,000</b>	<b>1,820,000</b>
<b>Net Changes in Fund Balances</b>	<b>-139,343</b>	<b>-8,603</b>	<b>-69,230</b>	<b>451,583</b>	<b>234,407</b>
Fund Balances - Beginning	1,382,949	379,848	534,238	2,486,643	4,783,678
<b>Fund Balances - Ending</b>	<b>1,243,606</b>	<b>371,245</b>	<b>465,008</b>	<b>2,938,226</b>	<b>5,018,085</b>

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

Sunflower County

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2009

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 234,407

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 assets differs from the change in fund balances by the amount that capital outlays of \$ 3,355,298 exceeded depreciation of \$ 999,834 in the current period. 2,355,464

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of that proceeds from sale \$ 0, exceeds the loss from the sale fixed assets of \$ 39,566 in the current period. -39,566

Fine & garbage fee revenue recognized on the modified accrual basis in the funds during the current year is increased because on the Statement of Activities, the full - accrual basis of accounting is used to recognize revenue from fines and garbage fees. -35,032

Debt proceeds provide current financial resources to Government Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$1,820,000, was exceeded by debt repayments of \$ 812,449. -1,007,551

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting, when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:

The amount of increase or decrease in:	
Accrued interest payable	-28,155
Compensated absences	1,959

Change in Net Assets of Governmental Activities	\$ 1,481,526
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The notes to the financial statements are an integral part of this statement.

Sunflower County  
Statement of Fiduciary Assets and Liabilities  
September 30, 2009

Exhibit 5

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 99,285
Due from other funds	<u>6,434</u>
<b>Total Assets</b>	<u><u>105,719</u></u>
<b>LIABILITIES</b>	
Intergovernmental payables	<u>105,719</u>
<b>Total Liabilities</b>	<u><u>\$ 105,719</u></u>

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

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

Notes to Financial Statements

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity

Sunflower 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 a significant operational or financial relationships with the county.

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

- \* Board of Supervisors
- \* Chancery Clerk
- \* Circuit Clerk
- \* Justice Court Clerk
- \* Purchase Clerk
- \* Tax Assessor-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 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 Library system consists of libraries located in Indianola, Inverness, Drew and Ruleville. The mission of the library system 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.

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

The Statement of Net Assets 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

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

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

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 sixty 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 all activities of the general government for which a separate fund has not been established.

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

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 the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

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

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

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 *Government Accounting and Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

I. Capital Assets.

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

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

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

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

J. Long-term liabilities.

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

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

K. Equity Classifications.

Government-wide Financial Statements:

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

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

L. Property Tax Revenues.

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

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

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

M. Intergovernmental Revenues in Governmental Funds.

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

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

N. Compensated Absences.

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

(2) Prior Period Adjustment.

A summary of the significant fund equity adjustment is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
Capital asset that should have been removed in the prior year.	69,710
Total prior period adjustment	<u>69,710</u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$5,570,497, and the bank balance was \$6,046,442. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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. However, the Mississippi State Treasurer manages that risk on behalf of the county. 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.

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2009:

A Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Maintenance Fund	General Fund	23,901
Bridge & Culvert Fund	General Fund	6,231
Other Governmental Funds	General Fund	18,283
Agency Funds	General Fund	6,434
Total		<u>\$ 54,849</u>

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

The receivables represent tax revenue collected but not settled until October, 2009. All interfund balances are expected to be repaid within one year from the date of the financial statements.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2009, consisted of the following:

Governmental Activities:

<u>Description</u>	
Legislative Tax Credit	\$ 66,037
Housing Prisoners	12,957
Coroner Fees	2,685
Overweight Fines	2,186
Homeland Security Grant	6,719
State Aid	<u>47,635</u>
 Total Governmental Activities	 \$ <u><u>138,219</u></u>

(6) Loans Receivable

Loans receivable balances at September 30, 2009, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Delta Pride Catfish, Inc.	08-00	6.50	05-16	\$ 315,906
Delts Protein International	11-06	6.00	05-14	<u>266,435</u>
			Less: allowance for uncollectibles	-315,906
Total				\$ <u><u>266,435</u></u>

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

(7) Capital Assets.

The following is a summary of capital asset activity for the year ended September 30, 2009:

Governmental activities:

	Balance				Balance
	Oct. 1, 2008	Additions	Deletions	Adjustments	Sept. 30, 2009
Non-depreciable capital assets:					
Land	\$ 747,764	50,000			797,764
Construction in progress	379,402	2,161,605		480,053	3,021,060
Total non-depreciable capital assets	1,127,166	2,211,605		480,053	3,818,824
Depreciable capital assets:					
Infrastructure	55,021,057			-977,830	54,043,227
Buildings	4,235,010	290,000		285,411	4,810,421
Improvements other than buildings	441,113				441,113
Mobile equipment	4,960,045	746,853	153,011	-66,225	5,487,662
Furniture and equipment	2,073,550	106,840	240,202		1,940,188
Leased property under capital leases	29,882			-18,787	11,095
Total depreciable capital assets	66,760,657	1,143,693	393,213	-777,431	66,733,706
Less accumulated depreciation for:					
Infrastructure	34,207,590	306,848		-212,366	34,302,072
Buildings	1,263,819	96,186			1,360,005
Improvements other than buildings	63,014	15,484			78,498
Mobile equipment	3,012,876	382,064	136,442		3,258,498
Furniture and equipment	1,555,844	197,260	217,205		1,535,899
Leased property under capital leases	16,593	1,992		-15,302	3,283
Total accumulated depreciation	40,119,736	999,834	353,647	-227,668	40,538,255
Total depreciable capital assets, net	26,640,921	143,859	39,566	-549,763	26,195,451
Governmental activities capital assets, net	\$ 27,768,087	2,355,464	39,566	-69,710	30,014,275

Capital Assets - Component Units

North Sunflower Medical Center

	Balance				Balance
	Oct. 1, 2008	Additions	Deletions	Adjustments	Sept. 30, 2009
Non-depreciable capital assets:					
Land	\$ 212,291	69,162			281,453
Construction in progress	310,200	487,169		-343,782	453,587
Total non-depreciable capital assets	522,491	556,331		-343,782	735,040
Depreciable capital assets:					
Buildings	3,089,899	13,182		343,782	3,446,863
Mobile equipment	1,969,674	475,122	19,773		2,425,023
Furniture and equipment	1,639,541	154,655			1,794,196
Leased property under capital leases	896,704				896,704
Total depreciable capital assets	7,595,818	642,959	19,773	343,782	8,562,786

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

North Sunflower Medical Center (Continued)

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
Less accumulated depreciation for:					
Buildings	1,876,344	106,875			1,983,219
Mobile equipment	2,430,733	266,381	15,654		2,681,460
Furniture and equipment	1,448,130	49,284			1,497,414
Leased property under capital leases	31,970				31,970
Total accumulated depreciation	<u>5,787,177</u>	<u>422,540</u>	<u>15,654</u>		<u>6,194,063</u>
Total depreciable capital assets, net	<u>1,808,641</u>	<u>220,419</u>	<u>-15,654</u>		<u>2,368,723</u>
Governmental activities capital assets, net	<u>\$ 2,331,132</u>	<u>863,378</u>	<u>4,119</u>	<u>343,782</u>	<u>3,103,763</u>

South Sunflower Medical Center

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
Non-depreciable capital assets:					
Land	\$ 247,862				247,862
Construction in progress					
Total non-depreciable capital assets	247,862				247,862
Depreciable capital assets:					
Buildings	9,442,371	161,432			9,603,803
Mobile equipment	8,733,354	35,693			8,769,047
Furniture and equipment	195,600				195,600
Total depreciable capital assets	<u>18,371,325</u>	<u>197,125</u>			<u>18,568,450</u>
Less accumulated depreciation for:					
Buildings	7,342,268	238,415			7,580,683
Mobile equipment	8,193,684	460,956			8,654,640
Furniture and equipment	195,601				195,601
Total accumulated depreciation	<u>15,731,553</u>	<u>699,371</u>			<u>16,430,924</u>
Total depreciable capital assets, net	<u>2,639,772</u>	<u>-502,246</u>			<u>2,137,526</u>
Governmental activities capital assets, net	<u>\$ 2,887,634</u>	<u>-502,246</u>			<u>2,385,388</u>

Sunflower County Library

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
Transportation Equipment	\$ 17,185				17,185
Accumulated depreciation	<u>-15,466</u>				<u>-15,466</u>
Total depreciable capital assets, net	<u>\$ 1,719</u>				<u>1,719</u>

\* Adjustments are to correct prior year errors and reclassify completed construction in progress.

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

Depreciation expense was charged to the following functions:

Governmental Activities:		
General Government	\$	95,282
Public Safety		255,729
Public Works		562,227
Health & welfare		54,176
Conservation of natural resources		347
Economic development		32,073
Total governmental activities depreciation expense	\$	<u>999,834</u>

Commitment with respect to unfinished capital projects at September 30, 2009, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Baltzer Rome Road Site A & B	\$ 829,052	9/10/10
Baird/Rupert Baird Roads	65,865	6/1/10
Fishbelt Feeds Railspur Addition	262,507	11/30/09

(8) Claims and Judgments

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2009, to January 1, 2010. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all entities it insures.

The county finances its exposure to risk of loss relating to employees health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$ 50,000. Claims expense and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ( IBNRs ). The following table provides changes in the balances of claims liabilities for fiscal years 2008 and 2009.

	<u>2008</u>	<u>2009</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 143,554	82,852
Plus: Incurred Claims ( Including IBNRs )	1,058,659	1,645,305
Less: Claims payments	1,119,361	1,517,403
Unpaid Claims, End of Fiscal Year	<u>\$ 82,852</u>	<u>210,754</u>

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2009:

<u>Class of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 11,095
Less: Accumulated depreciation	<u>3,283</u>
Leased Property Under Capital Leases	<u>\$ 7,812</u>

The following is a schedule by years of the total payments due as of September 30, 2009:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 3,688	188
2011	4,124	74
2012		
Total	<u>\$ 7,812</u>	<u>262</u>

(10) Long - term Debt

Debt outstanding as of September 30, 2009, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities			
A. General Obligation Bonds			
GO Road and bridge bonds, 2008	\$ 1,000,000	4.10/4.30	09/19
North Sunflower County Hospital bonds, 1997	225,000	4.80/5.20	10/12
GO Public improvement, 2002	235,000	3.50/3.45	08/11
Road & bridge refunding bonds, 2003	820,000	1.75/3.45	04/12
GO Public Improvement Bonds, 2005	<u>1,140,000</u>	3.9	06/15
Total General Obligation Bonds	<u>\$ 3,420,000</u>		
B. Capital Leases			
2008 Chevrolet Trailblazer	\$ 7,812	3.06	11/11
Total Capital Leases	<u>\$ 7,812</u>		
C. Other Loans			
MDA - Delta Pride Catfish, Inc	\$ 650,749	6.5	05/16
MDA - Delta Protein International, Inc.	<u>266,435</u>	3.00	05/14
Total Other Loans	<u>\$ 917,184</u>		
D. Equipment Notes:			
Road vehicle & equipment note 2008A	339,448	3.75	10/11
Road equipment negotiable note 2009	<u>320,000</u>	3.30	09/14
Total Equipment Notes	<u>659,448</u>		

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Capital Leases		Other Loans		Equipment Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	705,000	144,167	3,688	188	106,128	41,234	226,526	23,254
2011	730,000	98,106	4,124	74	122,276	92,509	234,733	15,046
2012	635,000	69,820			128,470	36,315	63,918	6,558
2013	290,000	50,100			135,017	29,768	66,046	4,431
2014	295,000	38,885			126,840	22,883	68,225	2,251
2015-2019	765,000	63,195			298,453	32,573		
<b>Total</b>	<b>3,420,000</b>	<b>464,273</b>	<b>7,812</b>	<b>262</b>	<b>917,184</b>	<b>255,282</b>	<b>659,448</b>	<b>51,540</b>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2009, the amount of outstanding debt was equal to 4.71% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009.

Governmental Activities:	Balance				Adjustments	Amount due	
	10/1/2008	Additions	Reductions			Balance 9/30/2009	within one year
Compensated absences	\$ 32,195		1,959			30,236	
General obligation bonds	3,015,000	1,000,000	595,000			3,420,000	705,000
Other loans	968,604		51,420			917,184	106,128
Capital leases	13,289		5,477			7,812	3,688
Equipment notes	0	820,000	160,552			659,448	220,489
<b>Total</b>	<b>\$ 4,029,088</b>	<b>1,820,000</b>	<b>814,408</b>	<b>0</b>		<b>5,034,680</b>	<b>1,035,285</b>

Compensated absences will be paid from the fund from which the employee's salaries were paid which are generally the General Fund, Co-Wide Road Maintenance Fund and Bridge & Culvert Fund.

(11) No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the county's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance at 9/30/09
Hospital revenue bonds	3,000,000
	<u>3,000,000</u>

SUNFLOWER COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

(12) 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 purpose. Any disallowance resulting from a grantor audit may become a liability of the county. No provisions for any liability that may result has been recognized in the county's financial statement.

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

(13) 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 County Board of Supervisors appoints six of the 20 members of the college board of trustees. The county appropriated \$ 520,376 in taxes for maintenance and support of the college in fiscal year 2009.

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 .61 mill tax, which brought in \$ 87,463 for the maintenance and support of the district in fiscal year 2009.

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 fiscal 2009.

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 board of directors. The county appropriated \$ 9,378 for the support of the district in fiscal 2009.

(14) Defined Benefit Pension Plan.

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

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12% of annual covered payroll. The contribution requirements of PERS members 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, 2009, 2008 and 2007 were \$427,043, \$408,914, and \$379,104, respectively, equal to the required contributions for each year.

(15) Subsequent Events

Subsequent to September 30, 2009, Sunflower County issued the following debt obligations.

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/20/09	3.65%	232,000	Negotiable Note	Ad valorem
01/26/10	3.65%	161,000	Negotiable Note	Ad valorem

SUNFLOWER COUNTY

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SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

Sunflower County  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,530,536	4,660,592	4,660,592	
Licenses, commissions and other revenue	200,550	365,689	365,689	
Fines and forfeitures	140,000	427,615	427,615	
Intergovernmental revenues	434,495	550,344	550,344	
Charges for services	1,000,000	183,655	183,655	
Interest income	108,934	89,561	89,561	
Miscellaneous revenues	61,050	52,636	52,636	
Total Revenues	<u>7,475,565</u>	<u>6,330,092</u>	<u>6,330,092</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,813,990	3,392,912	3,392,912	
Public safety	2,031,341	2,083,540	2,083,540	
Public works	50,197	46,199	46,199	
Health and welfare	341,039	327,380	327,380	
Culture and recreation				
Conservation of natural resources	113,699	118,990	118,990	
Economic development and assistance	217,985	210,144	210,144	
Debt Service				
Principal	9,300	5,477	5,477	
Interest	100	287	287	
Total Expenditures	<u>6,577,651</u>	<u>6,184,929</u>	<u>6,184,929</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>897,914</u>	<u>145,163</u>	<u>145,163</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets				
Compensation for loss of capital assets				
Transfers in				
Transfers out		(103,298)	(103,298)	
Other financing uses	(134,730)			
Total Other Financing Sources and Uses	<u>(134,730)</u>	<u>(103,298)</u>	<u>(103,298)</u>	<u>0</u>
Net Change in Fund Balance	763,184	41,865	41,865	
Fund Balance - Beginning	<u>1,633,951</u>	<u>1,633,951</u>	<u>1,633,951</u>	
Fund Balance - Ending	<u>\$ 2,397,135</u>	<u>1,675,816</u>	<u>1,675,816</u>	<u>0</u>

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

Sunflower County  
 Budgetary Comparison Schedule  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Maintenance Fund  
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 627,653	593,947	593,947	
Licenses, commissions, & other revenue	3,500	5,278	5,278	
Road and bridge privilege taxes	210,000	227,841	227,841	
Intergovernmental revenues	624,520	645,534	645,534	
Charges for services	3,100	3,480	3,480	
Miscellaneous revenues	200	16,780	16,780	
<b>Total Revenues</b>	<u>1,468,973</u>	<u>1,492,860</u>	<u>1,492,860</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,639,045	1,490,728	1,490,728	
Debt service:				
Principal				
Interest				
<b>Total Expenditures</b>	<u>1,639,045</u>	<u>1,490,728</u>	<u>1,490,728</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(170,072)</u>	<u>2,132</u>	<u>2,132</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets				
Transfer in				
Transfer out	5,880	(14,810)	(14,810)	
<b>Total Other Financing Sources (Uses)</b>	<u>5,880</u>	<u>(14,810)</u>	<u>(14,810)</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>(164,192)</u>	<u>(12,678)</u>	<u>(12,678)</u>	
Fund Balance - Beginning	427,984	427,984	427,984	
<b>Fund Balance - Ending</b>	<u>\$ 263,792</u>	<u>415,306</u>	<u>415,306</u>	<u>0</u>

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

Sunflower County  
 Budgetary Comparison Schedule  
 Budget and Actual (Non-GAAP Basis)  
 Bridge & Culvert Fund  
 For the Year Ended September 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 566,578	546,218	546,218	
Intergovernmental revenues	97,929	162,500	162,500	
Interest income				
Miscellaneous revenue				
Total Revenues	<u>664,507</u>	<u>708,718</u>	<u>708,718</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current				
Public works	<u>664,507</u>	<u>795,058</u>	<u>795,058</u>	
Total Expenditures	<u>664,507</u>	<u>795,058</u>	<u>795,058</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>-86,340</u>	<u>-86,340</u>	
OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance		-86,340	-86,340	
Fund Balance - Beginning	555,740	555,740	555,740	
Fund Balance - Ending	<u>555,740</u>	<u>469,400</u>	<u>469,400</u>	<u>0</u>

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

SUNFLOWER COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2009

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:

	General Fund	Road Maintenance Fund	Bridge & Culvert Fund
Budget ( Cash Basis )	\$ 41,865	(12,678)	(86,340)
Increase (Decrease)			
Net adjustments for revenue accruals	(198,882)	(43,522)	(837)
Net adjustments for expenditure accruals	17,674	47,597	17,947
GAAP Basis	<u>\$ (139,343)</u>	<u>-8,603</u>	<u>(69,230)</u>

SUNFLOWER COUNTY

SPECIAL REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND 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 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, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 15, 2010. We did not audit the financial statements of the North Sunflower Medical Center, the South Sunflower County Hospital and the Sunflower County Library, component units which represent 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sunflower County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of the internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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 specified parties. However, this report is a matter of public record and its distribution is not limited.

*Bridgers & Company, P.C.*

Bridgers & Company, P.C.  
Certified Public Accountants  
Vicksburg, Mississippi

December 15, 2010

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INDEPENDENT AUDITOR'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 made a study and evaluation of the central purchasing system and inventory control system of Sunflower County, Mississippi, as of and for the year ended September 30, 2009. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Sunflower County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). 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 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.

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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

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

*Bridgers & Company, P.C.*  
Bridgers & Company, P.C.  
Certified Public Accountants  
Vicksburg, Mississippi

December 15, 2010

SUNFLOWER COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2009

Schedule 1

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

SUNFLOWER COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2009

Schedule 2

Our test results did not identify any emergency purchases.

SUNFLOWER COUNTY  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2009

Schedule 3

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

SUNFLOWER COUNTY

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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, 2009, 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 December 15, 2010, on the financial statements of Sunflower County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the 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 areas of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are discussed below:

Sheriff's Office

1. Finding

As reported in the prior year audit report, Bank accounts for the Sheriff's office and the Jail Inmate Commissary are not being properly reconciled in a timely manner.

Recommendation

Upon receipt of each monthly bank statement, statements should be reconciled correctly to promote proper accounting policy and procedure.

Sheriff's Response

I will comply

2. Finding

An effective system of internal control should include an adequate separation of duties. Cash collection and disbursement functions are not adequately separated for effective internal control. One person is allowed to receipt funds, prepare all deposits, calculate monthly settlements, post all transactions to the cash journal, reconcile all bank statements and disburse all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Sheriff should implement a system for review of the accounting records by another person.

Sheriff's Response

I will comply.

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 & Company, P.C.*

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Certified Public Accountants  
Vicksburg, Mississippi

December 15, 2010

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS & RESPONSES

SUNFLOWER COUNTY

Schedule of Findings & Responses  
For the Year Ended September 30, 2009

Section 1: Summary of Auditor's Results

***Financial Statements:***

1	Type of auditor's report issued on the financial statements:	Unqualified
2.	Internal control over financial reporting:	
	a. Material weakness identified?	No
	b. Significant deficiency identified that is not considered to be a material weakness?	None Reported
3.	Noncompliance material to the financial statements?	No

Section 2: Financial Statement Findings

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