



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

SUNFLOWER COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020



**SUNFLOWER COUNTY
TABLE OF CONTENTS**

FINANCIAL SECTION	1
INDEPENDENT AUDITOR’S REPORT	2
FINANCIAL STATEMENTS	5
Statement of Net Position	6
Statement of Activities	7
Balance Sheet – Governmental Funds.....	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Statement of Fiduciary Assets and Liabilities	12
Notes to Financial Statements.....	13
REQUIRED SUPPLEMENTARY INFORMATION	35
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)	
General Fund	36
Countywide Road Maintenance Fund.....	37
Bridge & Culvert Fund	38
Schedule of the County’s and Component Units’ Proportionate Share of Net Pension Liability.....	39
Schedule of County and Component Unit Contributions	41
Notes to Required Supplementary Information.....	43
OTHER INFORMATION	46
Schedule of Surety Bonds for County Officials	47
SPECIAL REPORTS.....	48
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49
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)).....	51
Limited Internal Control and Compliance Review Management Report	56
SCHEDULE OF FINDINGS AND RESPONSES	60

SUNFLOWER COUNTY

FINANCIAL SECTION



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

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, 2020, 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, 2020, 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 and Component Units' Proportionate Share of the Net Pension Liability, and the Schedule of the County's and Component Units' Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2021, 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 solely 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 effectiveness of Sunflower County, Mississippi's 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, Baird & Clarke, PLLC

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

October 4, 2021

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary	Component Units			
	Government	North	South	Sunflower	Total
	Governmental	Sunflower	Sunflower	County	Component
	Activities	Medical Center	County Hospital	Library	Units
ASSETS					
Cash	\$ 9,583,531	22,029,312	20,371,348	691,359	43,092,019
Investments		298,490	10,612,089		10,910,579
Property tax receivable	7,826,562				
Accounts receivable, net	19,646	14,321,356	5,041,584	48,370	19,411,310
Fines receivable, net	115,546				
Loans Receivable, net	-				
Notes receivable			656,190		656,190
Intergovernmental receivables	291,867				
Other receivables	4,798	670,427	722,266	2,000	1,394,693
Inventories		1,966,537	480,621		2,447,158
Prepaid expenses		253,057	152,200		405,257
Capital assets:					
Land and construction in progress	7,337,422	345,410	155,336		500,746
Other capital assets, net	37,421,528	10,524,699	10,536,744	152,991	21,214,434
Total Assets	62,600,900	50,409,288	48,728,378	894,720	100,032,386
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	2,385,589	6,292,449	2,300,614	106,729	8,699,792
Deferred outflows related to OPEB				19,299	19,299
Deferred outflows hospice		100,000			100,000
Deferred outflows drug center		1,492,000			1,492,000
Deferred outflows recruitment incentives		263,164			263,164
Total Deferred Outflows of Resources	2,385,589	8,147,613	2,300,614	126,028	10,574,255
LIABILITIES					
Claims payable	650,870	2,983,795	1,147,487	6,122	4,137,404
Intergovernmental payables	338,388				
Internal balance	11,362				
Accrued interest payable	3,471				
Accrued expenses		5,380,830	2,326,038		7,706,868
Other payables	8,804		2,414,114		2,414,114
Deferred/unearned revenue		5,562,244	15,019,662		20,581,906
Amounts held in custody for others	20,726				
Long-term liabilities					
Net OPEB liability				84,675	84,675
Net pension liability	15,487,067	66,382,615	24,761,889	847,878	91,992,382
Due within one year:					
Capital debt	1,258,359	2,605,378	85,898		2,691,276
Non-capital debt	650,749				
Due in more than one year:					
Capital debt	1,110,000	6,620,366	199,794		6,820,160
Non-capital debt	87,869			9,517	9,517
Total Liabilities	19,627,665	89,535,228	45,954,882	948,192	136,438,302
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	41,563	5,604,187		64,999	5,669,186
Deferred inflows related to OPEB				27,264	27,264
Deferred revenues- property tax	7,826,562				
Total Deferred Inflows of Resources	7,868,125	5,604,187	-	92,263	5,696,450
NET POSITION					
Net investment in capital assets	42,390,591	5,944,365	10,406,388	152,991	16,503,744
Restricted:					
General government	12,563				
Public safety	529,247				
Public works	2,450,870				
Health and welfare	61,371		3,207,759		3,207,759
Culture and recreation	168,796				
Economic development	340,597				
Debt service	421,502				
Unemployment compensation	14,953				
Unrestricted	(8,899,791)	(42,526,879)	(8,540,037)	(172,698)	(51,239,614)
Total Net Position	\$ 37,490,699	(36,582,514)	5,074,110	(19,707)	(31,528,111)

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

SUNFLOWER COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units			
					Governmental Activities	North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	Total Component Units
Primary government:									
Governmental activities:									
General government	\$ 4,038,800	573,355	191,498		(3,273,947)				
Public safety	3,407,406	242,045	99,854		(3,065,507)				
Public works	4,630,457	231,615	1,106,555	3,021,423	(270,864)				
Health and welfare	417,531		34		(417,497)				
Culture and recreation	401,000				(401,000)				
Conservation of natural resources	87,487				(87,487)				
Economic development and assistance	230,766		20		(230,746)				
Interest expense	72,311				(72,311)				
Pension expense	2,022,155				(2,022,155)				
Total Primary Government	\$ 15,307,913	1,047,015	1,397,961	3,021,423	(9,841,514)				
Component Units:									
North Sunflower Medical Center	\$ 69,262,330	63,196,172	107,697			(5,958,461)			(5,958,461)
South Sunflower County Hospital	27,577,370	26,602,900	200,000				(774,470)		(774,470)
Sunflower County Library	679,390	7,221	158,367					(513,802)	(513,802)
Total Component Units	\$ 97,519,090	89,806,293	466,064	-					(7,246,733)
General revenues:									
Property taxes				\$ 11,000,228				366,000	366,000
Road & bridge privilege taxes				253,207					
Grants and contributions not restricted to specific programs				486,629					
Unrestricted interest/investment income				144,186		194,459	525,266	1,809	721,534
Gain (Loss) on sale of assets				-		7,489	(53,400)		(45,911)
Miscellaneous				536,675		1,401,027	496,121	189,170	2,086,318
Total General Revenues				12,420,925		1,602,975	967,987	556,979	3,127,941
Changes in Net Position					2,579,411	(4,355,486)	193,517	43,177	(4,118,792)
Net Position - Beginning					34,911,288	(32,235,652)	4,880,593	(62,884)	(27,417,943)
Contributed capital						8,624			8,624
Net Position - Ending					\$ 37,490,699	(36,582,514)	5,074,110	(19,707)	(31,528,111)

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

SUNFLOWER COUNTY
Balance Sheet – Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds				
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 5,675,338	15,870	565,630	3,326,693	9,583,531
Property tax receivable	5,152,197	947,108	657,253	1,070,004	7,826,562
Fines receivable (net of allowance for uncollectibles of \$11,778,038)	115,546				115,546
Accounts receivable (net of allowance for uncollectibles of \$1,023,954)				19,646	19,646
Loans receivable, net				-	-
Intergovernmental receivables	291,867				291,867
Other receivables	4,798				4,798
Due from other funds		29,044	162,820	16,814	208,678
Total Assets	<u>11,239,746</u>	<u>992,022</u>	<u>1,385,703</u>	<u>4,433,157</u>	<u>18,050,628</u>
LIABILITIES					
Claims payable	261,174	301,463	34,887	53,346	650,870
Intergovernmental payables	338,388				338,388
Due to other funds	70,040	150,000			220,040
Amounts held in custody for others	20,726				20,726
Other payables	8,804				8,804
Total Liabilities	<u>699,132</u>	<u>451,463</u>	<u>34,887</u>	<u>53,346</u>	<u>1,238,828</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	5,152,197	947,108	657,253	1,070,004	7,826,562
Unavailable revenue-fines	115,546				115,546
Unavailable revenue-sanitation fees				19,646	19,646
Total Deferred Inflows of Resources	<u>5,267,743</u>	<u>947,108</u>	<u>657,253</u>	<u>1,089,650</u>	<u>7,961,754</u>
FUND BALANCE					
Restricted for:					
General government				12,563	12,563
Public safety				529,247	529,247
Public works			693,563	1,737,661	2,431,224
Health and welfare				61,371	61,371
Culture and recreation				168,796	168,796
Economic development				340,597	340,597
Debt service				424,973	424,973
Unemployment compensation				14,953	14,953
Unassigned	5,272,871	(406,549)			4,866,322
Total Fund Balances	<u>5,272,871</u>	<u>(406,549)</u>	<u>693,563</u>	<u>3,290,161</u>	<u>8,850,046</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>11,239,746</u>	<u>992,022</u>	<u>1,385,703</u>	<u>4,433,157</u>	<u>18,050,628</u>

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

SUNFLOWER COUNTY**Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2020**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 8,850,046
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 \$49,418,781.	44,758,950
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	135,192
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,106,977)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(3,471)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(15,487,067)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	2,385,589
Deferred inflows of resources related to pensions	(41,563)
Total Net Position - Governmental Activities	\$ <u><u>37,490,699</u></u>

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

SUNFLOWER COUNTY
Exhibit 4
Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2020

	Major Funds				
	Countywide			Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund	Bridge & Culvert Fund		
REVENUES					
Property taxes	\$ 7,362,182	1,054,257	1,114,810	1,468,979	11,000,228
Road and bridge privilege taxes		253,207			253,207
Licenses, commissions and other revenue	286,022			14,896	300,918
Fines and forfeitures	353,720				353,720
Intergovernmental revenues	717,809	601,470	223	3,586,511	4,906,013
Charges for services	22,380			437,283	459,663
Interest income	132,464			11,722	144,186
Rental income	64,870			7,200	72,070
Miscellaneous revenues	244,345	6,192		214,068	464,605
Total Revenues	9,183,792	1,915,126	1,115,033	5,740,659	17,954,610
EXPENDITURES					
Current:					
General government	4,168,977			2,935	4,171,912
Public safety	3,137,620			485,664	3,623,284
Public works	43,253	2,099,664	1,011,000	4,346,427	7,500,344
Health and welfare	342,613			75,383	417,996
Culture and recreation	35,000			366,000	401,000
Conservation of natural resources	87,195				87,195
Economic development and assistance	212,170			36,131	248,301
Debt service:					
Principal		153,246		406,067	559,313
Interest		19,871		53,231	73,102
Total Expenditures	8,026,828	2,272,781	1,011,000	5,771,838	17,082,447
Excess of Revenues over (under) Expenditures	1,156,964	(357,655)	104,033	(31,179)	872,163
Net Changes in Fund Balances	1,156,964	(357,655)	104,033	(31,179)	872,163
Fund Balances - Beginning	4,115,907	(48,894)	589,530	3,321,340	7,977,883
Fund Balances - Ending	\$ 5,272,871	(406,549)	693,563	3,290,161	8,850,046

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, 2020**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 872,163
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 \$3,886,610 exceeded depreciation of \$1,509,710 in the current period.	2,376,900
Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(72,420)
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.	5,132
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayment of \$559,313.	559,313
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	(12,262)
Change in accrued interest payable	791
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(2,022,155)
Recognition of contributions made for the current year	871,949
Change in Net Position of Governmental Activities	\$ <u>2,579,411</u>

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

SUNFLOWER COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 5

		<u>Agency Funds</u>
ASSETS		
Cash	\$	90,811
Due from other funds		<u>11,362</u>
Total Assets		<u><u>102,173</u></u>
LIABILITIES		
Intergovernmental payables		62,486
Amounts held in custody for others		<u>39,687</u>
Total Liabilities	\$	<u><u>102,173</u></u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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.

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
For the Year Ended September 30, 2020

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 balances, 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 fund 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.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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, 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. It is the practice of the County that no depreciation is taken on purchases of capital assets during the acquisition year. A full year's depreciation is taken for all sales or other dispositions of capital assets during the year. The following schedule details those thresholds and estimated useful lives.

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Infrastructure	0	20 to 50 years
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
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 7 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.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 7 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 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 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."

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

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

Q. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, Leases, and Implementation Guide No. 2019-3, Leases, were postponed eighteen months.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard have been incorporated into the financial statements and notes.

NOTE 2 - DEPOSITS.

Deposits - The carrying amount of the County's total deposits with financial institutions as of September 30, 2020, was \$9,674,342 and the bank balance was \$10,254,022. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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 3- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances as of September 30, 2020:

Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance Fund	General Fund	\$ 29,044
Bridge and Culvert Fund	General Fund	12,820
Bridge and Culvert Fund	Countywide Road Maintenance Fund	150,000
Other Governmental Funds	General Fund	16,814
Agency Funds	General Fund	11,362
Total		<u>\$ 220,040</u>

The receivables represent tax revenue collected in September, 2020, but not settled until October, 2020 (69,544), amounts due from the Countywide Road Maintenance Fund to the Bridge & Culvert Fund (150,000), and amounts due the Law Library Fund (496). All interfund balances are expected to be repaid within one year from the date of the financial statements.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables on September 30, 2020, consisted of the following:

Governmental Activities:

Description	Amount
US Treasury CARES Act	\$ 191,498
State Legislative Tax Credit	100,369
Total	<u>\$ 291,867</u>

NOTE 5 - LOANS RECEIVABLE.

The loan receivable on September 30, 2020, 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>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 6 - CAPITAL ASSETS.

The following is a summary of capital assets activity for the year ended September 30, 2020:

Sunflower County

Governmental Activities:	Balance Oct. 1, 2019	Additions	Deletions	Adjustments *	Balance Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 1,213,181				1,213,181
Construction in progress	4,270,794	3,309,716		(1,456,269)	6,124,241
Total non-depreciable capital assets	5,483,975	3,309,716	-	(1,456,269)	7,337,422
Depreciable capital assets:					
Infrastructure	63,510,433			1,456,269	64,966,702
Buildings	10,035,926	10,179			10,046,105
Improvements other than buildings	969,238				969,238
Mobile equipment	7,143,086	537,008			7,680,094
Furniture and equipment	1,879,463	29,707			1,909,170
Leased Property	1,269,000				1,269,000
Total depreciable capital assets	84,807,146	576,894	-	1,456,269	86,840,309
Less accumulated depreciation for:					
Infrastructure	38,295,924	520,347			38,816,271
Buildings	3,006,671	200,335		(1)	3,207,005
Improvements other than buildings	381,211	33,968		1	415,180
Mobile equipment	4,454,784	596,722		1	5,051,507
Furniture and equipment	1,656,271	44,128		(1)	1,700,398
Leased Property	114,210	114,210			228,420
Total accumulated depreciation	47,909,071	1,509,710	-	-	49,418,781
Total depreciable capital assets, net	36,898,075	(932,816)	-	1,456,269	37,421,528
Total capital assets, net	\$ 42,382,050	2,376,900	-	-	44,758,950

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

Capital Assets - Component Units

North Sunflower Medical Center	Balance Oct. 1, 2019	Additions	Deletions	Adjustments	Balance Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 43,355				43,355
Construction in progress	500,633	211,609		(410,187)	302,055
Total non-depreciable capital assets	543,988	211,609	-	(410,187)	345,410
Depreciable capital assets:					
Land improvements	801,537	12,000			813,537
Buildings & Improvements	15,142,417			31,437	15,173,854
Major movable equipment	15,369,093	400,203		378,750	16,148,046
Fixed Equipment	2,141,231				2,141,231
Automobiles	672,219		41,411		630,808
Total depreciable capital assets	34,126,497	412,203	41,411	410,187	34,907,476
Less accumulated depreciation for:					
Land improvements	507,521	44,166			551,687
Buildings & Improvements	5,591,103	624,960			6,216,063
Major movable equipment	14,341,186	783,590			15,124,776
Fixed equipment	1,877,655	35,483			1,913,138
Automobiles	574,773	43,751	41,411		577,113
Total accumulated depreciation	22,892,238	1,531,950	41,411	-	24,382,777
Total depreciable capital assets, net	11,234,259	(1,119,747)	-	410,187	10,524,699
Total capital assets, net	\$ 11,778,247	(908,138)	-	-	10,870,109

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

South Sunflower County Hospital	Balance Oct. 1, 2019	Additions	Deletions	Adjustments	Balance Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 208,736		53,400		155,336
Total non-depreciable capital assets	208,736	-	53,400	-	155,336
Depreciable capital assets:					
Land improvements	575,477				575,477
Buildings and improvements	16,652,920				16,652,920
Major moveable equipment	15,354,801	499,971			15,854,772
Vehicles	33,611				33,611
Fixed equipment	280,384				280,384
Total depreciable capital assets	32,897,193	499,971	-	-	33,397,164
Less accumulated depreciation for:					
Land improvements	268,986	29,100			298,086
Buildings and improvements	8,420,892	345,104			8,765,996
Major moveable equipment	13,120,292	445,575			13,565,867
Vehicles	33,611				33,611
Fixed Equipment	196,680	180			196,860
Total accumulated depreciation	22,040,461	819,959	-	-	22,860,420
Total depreciable capital assets, net	10,856,732	(319,988)	-	-	10,536,744
Total capital assets, net	\$ 11,065,468	(319,988)	53,400	-	10,692,080
Sunflower County Library	Balance Oct. 1, 2019	Additions	Deletions	Adjustments	Balance Sept. 30, 2020
Depreciable Capital Assets:					
Building improvements	\$ 152,471	11,935			164,406
Library collections	1,425,007	19,587			1,444,594
Furniture and equipment	61,955				61,955
Total depreciable capital assets	1,639,433	31,522	-	-	1,670,955
Less accumulated depreciation for:					
Building improvements	48,647	7,004			55,651
Library collections	1,374,756	25,602			1,400,358
Furniture and equipment	57,630	4,325			61,955
Total accumulated depreciation	1,481,033	36,931	-	-	1,517,964
Total capital assets, net	\$ 158,400	(5,409)	-	-	152,991

Sunflower County depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 292,336
Public safety	204,317
Public works	1,012,228
Health & welfare	204
Conservation	292
Economic development	333
Total	\$ 1,509,710

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Various State Aid projects	Unknown	Unknown

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 7 - 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.

Contributions. As of September 30, 2020, 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 on September 30, 2020, was 17.40% 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, 2020, 2019 and 2018 were \$871,949, \$809,495, and \$730,657, respectively, equal to the required contributions for each year.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

On September 30, 2020, the County reported a liability of \$15,487,067 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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. The County's proportionate share used to calculate the September 30, 2020, net pension liability was 0.080 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.010 percent from its proportionate share used to calculate the September 30, 2019, net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$2,022,155. On September 30, 2020, 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	\$ 133,936	
Net difference between projected and actual earnings on pension plan investments	659,126	
Changes of assumptions	75,806	
Changes in the proportion and differences between contributions and proportionate share of contributions	1,301,652	41,563
Contributions subsequent to the measurement date	215,069	
Total	\$ 2,385,589	41,563

The \$215,069 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, 2021. 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
2021	\$ 559,396
2022	764,064
2023	600,507
2024	204,990
Total	\$ 2,128,957

Actuarial Assumptions. The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
	<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 (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's Proportionate share of the net pension liability	\$ 20,046,110	15,487,067	11,724,031

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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, 2020, 2019 and 2018 were \$4,034,159, \$3,680,543, and \$3,733,087, 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

On September 30, 2020, the Medical Center reported a liability of \$66,382,615 for its proportionate share of the net pension liability. On June 30, 2020, the Medical Center's proportion was 0.342906 percent, which was a decrease of 0.010681 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Medical Center recognized pension expense of \$5,016,344. On September 30, 2020, 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	\$ 577,860	
Net difference between projected and actual earnings on pension plan investments	4,366,541	1,821,042
Changes of assumptions	382,912	
Changes in the proportion and differences between contributions and proportionate share of contributions		3,783,145
Contributions subsequent to the measurement date	965,136	
Total	<u>\$ 6,292,449</u>	<u>5,604,187</u>

The \$965,136 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, 2021. 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
2021	\$ (2,066,974)
2022	(44,957)
2023	956,410
2024	878,646
Total	<u>\$ (276,875)</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Medical Center's Proportionate share of the net pension liability	\$ 85,924,141	66,382,615	50,253,008

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, 2020, 2019 and 2018 were \$1,496,507, \$1,359,407, and \$1,289,734, 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

On September 30, 2020, the Hospital reported a liability of \$24,761,889 for its proportionate share of the net pension liability. On June 30, 2020, the Hospital's proportion was 0.1279 percent, which was an increase of 0.0012 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Hospital recognized pension expense of \$2,683,868. On September 30, 2020, 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	\$ 214,936	
Net difference between projected and actual earnings on pension plan investments	1,017,124	
Changes of assumptions	138,519	
Changes in the proportion and differences between contributions and proportionate share of contributions	518,078	
Contributions subsequent to the measurement date	411,957	
Total	\$ 2,300,614	-

The \$411,957 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Year ending September 30:	Amount
2021	\$ 460,627
2022	580,600
2023	519,680
2024	327,750
Total	\$ 1,888,657

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Hospital's Proportionate share of the net pension liability	\$ 32,051,223	24,761,889	18,745,260

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, 2020, 2019 and 2018 were \$48,268, \$44,780, and \$45,418, 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

On September 30, 2020, the Library reported a liability of \$847,878 for its proportionate share of the net pension liability. On June 30, 2020, the Library's proportion was 0.004339 percent, which was an increase of 0.000187 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Library recognized pension expense of \$60,792. On September 30, 2020, 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	\$ 7,373	
Net difference between projected and actual earnings on pension plan investments	54,893	22,171
Changes of assumptions	4,496	
Changes in the proportion and differences between contributions and proportionate share of contributions	29,126	42,828
Contributions subsequent to the measurement date	10,841	
Total	\$ 106,729	64,999

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

The \$10,841 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2021	\$ (13,463)
2022	9,764
2023	23,368
2024	11,220
Total	<u>\$ 30,889</u>

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

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Library's Proportionate share of the net pension liability	\$ 1,097,474	847,878	641,861

NOTE 8 – CAPITAL LEASES.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,269,000
Total	1,269,000
Less: Accumulated depreciation	228,420
Leased Property Under Capital Leases	<u>\$ 1,040,580</u>

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 840,942	\$ 4,451
Total	<u>\$ 840,942</u>	<u>\$ 4,451</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 9 - LONG TERM DEBT.

Debt outstanding as of September 30, 2020, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
GO Public Improvement Bonds Series 2018	\$ 1,245,000	2.10/3.40	09/28
Total General Obligation Bonds	<u>\$ 1,245,000</u>		
B. Other Loans:			
MDA - Delta Pride Catfish, Inc.	\$ 650,749	6.50	05/19
Negotiable Note Series 2016-B	282,417	2.30	09/21
Total Other Loans	<u>\$ 933,166</u>		
C. Capital Lease Obligations			
(6) 2017 John Deere 670G Motor Graders	\$ 840,942	2.15	12/20
Total Capital Lease Obligations	<u>\$ 840,942</u>		

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

Year Ending	General Obligation Bonds		Other Loans		Capital Lease Obligations	
September 30:	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 135,000	37,395	933,166	242,011	840,942	4,451
2022	141,000	34,155				
2023	146,000	30,489				
2024	152,000	26,401				
2025	158,000	21,841				
2026 - 2028	513,000	34,690				
Total	<u>\$ 1,245,000</u>	<u>184,971</u>	<u>933,166</u>	<u>242,011</u>	<u>840,942</u>	<u>4,451</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 0.72% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Compensated absences	\$ 75,607	12,262		87,869	
General obligation bonds	1,375,000		130,000	1,245,000	135,000
Other loans	1,209,233		276,067	933,166	933,166
Capital lease obligations	994,188		153,246	840,942	840,942
Total	<u>\$ 3,654,028</u>	<u>12,262</u>	<u>559,313</u>	<u>3,106,977</u>	<u>1,909,108</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are 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, 2020, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Notes Payable			
USDA Rural Development Loan	\$ 2,377,550	4.197	01/40
Small Business Administration (PPP)	4,300,000	1.000	06/22
Total Notes Payable	<u>\$ 6,677,550</u>		
B. Bonds Payable			
Series 2009 Revenue Bond	\$ 1,715,000	varying	08/29
Total Bonds Payable	<u>\$ 1,715,000</u>		
C. Capital Lease Obligations	\$ 833,194	0.000 to 21.711	01/24
Total Capital Lease Obligations	<u>\$ 833,194</u>		

Annual debt service requirements to maturity are as follows:

Year Ending	Bond Payable		Notes Payable		Capital Lease Obligations	
September 30:	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 155,000	76,369	2,216,975	140,954	233,403	106,981
2022	160,000	69,975	2,259,635	99,145	266,672	73,711
2023	170,000	63,175	93,738	86,322	286,920	33,104
2024	180,000	55,950	97,325	82,735	46,199	2,081
2025	190,000	48,075	101,522	78,538		
Thereafter	860,000	101,500	1,908,355	578,897		
Total	<u>\$ 1,715,000</u>	<u>415,044</u>	<u>6,677,550</u>	<u>1,066,591</u>	<u>833,194</u>	<u>215,877</u>

The following is the summary of changes in long-term liabilities for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Bonds payable	\$ 1,860,000		145,000	1,715,000	155,000
Notes payable	2,460,444	4,300,000	82,894	6,677,550	2,216,975
Capital lease obligations	1,039,426		206,232	833,194	233,403
Total	<u>\$ 5,359,870</u>	<u>4,300,000</u>	<u>434,126</u>	<u>9,225,744</u>	<u>2,605,378</u>

South Sunflower County Hospital

Debt outstanding as of September 30, 2020, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Capital Lease Obligations			
Equipment Financing Leases	\$ 285,692	2.99-3.85	04/25
Total Capital Lease Obligations	<u>\$ 285,692</u>		

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Annual debt service requirements to maturity are as follows:

Year Ending September 30:	Capital Lease Obligations	
	Principal	Interest
2021	\$ 85,898	9,144
2022	56,790	6,556
2023	56,899	4,473
2024	56,913	2,324
2025	29,192	330
Total	<u>\$ 285,692</u>	<u>22,827</u>

The following is the summary of changes in long-term liabilities for the year ended September 30, 2020:

	Balance			Balance	Amount due
	Oct. 1, 2019	Additions	Reductions	Sept. 30, 2020	within one year
Capital lease obligations	\$ 127,250	269,000	110,558	285,692	85,898
Total	<u>\$ 127,250</u>	<u>269,000</u>	<u>110,558</u>	<u>285,692</u>	<u>85,898</u>

Sunflower County Library

The following is the summary of changes in long-term liabilities for the year ended September 30, 2020:

	Balance			Balance	Amount due
	Oct. 1, 2019	Additions	Reductions	Sept. 30, 2020	within one year
Compensated absences	\$ 9,567		50	9,517	
Total	<u>\$ 9,567</u>	<u>-</u>	<u>50</u>	<u>9,517</u>	<u>-</u>

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 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:

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Description	Balance at Sept. 30, 2020
General obligation hospital bonds, series 2009	\$ <u>1,715,000</u>

NOTE 11 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted deficit net position amount of (\$8,899,791) 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 \$215,069 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, 2021. The \$2,170,520 balance of the deferred outflow of resources related to pensions on September 30, 2020, will be recognized in pension expense over the next four years. The \$41,563 balance of the deferred inflow of resources related to pension on September 30, 2020, will be recognized in pension expense over the next four years.

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 County Board of Supervisors appoints six of the 20 members of the College Board of Trustees. The County appropriated \$865,392 in taxes for maintenance and support of the College in fiscal year 2020.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Sunflower County Board of Supervisors appoints one of the 21 members of the Board of Commissioners. The County levied a .75 mill tax, which raised \$145,968 for the maintenance and support of the district in the fiscal year 2020.

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 2020.

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 2020.

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.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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, 2020.

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:

Category	Fiscal Year 2020	
	% of Taxes Abated	Amount of Taxes Abated
Additions, expansions or equipment replacment	100.00%	\$ 327,894

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 October 4, 2021 (the date the financial statements were available to be issued) and determined that the following subsequent events occurred that require disclosure in the notes to the financial statements.

Subsequent to September 30, 2020, the county issued the following debt obligations:

Issue Date	Interest rate	Issue Amount	Type of Financing	Source of Financing
11/10/2020	2.39%	816,540	Lease purchase	Ad valorem taxes
3/1/2021	1.85%	1,110,000	Negotiable Note	Ad valorem taxes

SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,476,413	7,350,424	7,350,424	-
Licenses, commissions and other revenue	166,650	286,348	286,348	-
Fines and forfeitures	419,005	346,423	346,423	-
Intergovernmental revenues	416,460	526,311	526,311	-
Charges for services	43,000	22,380	22,380	-
Interest income	40,100	129,195	129,195	-
Miscellaneous revenues	60,815	309,216	309,216	-
Total Revenues	7,622,443	8,970,297	8,970,297	-
EXPENDITURES				
General government	4,606,148	4,114,592	4,114,592	-
Public safety	3,181,165	3,129,816	3,129,816	-
Public works	66,416	43,162	43,162	-
Health and welfare	373,362	346,089	346,089	-
Culture and recreation	36,000	35,000	35,000	-
Conservation of natural resources	100,841	87,241	87,241	-
Economic development and assistance	218,360	213,328	213,328	-
Total Expenditures	8,582,292	7,969,228	7,969,228	-
Excess of Revenues over (under) Expenditures	(959,849)	1,001,069	1,001,069	-
OTHER FINANCING SOURCES (USES)				
Transfer-in		150,774	150,774	-
Transfer-out	(303,016)	(152,725)	(152,725)	-
Total Other Financing Sources and Uses	(303,016)	(1,951)	(1,951)	-
Net Change in Fund Balance	(1,262,865)	999,118	999,118	-
Fund Balance - Beginning	(2,408,751)	4,575,571	4,575,571	-
Fund Balance - Ending	\$ (3,671,616)	5,574,689	5,574,689	-

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, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 970,170	1,052,840	1,052,840	-
Road and bridge privilege taxes	240,000	252,163	252,163	-
Intergovernmental revenues	630,150	601,470	601,470	-
Charges for services	-	-	-	-
Miscellaneous revenues	4,000	6,191	6,191	-
Total Revenues	1,844,320	1,912,664	1,912,664	-
EXPENDITURES				
Public works	2,403,998	1,880,122	1,880,122	-
Debt service:				
Principal	149,990	149,990	149,990	-
Interest	23,127	23,127	23,127	-
Total Expenditures	2,577,115	2,053,239	2,053,239	-
Excess of Revenues over (under) Expenditures	(732,795)	(140,575)	(140,575)	-
Net Change in Fund Balance	(732,795)	(140,575)	(140,575)	-
Fund Balance - Beginning	(1,042,263)	6,443	6,443	-
Fund Balance - Ending	\$ (1,775,058)	(134,132)	(134,132)	-

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, 2020
UNAUDITED

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 1,023,800	1,113,036	1,113,036	-
Intergovernmental revenues	150	223	223	-
Total Revenues	<u>1,023,950</u>	<u>1,113,259</u>	<u>1,113,259</u>	<u>-</u>
EXPENDITURES				
Public works	<u>1,319,329</u>	<u>1,020,544</u>	<u>1,020,544</u>	<u>-</u>
Total Expenditures	<u>1,319,329</u>	<u>1,020,544</u>	<u>1,020,544</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(295,379)</u>	<u>92,715</u>	<u>92,715</u>	<u>-</u>
Net Change in Fund Balance	<u>(295,379)</u>	<u>92,715</u>	<u>92,715</u>	<u>-</u>
Fund Balance - Beginning	<u>(1,350,069)</u>	<u>622,919</u>	<u>622,919</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (1,645,448)</u>	<u>715,634</u>	<u>715,634</u>	<u>-</u>

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

SUNFLOWER COUNTY
Schedule of the County's and Component Units' Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sunflower County							
Proportion of the net pension liability (asset)	0.080%	0.070%	0.070%	0.070%	0.065%	0.064%	0.063%
Proportionate share of the net pension liability (asset)	\$ 15,487,067	12,314,378	11,643,080	11,636,377	11,610,622	9,893,137	7,647,046
Covered payroll	\$ 5,058,945	4,877,525	4,626,051	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 payroll	306.13%	252.47%	251.69%	258.63%	274.63%	244.51%	199.17%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
COMPONENT UNITS							
North Sunflower Medical Center							
Proportion of the net pension liability (asset)	0.342906%	0.353587%	0.376557%	0.391683%	0.334053%	0.309932%	0.290751%
Proportionate share of the net pension liability (asset)	\$ 66,382,615	62,202,930	62,632,617	65,111,008	59,670,207	47,909,375	35,291,848
Covered payroll	\$ 23,184,822	23,368,527	23,702,108	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 payroll	286.32%	266.18%	264.25%	263.30%	270.05%	243.01%	193.49%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

SUNFLOWER COUNTY
Schedule of the County's and Component Units' Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014
South Sunflower County Hospital							
Proportion of the net pension liability (asset)	0.1279%	0.1267%	0.1252%	0.1187%	0.1184%	0.1254%	0.1298%
Proportionate share of the net pension liability (asset)	\$ 24,761,889	22,294,659	20,827,806	19,734,628	21,146,696	18,932,870	15,694,809
Covered payroll	\$ 8,537,225	7,812,684	8,188,787	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 payroll	290.05%	285.36%	254.35%	255.35%	273.49%	244.54%	187.80%
Plan fiduciary net position as a percentage of the total pension liability	59.00%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
Sunflower County Library							
Proportion of the net pension liability (asset)	0.004339%	0.004152%	0.004646%	0.00474%	0.00500%	0.00500%	
Proportionate share of the net pension liability (asset)	\$ 847,878	730,419	772,768	787,949	893,125	772,901	
Covered payroll	\$ 276,571	288,368	296,715	297,422	292,793	281,162	
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	306.57%	253.29%	260.44%	264.93%	305.04%	274.90%	
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	

* The amounts presented for each fiscal year were determined as of the twelve months ended at 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 Component Units 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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sunflower County							
Contractually required contribution	\$ 871,949	809,495	730,657	721,683	665,876	637,253	594,776
Contributions in relation to the contractually required contribution	<u>871,949</u>	<u>809,495</u>	<u>730,657</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 5,011,200	5,005,157	4,639,090	4,582,112	4,227,780	4,046,057	3,776,347
Contributions as a percentage of covered payroll	17.40%	16.17% *	15.75%	15.75%	15.75%	15.75%	15.75%
COMPONENT UNITS							
North Sunflower Medical Center							
Contractually required contribution	\$ 4,034,159	3,680,543	3,733,087	3,894,813	3,480,120	3,105,125	2,872,807
Contributions in relation to the contractually required contribution	<u>4,034,159</u>	<u>3,680,543</u>	<u>3,733,087</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 23,184,822	23,368,527	23,702,108	24,728,971	22,096,000	19,715,079	18,240,044
Contributions as a percentage of covered payroll	17.40%	17.40% **	15.75%	15.75%	15.75%	15.75%	15.75%

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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
South Sunflower County Hospital							
Contractually required contribution	\$ 1,496,507	1,359,407	1,289,734	1,217,251	1,217,827	1,219,397	1,316,252
Contributions in relation to the contractually required contribution	<u>1,496,507</u>	<u>1,359,407</u>	<u>1,289,734</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 8,600,613	7,812,684	8,188,787	7,728,578	7,732,235	7,742,204	8,357,158
Contributions as a percentage of covered payroll	17.40%	17.40% *	15.75%	15.75%	15.75%	15.75%	15.75%
Sunflower County Library							
Contractually required contribution	\$ 48,268	44,780	45,418	48,118	46,844	44,283	
Contributions in relation to the contractually required contribution	<u>48,268</u>	<u>44,780</u>	<u>45,418</u>	<u>48,118</u>	<u>46,844</u>	<u>44,283</u>	
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Covered payroll	\$ 277,402	276,571	288,368	305,511	297,422	281,162	
Contributions as a percentage of covered payroll	17.40%	16.19% *	15.75%	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 Component Units have only presented information for the years in which information is available.

* Beginning July 1, 2019, the employer rate increased from 15.75% to 17.4%.

** Effective July 1, 2019, the employer contribution rate increased from 15.75% of covered payroll to 17.4%.
The facility, North Sunflower Medical Center, paid all required contributions at the legal rate.

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, 2020
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 supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Countywide Road Maintenance Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ 999,118	(140,575)	92,715
Increase (Decrease)			
Net adjustments for revenue accruals	62,723	2,460	1,774
Net adjustments for expenditure accruals	95,123	(219,540)	9,544
GAAP Basis	\$ 1,156,964	(357,655)	104,033

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
UNAUDITED

PENSION SCHEDULES

A. Changes of assumptions.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

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 were 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%.

2016

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

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
UNAUDITED

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.

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.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018, valuation for the June 30, 2020, fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increases	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUNFLOWER COUNTY

OTHER INFORMATION

SUNFLOWER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
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
James B. Gaston	Supervisor District 3	FCCI	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
Frederick L. Washington	County Administrator	Western Surety	100,000
Cynthia Chandler	Tax Collector/Assessor	Western Surety	100,000
Carolyn Hamilton	Circuit Court Clerk	Western Surety	100,000
James Haywood	Sheriff	Fidelity & Deposit Co.	100,000
Michelle Boyles	Purchasing Clerk	FCCI	75,000
Gloria McIntosh	Assistant Purchase Clerk	FCCI	50,000
Ashley Nelson	Receiving Clerk	FCCI	75,000
Latoya Butler	Receiving Clerk	Western Surety	75,000
Eddie Bounds	Assistant Receiving Clerk	Western Surety	50,000
Felecia Willis	Assistant Receiving Clerk	Western Surety	75,000
Franchette Greer	Assistant Receiving Clerk	Fidelity & Deposit Co.	50,000
Joann Echoles	Assistant Receiving Clerk	Western Surety	50,000
Augusta Forest Swan	Assistant Receiving Clerk	FCCI	50,000
Brandi Howard	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
Thomas Fairly	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
Lisa Bell	Justice Court Judge	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
Vicky Rogers	Deputy Justice Court Clerk	FCCI	50,000
Zenda Johnson	Deputy Justice Court Clerk	FCCI	50,000

SUNFLOWER COUNTY

SPECIAL REPORTS



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

**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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 4, 2021. Other auditors 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 October 4, 2021, 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, Baird & Clarke, PLLC

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

October 4, 2021

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

**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, 2020. 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, 2020.

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 and, in our opinion, is fairly presented in relation to that examination.

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

October 4, 2021

SUNFLOWER COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2020

Schedule 1

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

SUNFLOWER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

Our test did not identify any emergency purchases.

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2020**

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

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

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, 2020, 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 October 4, 2021, 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 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:

Board of Supervisors

Finding 1. All supervisors must inspect county roads. In addition, a four-year road plan must be adopted for construction and major maintenance of such roads and bridges.

Repeat Finding No

Criteria	§65-7-117, Mississippi Code Annotated (1972), states “Each member of the Board of Supervisors shall inspect every road and bridge in the county under the jurisdiction of the county... not less than once each fiscal year. Each member shall file with the clerk of the board a report, under oath, of the condition of the roads and bridges inspected by him or her with recommendations for a four-year plan for construction and major maintenance of such roads and bridges. Based upon such reports, the board of supervisors shall... on or before February 1 of each year thereafter, adopt and spread upon its minutes a four-year plan for the construction and maintenance of county roads and bridges. The plan may be amended at any time by a vote of the majority of the members of the board of supervisors.”
Condition	During the course of our testing we noted no report filed with the clerk of the board from supervisors indicating the condition of the roads and bridges inspected by him or her with recommendations for a four-year plan for construction and major maintenance of such roads and bridges. Further, a four-year plan for the construction and maintenance of county roads and bridges had not been put forth and adopted as required.
Cause	Annual inspections of the roads and bridges in the County have not been completed and attested to. Additionally, A four-year road plan has not been created or reports filed with the Clerk of the Board.
Effect	Failure to complete annual inspections of roads and bridges and to create a four-year road plan is not in compliance with state statute and can lead to failure to prioritize necessary construction and maintenance of county roads and bridges. Non-compliance may subject each supervisor to liability for neglect of duty.
Recommendation	The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges within their jurisdiction and further create and adopt a four-year road plan and file reports with the Clerk of the Board annually as required.
Response	The Sunflower County Board of Supervisors will comply with the recommendation.
<u>Finding 2.</u>	<u>Retirees were not paid in compliance with the Form 4Bs filed with the Mississippi Public Employees Retirement System (PERS) and part-time employees meeting full-time PERS status.</u>
Repeat Finding	No
Criteria	Section 25-11-127(4), Mississippi Code Annotated (1972) provides instruction to employees and employers regarding reemployment of a PERS retiree. In short, a PERS Form 4B “Certification/Acknowledgement of Reemployment of Retiree” must be filed within 5 days of employment and the date of termination of the employment. Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made. Notification must be repeated each new PERS fiscal year of post-retirement employment. Also, employees working sufficient hours to be considered as full-time under PERS parameters must participate in the PERS.

Condition	During fiscal year 2020, there were 2 instances noted of individuals who are classified as part-time who are working well over the full-time threshold. One individuals' compensation is not being subjected to PERS withholding and one is a PERS retiree being paid in excess of the allowed salary as reported on the filed Form 4B.
Cause	The County did not comply with Section 25-11-127, Mississippi Code Annotated (1972) and PERS participation rules.
Effect	The failure to comply with the reemployment conditions as reported on PERS Form 4B could jeopardize the provisions for reemployment and employment on a part-time basis.
Recommendation	The County should timely and accurately file PERS Form 4Bs for all re-hired retirees and ensure that the statutory conditions for reemployment are met. With regard to part-time employees, the County should monitor these individuals to ensure the status does not change requiring PERS participation.
Response	The Sunflower County Board of Supervisors will note the instances and comply with the recommendation.

Chancery Clerk

Finding 3: Public Officials Should Ensure Compliance with State Law over Surety Bonds.

Repeat Finding No

Criteria *Section 25-1-15, Mississippi Code Annotated (1972),* requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor for elected officials and annually or as required for employees. Surety bonds are purchased in case of negligent errors and omission in the course of County employees performing their duties. In order for these bonds to cover these errors and omissions, there must be a recertification of each personnel every four (4) years for elected officials and new bonds issued for employees upon the termination date the of the old bond.

Condition	As a result of the procedures performed, we noted that the following bonds were issued as "Indefinite" or "Continuation Certificates" on file: <ul style="list-style-type: none"> • Two (2) Indefinite bonds - one was corrected, bond for Administrator is indefinite • Twenty-three (23) Continuation Certificates - which cover the principal, but they are improperly covered. In some cases, one continuation certificate follows another instead of following an actual bond. • Two (2) instances in which incorrect position titles appeared on bonds in the Justice Court – (1) Deputy Clerk & (1) Assistant Justice Court Clerk.
Cause	The County did not comply with state statutes and the Office of the State Auditor's recommendations pertaining to public officials and employees.
Effect	A "Continuation Certificate" is a document that extends the life of the original surety bond. A "Continuation Certificate" only covers the current bonding period rather than both the current and previous periods. Failure to have a bond in place

for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms. An “Indefinite” bond does not specify the bond termination date and could result in conflicted coverage periods of bonds. Bonds without reference to exact position titles of the official or employee could result in denial or delay in coverage.

Recommendation: We recommend the County ensure that all public officials and employees are correctly bonded. Also, that all bonds secured list a term of office covered, and that new bonds are secured every four (4) years concurrent with the normal election cycle of the Governor and each annual renewal period of employee bonds. Also, exact position title should be referenced on each bond.

Response The Chancery Clerk will comply with the recommendations.

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, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 4, 2021

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

SUNFLOWER COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

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