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SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2020

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Sunflower County Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunflower County Consolidated School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Sunflower County Consolidated School District'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 our opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunflower County Consolidated School District, as of June 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 management's

discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 4-12 and 46-53 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 have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sunflower County Consolidated School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years 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 June 18, 2021, on our consideration of the Sunflower County Consolidated School District'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 the Sunflower County Consolidated School District'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 Consolidated School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
June 18, 2021

McKenzie CPA, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

The following discussion and analysis of Sunflower County Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2020 decreased \$837,206, including a prior period adjustment of (\$15,694) and a fund reclassification of \$5,802, which represents a 3.82% decrease from fiscal year 2019. Total net position for 2019 increased \$2,144, including a prior period adjustment of (\$500,097), which represents a .01% increase from fiscal year 2018.
- General revenues amounted to 29,530,857 and \$30,336,847, or 77% and 76% of all revenues for fiscal years 2020 and 2019, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,026,272, or 23% of total revenues for 2020, and \$9,546,388, or 24% of total revenues for 2019.
- The District had \$39,384,443 and \$39,380,994 in expenses for fiscal years 2020 and 2019; only \$9,026,272 for 2020 and \$9,546,388 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$29,530,857 for 2020 were not adequate to provide for these programs and \$30,336,847 for 2019 were adequate to provide for these programs.
- Among major funds, the General Fund had \$28,753,048 in revenues and \$27,821,057 in expenditures for 2020, and \$28,641,741 in revenues and \$27,075,822 in expenditures in 2019. The General Fund's fund balance increased by \$853,752 from 2019 to 2020, including a fund reclassification of \$5,802, and increased by \$1,105,729, from 2018 to 2019, including a prior period adjustment of (\$850).
- Capital assets, net of accumulated depreciation, decreased by \$263,878 for 2020 and increased by \$1,260,128 for 2019. The decrease for 2020 was due to the disposals of furniture and equipment and standard depreciation of assets.
- Long-term debt decreased by \$308,069 for 2020 and decreased by \$331,975 for 2019. The decrease for 2020 was due primarily to the payment of principal payments. The liability for compensated absences increased by \$26,705 for 2020 and increased by \$2,689 for 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense, and interest on long-term liabilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds – Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$22,729,859 as of June 30, 2020.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Table 1 presents a summary of the District's net position at June 30, 2020 and June 30, 2019.

Table 1			
Condensed Statement of Net Position			
	June 30, 2020	June 30, 2019	Percentage
Current assets	\$ 20,987,508	\$ 19,187,827	9.38 %
Restricted assets	94,130	93,916	0.23 %
Capital assets, net	16,325,017	16,588,895	(1.59) %
Total assets	37,406,655	35,870,638	4.28 %
 Deferred outflows of resources	 5,418,326	 5,054,966	 7.19 %
 Current liabilities	 1,726,342	 198,596	 769.27 %
Long-term debt outstanding	1,978,606	2,286,675	(13.47) %
Net OPEB liability	3,880,707	3,612,117	7.44 %
Net pension liability	54,620,261	54,379,835	0.44 %
Total liabilities	62,205,916	60,477,223	2.86 %
 Deferred inflows of resources	 3,348,924	 2,341,034	 43.05 %
 Net position:			
Net investment in capital assets	14,672,362	14,766,352	(0.64) %
Restricted	2,743,560	3,337,304	(17.79) %
Unrestricted	(40,145,781)	(39,996,309)	(0.37) %
Total net position	\$ (22,729,859)	\$ (21,892,653)	(3.82) %

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (40,145,781)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB liability	56,431,566
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 16,285,785</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- Decrease in net capital assets in the amount of \$263,878.
- The principal retirement of \$334,774 of long-term debt.
- Recognition of the net pension liability in the amount of \$54,620,261.
- Recognition of the net OPEB liability in the amount of \$3,880,707.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$38,557,129 and \$39,883,235, respectively. The total cost of all programs and services was \$39,384,443 for 2020 and \$39,380,994 for 2019.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	Table 2		
	Changes in Net Position		
	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 418,870	\$ 601,118	(30.32) %
Operating grants and contributions	8,607,402	8,945,270	(3.78) %
General revenues:			
Property taxes	10,315,407	9,821,936	5.02 %
Grants and contributions not restricted	17,203,270	18,306,918	(6.03) %
Investment earnings	236,546	202,099	17.04 %
Sixteenth section sources	814,560	790,175	3.09 %
Other	961,074	1,215,719	(20.95) %
Total revenues	38,557,129	39,883,235	(3.32) %
Expenses:			
Instruction	15,598,800	15,397,589	1.31 %
Support services	16,993,891	16,357,822	3.89 %
Non-instructional	1,807,254	2,519,400	(28.27) %
Sixteenth section	256	-	N/A %
Pension expense	4,708,808	4,852,744	(2.97) %
OPEB expense	196,606	169,322	16.11 %
Interest on long-term liabilities	78,828	84,117	(6.29) %
Total expenses	39,384,443	39,380,994	0.01 %
Increase (Decrease) in net position	(827,314)	502,241	(264.72) %
Net Position, July 1, as previously reported	(21,892,653)	(21,894,797)	0.01 %
Fund Reclassification	5,802	-	N/A %
Prior Period Adjustment	(15,694)	(500,097)	96.86 %
Net Position, July 1, as restated	(21,902,545)	(22,394,894)	2.20 %
Net Position, June 30	\$ (22,729,859)	\$ (21,892,653)	(3.82) %

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Governmental activities

The following table presents the cost of seven major District functional activities: instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense, and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2020	2019	
Instruction	\$ 15,598,800	\$ 15,397,589	1.31 %
Support services	16,993,891	16,357,822	3.89 %
Non-instructional	1,807,254	2,519,400	(28.27) %
Sixteenth section	256	-	N/A %
Pension expense	4,708,808	4,852,744	(2.97) %
OPEB expense	196,606	169,322	16.11 %
Interest on long-term liabilities	78,828	84,117	(6.29) %
Total expenses	\$ 39,384,443	\$ 39,380,994	0.01 %

	Net (Expense) Revenue		Percentage Change
	2020	2019	
Instruction	\$ (13,131,750)	\$ (13,326,108)	1.46 %
Support services	(12,795,111)	(11,770,219)	(8.71) %
Non-instructional	553,188	367,904	50.36 %
Sixteenth section	(256)	-	N/A %
Pension expense	(4,708,808)	(4,852,744)	2.97 %
OPEB expense	(196,606)	(169,322)	(16.11) %
Interest on long-term liabilities	(78,828)	(84,117)	6.29 %
Total net (expense) revenue	\$ (30,358,171)	\$ (29,834,606)	(1.75) %

- Net cost of governmental activities (\$30,358,171 for 2020 and \$29,834,606 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$10,315,407 for 2020 and \$9,821,936 for 2019) and state and federal revenues (\$17,203,270 for 2020 and \$18,306,918 for 2019). In addition, there was \$814,560 and \$790,175 in Sixteenth Section sources for 2020 and 2019, respectively.
- Investment earnings amounted to \$236,546 for 2020 and \$202,099 for 2019.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

completed the year, its governmental funds reported a combined fund balance of \$19,377,681, an increase of \$267,111, which includes a fund reclassification of \$5,802 and a increase in inventory of \$32,797. \$16,411,314, or 85% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,966,367, or 15% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$853,752, including a fund reclassification of \$5,802. The fund balance of Other Governmental Funds showed a decrease in the amount of (\$586,641), including an increase in inventory of \$32,797. The increase (decrease) in the fund balances for the other major funds were as follows:

	<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund		No increase or decrease
IDEA Part B Fund		\$ No increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions during the fiscal year were routine in nature and were insignificant when compared to total revenues and expenditures of the District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and major special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2020, the District's total capital assets were \$34,632,035, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a increase of \$541,462 from 2019. Total accumulated depreciation as of June 30, 2020, was \$18,307,018, and total depreciation expense for the year was \$873,292, resulting in total net capital assets of \$16,325,017.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 469,504	\$ 469,504	- %
Buildings	11,168,910	11,536,379	(3.19) %
Building improvements	2,442,304	2,562,866	(4.70) %
Improvements other than buildings	72,782	75,459	(3.55) %
Mobile equipment	1,582,612	1,555,502	1.74 %
Furniture and equipment	588,905	389,185	51.32 %
Total	\$ 16,325,017	\$ 16,588,895	(1.59) %

Additional information on the District's capital assets can be found in Note 5 included in this report.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Debt Administration. At June 30, 2020, the District had \$1,978,606 in outstanding long-term debt, of which \$356,034 is due within one year. During the fiscal year, the District made principal payments totaling \$334,774 on outstanding long-term debt. The liability for compensated absences increased \$26,705 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage</u> <u>Change</u>
Three mill notes payable	\$ 172,000	\$ 337,000	(48.96) %
Obligations under energy efficiency leases	1,664,697	1,834,471	(9.25) %
Compensated absences payable	141,909	115,204	23.18 %
Total	\$ 1,978,606	\$ 2,286,675	(13.47) %

Additional information on the District's long-term debt can be found in Note 6 included in this report.

CURRENT ISSUES

The Sunflower County Consolidated School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting, and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District actively pursues grant funding to supplement the local, state, and federal revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Sunflower County Consolidated School District, 196 N Martin Luther King Dr., Indianola, MS 38751.

FINANCIAL STATEMENTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

**Statement of Net Position
June 30, 2020**

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 19,390,718
Due from other governments	1,516,528
Inventories	80,262
Restricted assets	94,130
Capital assets, non-depreciable:	
Land	469,504
Capital assets, net of accumulated depreciation:	
Buildings	11,168,910
Building improvements	2,442,304
Improvements other than buildings	72,782
Mobile equipment	1,582,612
Furniture and equipment	588,905
Total Assets	<u>37,406,655</u>
 Deferred Outflows of Resources	
Deferred outflows - pensions	4,895,101
Deferred outflows - OPEB	523,225
Total Deferred Outflows of Resources	<u>5,418,326</u>
 Liabilities	
Accounts payable and accrued liabilities	1,667,981
Unearned revenue	35,976
Interest payable on long-term liabilities	22,385
Long-term liabilities, due within one year:	
Capital related liabilities	176,939
Non-capital related liabilities	179,095
Net OPEB liability	154,558
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,487,758
Non-capital related liabilities	134,814
Net pension liability	54,620,261
Net OPEB liability	3,726,149
Total Liabilities	<u>62,205,916</u>
 Deferred Inflows of Resources	
Deferred inflows - pensions	2,898,760
Deferred inflows - OPEB	450,164
Total Deferred Inflows of Resources	<u>3,348,924</u>
 Net Position	
Net investment in capital assets	14,672,362
Restricted for:	
Expendable:	
School-based activities	2,292,452
Debt service	219,223
Capital improvements	59,060
Forestry improvements	7,577
Unemployment benefits	83,160
Non-expendable:	
Sixteenth section	82,088
Unrestricted	(40,145,781)
Total Net Position (deficit)	<u>\$ (22,729,859)</u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2020

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 15,598,800	\$ 343,586	\$ 2,123,464	\$ -	\$ (13,131,750)
Support services	16,993,891	47,432	4,151,348	-	(12,795,111)
Non-instructional	1,807,254	27,852	2,332,590	-	553,188
Sixteenth section	256	-	-	-	(256)
Pension expense	4,708,808	-	-	-	(4,708,808)
OPEB expense	196,606	-	-	-	(196,606)
Interest on long-term liabilities	78,828	-	-	-	(78,828)
Total Governmental Activities	<u>\$ 39,384,443</u>	<u>\$ 418,870</u>	<u>\$ 8,607,402</u>	<u>\$ -</u>	<u>\$ (30,358,171)</u>

General Revenues:

Taxes:

General purpose levies	10,224,394
Debt purpose levies	91,013

Unrestricted grants and contributions:

State	16,878,606
Federal	324,664
Unrestricted investment earnings	236,546
Sixteenth section sources	814,560
Other	961,074
Total General Revenues	<u>29,530,857</u>

Change in Net Position (827,314)

Net Position - Beginning, as previously reported (21,892,653)
Fund reclassification 5,802
Prior Period Adjustments (15,694)

Net Position - Beginning, as restated (21,902,545)

Net Position (deficit) - Ending \$ (22,729,859)

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2020

Exhibit C

	Major Funds					
	General Fund	Title I Fund	IDEA Part B Fund	Other Governmental Funds	Total Governmental Funds	
Assets						
Cash and cash equivalents	\$ 16,968,295	\$ -	\$ -	\$ 2,472,620	\$ 19,440,915	
Cash with fiscal agents	-	-	-	12,042	12,042	
Investments	-	-	-	31,891	31,891	
Due from other governments	356,400	404,654	333,623	421,851	1,516,528	
Due from other funds	990,983	-	-	198,632	1,189,615	
Inventories	-	-	-	80,262	80,262	
Total assets	<u>\$ 18,315,678</u>	<u>\$ 404,654</u>	<u>\$ 333,623</u>	<u>\$ 3,217,298</u>	<u>\$ 22,271,253</u>	
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,653,011	\$ 265	\$ 683	\$ 14,022	\$ 1,667,981	
Due to other funds	-	404,389	332,940	452,286	1,189,615	
Unavailable revenue - federal programs	-	-	-	35,976	35,976	
Total Liabilities	<u>1,653,011</u>	<u>404,654</u>	<u>333,623</u>	<u>502,284</u>	<u>2,893,572</u>	
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	80,262	80,262	
Permanent fund principal	-	-	-	82,088	82,088	
Restricted:						
Debt service	-	-	-	241,608	241,608	
Capital projects	-	-	-	71,102	71,102	
Forestry improvement purposes	-	-	-	7,577	7,577	
Grant activities	-	-	-	2,149,217	2,149,217	
Unemployment benefits	-	-	-	83,160	83,160	
Ad valorem	62,973	-	-	-	62,973	
Assigned:						
Student activities	188,380	-	-	-	188,380	
Unassigned	<u>16,411,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,411,314</u>	
Total Fund Balances	<u>16,662,667</u>	<u>-</u>	<u>-</u>	<u>2,715,014</u>	<u>19,377,681</u>	
Total Liabilities and Fund Balances	<u>\$ 18,315,678</u>	<u>\$ 404,654</u>	<u>\$ 333,623</u>	<u>\$ 3,217,298</u>	<u>\$ 22,271,253</u>	

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Exhibit C-1

Total fund balances for governmental funds **\$ 19,377,681**

Amounts reported for governmental activities in the statement of Net Position are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$ 469,504	
Buildings	23,589,779	
Building improvements	3,279,469	
Improvements other than buildings	257,687	
Mobile equipment	4,295,776	
Furniture and equipment	2,739,820	
Accumulated depreciation	<u>(18,307,018)</u>	16,325,017

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(54,620,261)	
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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	4,895,101	
Deferred inflows of resources related to pensions	<u>(2,898,760)</u>	(52,623,920)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability	(3,880,707)	
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Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	523,225	
Deferred inflows of resources related to OPEB	<u>(450,164)</u>	(3,807,646)

4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

Notes payable	(172,000)	
Energy efficiency leases	(1,664,697)	
Compensated absences	(141,909)	
Accrued interest payable	<u>(22,385)</u>	(2,000,991)

Net Position of governmental activities **\$ (22,729,859)**

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

**Sunflower County Consolidated School District
Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances
For Year Ended June 30, 2020**

Exhibit D

	Major Funds			Other	Total
	General	Title I	IDEA	Governmental	Governmental
	Fund	Fund	Part B	Funds	Funds
			Fund		
Revenues:					
Local sources	\$ 10,979,023	\$ -	\$ 11,065	\$ 865,832	\$ 11,855,920
State sources	16,714,315	-	-	1,934,661	18,648,976
Federal sources	187,945	2,754,326	1,070,148	3,149,277	7,161,696
Sixteenth section sources	871,765	-	-	888	872,653
Total Revenues	28,753,048	2,754,326	1,081,213	5,950,658	38,539,245
Expenditures:					
Instruction	15,169,912	581,624	343,413	1,847,996	17,942,945
Support services	12,640,118	1,712,648	696,453	2,615,712	17,664,931
Noninstructional services	11,027	135,207	-	2,119,393	2,265,627
Sixteenth section	-	-	-	256	256
Debt service:					
Principal	-	-	-	334,774	334,774
Interest	-	-	-	83,866	83,866
Total Expenditures	27,821,057	2,429,479	1,039,866	7,001,997	38,292,399
Excess (Deficiency) of Revenues over (under) Expenditures	931,991	324,847	41,347	(1,051,339)	246,846
Other Financing Sources (Uses):					
Insurance recovery	17,884	-	-	-	17,884
Operating transfers in	189,600	-	-	590,420	780,020
Operating transfers out	(288,307)	(324,847)	(41,347)	(125,519)	(780,020)
Other financing uses	(3,218)	-	-	(33,000)	(36,218)
Total Other Financing Sources (Uses)	(84,041)	(324,847)	(41,347)	431,901	(18,334)
Net Change in Fund Balances	847,950	-	-	(619,438)	228,512
Fund Balances:					
July 1, 2019, as previously reported	15,808,915	-	-	3,301,655	19,110,570
Fund reclassification	5,802	-	-	-	5,802
July 1, 2019, as restated	15,814,717	-	-	3,301,655	19,116,372
Increase (Decrease) in inventory		-	-	32,797	32,797
June 30, 2020	\$ 16,662,667	\$ -	\$ -	\$ 2,715,014	\$ 19,377,681

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020**

Exhibit D-1

Net change in fund balances - total governmental funds \$ 228,512

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 629,429	
Depreciation expense	<u>(873,292)</u>	(243,863)

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold. (4,321)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal	334,774	
Accrued interest payable	<u>5,038</u>	339,812

4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

Pension expense	(4,708,808)	
Contributions subsequent to the measurement date	<u>3,607,387</u>	(1,101,421)

5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

OPEB expense	(196,606)	
Contributions subsequent to the measurement date	<u>144,481</u>	(52,125)

6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(26,705)	
Change in inventory	<u>32,797</u>	6,092

Change in Net Position of governmental activities		<u>\$ (827,314)</u>
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The notes to the financial statements are an integral part of this statement.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	Private-Purpose Trust Funds
Assets	
Cash and cash equivalents	\$ 1,133
Total Assets	<u>1,133</u>
Liabilities	
Accounts payable and accrued liabilities	1,133
Total Liabilities	<u>1,133</u>
Net Position	
Reserved for endowments	
Held in trust	-
Total Net Position	<u>\$ -</u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position **Exhibit F**
For the Year Ended June 30, 2020

	Private-Purpose Trust Funds
Additions	
Interest on investments	\$ 16
Total Additions	<u>16</u>
Deductions	
Scholarships awarded	<u>1,133</u>
Total Deductions	<u>1,133</u>
Change in Net Position	<u>(1,117)</u>
Net Position	
July 1, 2019	<u>1,117</u>
June 30, 2020	<u>\$ -</u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Sunflower County Consolidated School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Title I Fund – This is the school district's federal reimbursable fund that serves to fund remedial mathematics and reading services to low-income, program eligible students.

IDEA Part B Fund – This is a special revenue fund that accounts for federal sources received and expenditures incurred under the IDEA Part B grant.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The school district also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

Endowment Funds~ These funds are used to fund scholarships for award winners

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

Private-purpose Trust Funds – Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2014*, issued by the U.S. Department of Education.

D. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years

See Note 5 for details.

7. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred a deferred outflow which is presented as a deferred outflow related to pensions and OPEB. See Note 13 for further 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. The school district has incurred a deferred inflow which is presented as a deferred inflow related to pensions and OPEB. See Note 13 for further details.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

10. 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 (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, the 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.

11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

12. Fund Balances

Fund balance for governmental funds is 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. Following are descriptions of fund classifications used by the district:

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2020

Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

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.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and the Business Manager pursuant to authorization established by the District's approved fund balance policy.

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 specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 10% of general revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

13. Accounting Standards Update

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 district chose to early implement GASB 84 Fiduciary activities.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's 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.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$19,440,915 and \$1,133, respectively. The carrying amount of deposits reported in the government-wide financial statements included cash and cash equivalents of \$19,390,718 and a portion of restricted assets in the amount of \$94,130 (see Note 4).

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit 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. 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 district. As of June 30, 2020, none of the district's bank balance of \$20,530,333 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$12,042.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Investments

As of June 30, 2020, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of deposit	N/A	2	\$ 31,891
Total			<u>\$ 31,891</u>

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has Level 1 inputs for June 30, 2020.

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2020, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 404,389
General Fund	IDEA Part B Fund	332,940
General Fund	Other Governmental Funds	253,654
Other Governmental Funds	Other Governmental Funds	198,632
Total		<u>\$ 1,189,615</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 288,307
Title I Fund	General Fund	136,835
Title I Fund	Other governmental funds	188,012
IDEA Part B Fund	General Fund	41,347
Other Governmental Funds	General Fund	11,418
Other Governmental Funds	Other governmental funds	114,101
Total		<u>\$ 780,020</u>

Operating transfers were primarily for the following: indirect cost transfers, the transfer of expendable sixteenth section sources, unemployment compensation transfers, and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash balance and investments totaling \$50,197 and \$31,891 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, restricted assets also represent the cash with fiscal agent balance totaling \$12,042 of the Energy Lease Project.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 5 – Capital Assets

The following is a summary of changes in capital assets for governmental activities:

	Balance 7/1/2019	Increases	Decreases	Adjustments	Balance 6/30/2020
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 469,504	\$ -	\$ -	\$ -	\$ 469,504
Total non-depreciable capital assets	469,504	-	-	-	469,504
<u>Depreciable capital assets:</u>					
Buildings	23,589,779	-	-	-	23,589,779
Building improvements	3,279,469	-	-	-	3,279,469
Improvements other than buildings	257,687	-	-	-	257,687
Mobile equipment	4,037,806	257,970	-	-	4,295,776
Furniture and equipment	2,456,328	371,459	87,967	-	2,739,820
Total depreciable capital assets	33,621,069	629,429	87,967	-	34,162,531
<u>Less accumulated depreciation for:</u>					
Buildings	12,053,400	367,469	-	-	12,420,869
Building improvements	716,603	120,562	-	-	837,165
Improvements other than buildings	182,228	2,677	-	-	184,905
Mobile equipment	2,482,304	230,860	-	-	2,713,164
Furniture and equipment	2,067,143	151,724	83,646	15,694	2,150,915
Total accumulated depreciation	17,501,678	873,292	83,646	15,694	18,307,018
Total depreciable capital assets, net	16,119,391	(243,863)	4,321	(15,694)	15,855,513
Governmental activities capital assets, net	\$ 16,588,895	\$ (243,863)	\$ 4,321	\$ (15,694)	\$ 16,325,017

Adjustments were made to properly present capital assets at year end.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 271,940
Support services	524,440
Non-instructional	76,912
Total depreciation expense - Governmental activities	<u>\$ 873,292</u>

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 6 – Long-term Liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Amounts due within one year
A. Three mill notes payable	337,000	-	165,000	172,000	172,000
B. Obligations under energy efficiency leases	1,834,471		169,774	1,664,697	176,939
C. Compensated absences payable	115,204	26,705		141,909	7,095
Total	<u>\$ 2,286,675</u>	<u>\$ 26,705</u>	<u>\$ 334,774</u>	<u>\$ 1,978,606</u>	<u>\$ 356,034</u>

A. Three mill notes payable

Three mill notes payable currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2011	4.05%	5/17/2011	5/17/2021	1,064,000	172,000
Total				<u>\$ 1,064,000</u>	<u>\$ 172,000</u>

This debt will be retired from the note payable debt service funds.

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2021	172,000	6,967	178,967
Total	<u>\$ 172,000</u>	<u>\$ 6,967</u>	<u>\$ 178,967</u>

B. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency lease	4.68%	8/14/2007	6/1/2022	\$ 1,000,226	\$ 175,424
Energy efficiency lease	3.70%	3/28/2018	1/1/2033	1,675,932	1,489,273
Total				<u>\$ 2,676,158</u>	<u>\$ 1,664,697</u>

The following is a schedule by years of the total payments due on this debt:

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Obligations under energy efficiency lease issue of 8/14/2007:

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2021	85,664	8,388	94,052
2022	89,760	4,292	94,052
Total	\$ 175,424	\$ 12,680	\$ 188,104

An energy efficient lease agreement dated August 14, 2007, was executed by and between the district, the lessee, and Sun Trust Leasing Corporation, the lessor.

The agreement authorized the borrowing of \$1,000,226 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the Energy Lease Debt Service Fund and not exceed fifteen (15) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

2. Obligations under energy efficiency lease issue of 3/28/2018:

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2021	91,275	55,103	146,378
2022	94,652	51,725	146,377
2023	98,155	48,224	146,379
2024	101,786	44,592	146,378
2025	105,552	40,826	146,378
2026-2030	589,832	142,578	732,410
2031-2033	408,021	30,598	438,619
Total	\$ 1,489,273	\$ 413,646	\$ 1,902,919

An energy efficient lease agreement dated March 28, 2018, was executed by and between the district, the lessee, and Sun Trust Leasing Corporation, the lessor.

The agreement authorized the borrowing of \$1,675,932 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the Energy Lease Debt Service Fund and not exceed fifteen (15) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

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Notes to the Financial Statements
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Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

Total energy efficiency lease payments for all issues:

Year Ending June 30	Principal	Interest	Total
2021	176,939	63,491	240,430
2022	184,412	56,017	240,429
2023	98,155	48,224	146,379
2024	101,786	44,592	146,378
2025	105,552	40,826	146,378
2026-2030	589,832	142,578	732,410
2031-2033	408,021	30,598	438,619
Total	<u>\$ 1,664,697</u>	<u>\$ 426,326</u>	<u>\$ 2,091,023</u>

C. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district 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 Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2020 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2020, 2019 and 2018 were \$3,607,387, \$3,184,813, and \$3,288,324, respectively, which equaled the required contributions for each year.

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

At June 30, 2020, the school district reported a liability of \$54,620,261 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2020 net pension liability was 0.310484 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.016456 percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$4,708,808. At June 30, 2020 the District 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	\$ 34,023	\$ 60,187
Net difference between projected and actual earnings on pension plan investments		2,661,792
Changes of assumptions	535,699	
Changes in proportion and differences between District contributions and proportionate share of contributions	717,992	176,781
District contributions subsequent to the measurement date	3,607,387	
Total	\$ <u>4,895,101</u>	\$ <u>2,898,760</u>

\$3,607,387 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 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 June 30:	
2021	\$ (242,788)
2022	(1,206,640)
2023	(410,987)
2024	249,369

Actuarial assumptions. The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included 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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		1.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.25	
Total	100	%		

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 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 of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District'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%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 71,800,226	\$ 54,620,261	\$ 40,439,743

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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Note 8 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$144,481 for the year ended June 30, 2020.

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For the Year Ended June 30, 2020

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2020, the District reported a liability of \$3,880,707 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the District's proportion was 0.45733873 percent. This was a decrease of 0.00961459 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$196,606. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,868	\$ 55,548
Changes of assumptions	289,317	201,234
Net difference between projected and actual earnings on OPEB plan investments	73	
Changes in proportion and differences between District contributions and proportionate share of contributions	83,486	193,382
District contributions subsequent to the measurement date	144,481	
Total	\$ <u>523,225</u>	\$ <u>450,164</u>

\$144,481 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2021	\$ (24,756)
2022	(24,756)
2023	(24,756)
2024	(21,905)
2025	12,410
Thereafter	12,343

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

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 demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 4,310,788	\$ 3,880,707	\$ 3,512,732

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 3,596,073	\$ 3,880,707	\$ 4,203,149

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

Note 9 – Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Amount
2021	\$ 790,223
2022	750,789
2023	528,102
2024	528,102
2025	528,102
2026-2030	6,184
Thereafter	19,710
Total	<u>\$ 3,151,212</u>

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Prior Period Adjustments and Fund Reclassification

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
Prior Period adjustment -To correct accumulated depreciation from a prior period	(15,694)
Fund Reclassification - Implementation of GASB 84	5,802
Total	<u>\$ (9,892)</u>

Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances

Fund	Explanation	Amount
General Fund	Fund Reclassification from implementation of GASB 84	\$ 5,802
Total		<u>\$ 5,802</u>

Note 11 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

Litigation – The school district 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 the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 12 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 56 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$40,145,781) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$3,607,387 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$1,287,714 balance of the deferred outflow of resources related to pensions at June 30, 2020 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 4 years. The \$2,898,760 balance of the deferred inflow of resources related to pensions at June 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$40,145,781) includes the effect of deferred inflows/outflows of resources related to OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$144,481 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources totaling \$378,744 will be recognized as OPEB expense and will decrease the unrestricted net position over the next 6 years. The deferred inflows of resources totaling \$450,164 related to OPEB at June 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

Note 14 - Insurance loss recoveries

The Sunflower County Consolidated School District received \$17,884 in insurance loss recoveries related to property damage during the 2019-2020 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services under support services.

Note 15 - Juvenile Detention Center Education Program

The Sunflower County Consolidated School District shares in the cost of the Leflore County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Attala County School District, Carroll County School District, Coffeeville School District, Clarksdale Municipal School District, Coahoma County Agricultural High School, Coahoma County School District, East Tallahatchie School District, Greenwood Public School District, Holmes County Consolidated School District, Humphreys County School District, Kosciusko School District, Winona-Montgomery Consolidated School District, North Panola School District, Senatobia Municipal School District, South Panola School District, Sunflower County Consolidated School District, Tate County School District, Tunica County School District, Water Valley School District, West Tallahatchie Consolidated School District, and Leflore County School District. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the juvenile detention center program. The Leflore County School District has been designated as the lead school district for the Leflore County Juvenile Detention Center and the operations of the program are included in its financial statements.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 16 - 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 the Sunflower County Consolidated School District evaluated the activity of the district through June 18, 2021, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
				Original	Final
	Original	Final		to Final	to Actual
Revenues:					
Local sources	\$ 10,418,874	\$ 10,979,023	\$ 10,979,023	\$ 560,149	\$ -
State sources	16,445,289	16,714,315	16,714,315	269,026	-
Federal sources	180,000	187,945	187,945	7,945	-
Sixteenth section sources	879,361	871,765	871,765	(7,596)	-
Total Revenues	27,923,524	28,753,048	28,753,048	829,524	-
Expenditures:					
Instruction	15,500,017	15,169,912	15,169,912	330,105	-
Support services	11,964,777	12,640,118	12,640,118	(675,341)	-
Noninstructional services	7,400	11,027	11,027	(3,627)	-
Sixteenth section	1,020	-	-	1,020	-
Debt service:					
Interest	-	-	-	-	-
Total Expenditures	27,473,214	27,821,057	27,821,057	(347,843)	-
Excess (Deficiency) of Revenues over (under) Expenditures	450,310	931,991	931,991	481,681	-
Other Financing Sources (Uses):					
Insurance recovery	-	17,884	17,884	17,884	-
Operating transfers in	438,606	362,969	189,600	(75,637)	(173,369)
Operating transfers out	(389,494)	(534,587)	(288,307)	(145,093)	246,280
Other financing uses	(4,261)	(3,218)	(3,218)	1,043	-
Total Other Financing Sources (Uses)	44,851	(156,952)	(84,041)	(201,803)	72,911
Net Change in Fund Balances	495,161	775,039	847,950	279,878	72,911
Fund Balances:					
July 1, 2019, as previously reported	17,400,899	15,808,915	15,808,915	(1,591,984)	-
Fund reclassification	-	-	5,802	-	5,802
July 1, 2019, as restated	17,400,899	15,808,915	15,814,717	(1,591,984)	5,802
June 30, 2020	\$ 17,896,060	\$ 16,583,954	\$ 16,662,667	\$ (1,312,106)	\$ 78,713

The notes to the required supplementary information are an integral part of this schedule.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule

Title I Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 3,875,504	\$ 3,965,085	\$ 2,754,326	\$ 89,581	\$ (1,210,759)
Total Revenues	3,875,504	3,965,085	2,754,326	89,581	(1,210,759)
Expenditures:					
Instruction	712,417	887,535	581,624	(175,118)	305,911
Support services	2,605,130	2,490,094	1,712,648	115,036	777,446
Noninstructional services	166,788	189,968	135,207	(23,180)	54,761
Total Expenditures	3,484,335	3,567,597	2,429,479	(83,262)	1,138,118
Excess (Deficiency) of Revenues over (under) Expenditures	391,169	397,488	324,847	6,319	(72,641)
Other Financing Sources (Uses):					
Operating transfers out	(391,169)	(397,488)	(324,847)	(6,319)	72,641
Total Other Financing Sources (Uses)	(391,169)	(397,488)	(324,847)	(6,319)	72,641
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2019	-	-	-	-	-
June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the required supplementary information are an integral part of this schedule.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ -	\$ -	\$ 11,065	\$ -	\$ 11,065
Federal sources	1,415,902	1,503,447	1,070,148	87,545	(433,299)
Total Revenues	1,415,902	1,503,447	1,081,213	87,545	(422,234)
Expenditures:					
Instruction	357,794	405,379	343,413	(47,585)	61,966
Support services	989,761	1,042,491	696,453	(52,730)	346,038
Noninstructional services	5,031	500	-	4,531	500
Total Expenditures	1,352,586	1,448,370	1,039,866	(95,784)	408,504
Excess (Deficiency) of Revenues over (under) Expenditures	63,316	55,077	41,347	(8,239)	(13,730)
Other Financing Sources (Uses):					
Operating transfers out	(63,316)	(55,077)	(41,347)	8,239	13,730
Total Other Financing Sources (Uses)	(63,316)	(55,077)	(41,347)	8,239	13,730
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2019	-	-	-	-	-
June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the required supplementary information are an integral part of this schedule.

Sunflower County Consolidated School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.310484%	0.326940%	0.317831%	0.326690%	0.315338%	0.343087%
District's proportionate share of the net pension liability	\$ 54,620,261	\$ 54,379,835	\$ 52,834,299	\$ 58,354,991	\$ 48,745,036	\$ 41,633,919
District's covered payroll	\$ 20,221,035	\$ 20,878,248	\$ 20,389,003	\$ 20,899,168	\$ 19,701,130	\$ 20,964,400
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.1161%	260.4617%	259.1314%	279.2216%	247.4225%	198.5934%
Plan fiduciary net position as a percentage of the total pension liability	62%	63%	61%	57%	62%	67%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled the District has only presented information for the years in which information is available.

**Sunflower County Consolidated School District
Required Supplementary Information**

**Schedule of District Contributions
PERS
Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,607,387	\$ 3,184,813	\$ 3,288,324	\$ 3,211,268	\$ 3,291,619	\$ 3,102,928
Contributions in relation to the contractually required contribution	3,607,387	3,184,813	3,288,324	3,211,268	3,291,619	3,102,928
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	20,732,109	20,221,035	20,878,248	20,389,003	20,899,168	19,701,130
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Sunflower County Consolidated School District
Required Supplementary Information**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OPEB

Last 10 Fiscal Years*

	2020	2019	2018
District's proportion of the net OPEB liability	0.45733873%	0.46695332%	0.48923067%
District's proportionate share of the net OPEB liability	\$ 3,880,707	\$ 3,612,117	\$ 3,838,548
District's covered-employee payroll	20,943,489	21,119,981	21,979,789
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Sunflower County Consolidated School District
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 144,481	\$ 155,551	\$ 163,643
Contributions in relation to the actuarially determined contribution	144,481	155,551	163,643
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	20,732,109	20,221,035	20,878,248
Contributions as a percentage of covered-employee payroll	0.70%	0.77%	0.78%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) *Changes of assumptions*

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

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

2017:

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

The wage inflation assumption was reduced from 3.75% to 3.25%.

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

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; and 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; and 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%.

(2) *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.

(3) *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, 2017 valuation for the June 30, 2019 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	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Year Ended June 30, 2020

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.25%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.89%

SUPPLEMENTARY INFORMATION

**Sunflower County Consolidated School District
Supplementary Information**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	195MS326N1099	\$ 542,886
National school lunch program	10.555	195MS326N1099	1,370,392
Summer Food Service Program for Children	10.559	195MS326N1099	390,927
Total child nutrition cluster			<u>2,304,205</u>
Total passed-through Mississippi Department of Education			<u>2,304,205</u>
Total U.S. Department of Agriculture			<u><u>2,304,205</u></u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	12.XXX	N/A	46,160
Total U.S. Department of Defense			<u><u>46,160</u></u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A180024	2,803,823
Career and technical education - basic grants to states	84.048	V048A180024	63,379
Fund for the improvement of education - delta health alliance	84.215	N/A	43,459
Educator in Residence	84.357	N/A	262,285
Rural Education	84.358	ES358B180024	17,535
Supporting Effective Instruction state grants	84.367	ES367A180023	235,388
Student Support and Academic Enrichment Program	84.424	ES424A180025	133,042
Subtotal			<u>3,558,911</u>
Special education cluster:			
Special education - grants to states	84.027	H027A170108	1,081,213
Special education - preschool grants	84.173	H173A170113	22,744
Total special education cluster			<u>1,103,957</u>
Total passed-through Mississippi Department of Education			<u>4,662,868</u>
Total U.S. Department of Education			<u><u>4,662,868</u></u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	1805MS5ADM	30,391
Total passed-through Mississippi Department of Education			<u>30,391</u>
Total U.S. Department of Health and Human Services			<u><u>30,391</u></u>
<u>Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	04-19-04MSDI00	1,008
Total passed-through Mississippi Department of Rehabilitation Services			<u>1,008</u>
Total Social Security Administration			<u><u>1,008</u></u>
Total for All Federal Awards			<u><u>\$ 7,044,632</u></u>

The notes to the supplementary information are an integral part of this schedule.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2020

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Sunflower County Consolidated School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Sunflower County Consolidated School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Sunflower County Consolidated School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Sunflower County Consolidated School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2020

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 29,155,866	20,870,943	1,723,820	2,385,696	4,175,407
Other	9,136,533	2,916,595	373,628	31,873	5,814,437
Total	<u>\$ 38,292,399</u>	<u>23,787,538</u>	<u>2,097,448</u>	<u>2,417,569</u>	<u>9,989,844</u>
Total number of students *	<u>3,425</u>				
Cost per student	<u>\$ 11,180</u>	<u>6,945</u>	<u>612</u>	<u>706</u>	<u>2,917</u>

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration Categories.

* includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year

OTHER INFORMATION

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 10,979,023	\$ 10,383,692	\$ 10,053,895	\$ 9,757,242
State sources	16,714,315	16,986,310	16,757,687	17,784,986
Federal sources	187,945	429,804	361,696	634,573
Sixteenth Section sources	871,765	841,935	916,310	964,030
Total Revenues	28,753,048	28,641,741	28,089,588	29,140,831
Expenditures:				
Instruction	15,169,912	14,801,092	14,983,187	15,453,354
Support services	12,640,118	12,258,377	12,700,900	12,881,133
Noninstructional services	11,027	16,353	12,586	11,945
Facilities acquisition and construction	-	-	1,107	219
Sixteenth section	-	-	-	-
Total Expenditures	27,821,057	27,075,822	27,697,780	28,346,651
Excess (Deficiency) of Revenues over (under) Expenditures	931,991	1,565,919	391,808	794,180
Other Financing Sources (Uses):				
Insurance recovery	17,884	12,641	1,459	1,263
Sale of transportation equipment	-	-	-	75
Sale of other property	-	3,258	-	24,000
Operating transfers in	189,600	749,947	253,363	215,258
Operating transfers out	(288,307)	(1,217,736)	(2,674,281)	(409,578)
Other financing sources	(3,218)	(7,450)	(8,837)	(1,806)
Total Other Financing Sources (Uses)	(84,041)	(459,340)	(2,428,296)	(170,788)
Net Change in Fund Balances	847,950	1,106,579	(2,036,488)	623,392
Fund Balances:				
Beginning of Period , as previously reported	15,808,915	14,703,186	16,739,674	16,122,347
Fund reclassification	5,802	-	-	-
Prior period adjustments	-	(850)	-	(6,065)
Beginning of Period , as restated	15,814,717	14,702,336	16,739,674	16,116,282
End of Period	\$ 16,662,667	\$ 15,808,915	\$ 14,703,186	\$ 16,739,674

*SOURCE - PRIOR YEAR AUDIT REPORTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 11,855,920	\$ 11,775,636	\$ 10,930,328	\$ 10,473,837
State sources	18,648,976	19,167,272	19,719,149	20,664,597
Federal sources	7,161,696	8,084,917	8,346,148	9,978,877
Sixteenth section sources	872,653	842,769	917,014	964,545
Total Revenues	38,539,245	39,870,594	39,912,639	42,081,856
Expenditures:				
Instruction	17,942,945	17,397,243	17,547,930	19,600,528
Support services	17,664,931	17,124,130	17,674,238	17,445,395
Noninstructional services	2,265,627	2,645,676	2,822,080	2,875,191
Sixteenth section	256	-	1,107	219
Facilities acquisition and construction	-	1,675,932	2,426,525	-
Debt service:				
Principal	334,774	334,664	1,101,464	1,057,066
Interest	83,866	83,814	77,978	119,485
Other	-	113	5,700	4,200
Total Expenditures	38,292,399	39,261,572	41,657,022	41,102,084
Excess (Deficiency) of Revenues over (under) Expenditures	246,846	609,022	(1,744,383)	979,772
Other Financing Sources (Uses):				
Insurance recovery	17,884	12,641	1,459	1,263
Proceeds of loans	-	-	1,675,932	-
Sale of transportation equipment	-	-	-	75
Sale of other property	-	5,069	-	24,000
Operating transfers in	780,020	2,216,711	3,129,781	624,836
Operating transfers out	(780,020)	(2,216,711)	(3,129,781)	(624,836)
Other financing uses	(36,218)	(7,450)	(8,837)	(1,806)
Total Other Financing Sources (Uses)	(18,334)	10,260	1,668,554	23,532
Net Change in Fund Balances	228,512	619,282	(75,829)	1,003,304
Fund Balances:				
Beginning of Period, as previously reported	19,110,570	19,018,637	19,074,699	18,072,390
Fund reclassification	5,802	-	-	-
Prior period adjustment	-	(522,910)	-	(6,043)
Beginning of Period, as restated	19,116,372	18,495,727	19,074,699	18,066,347
Increase (Decrease) in reserve for inventory	32,797	(4,439)	19,767	5,048
End of Period	\$ 19,377,681	\$ 19,110,570	\$ 19,018,637	\$ 19,074,699

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board
Sunflower County Consolidated School District

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, each major fund, and the aggregate remaining fund information of Sunflower County Consolidated School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Sunflower County Consolidated School District's basic financial statements, and have issued our report thereon dated June 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sunflower County Consolidated School District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sunflower County Consolidated School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sunflower County Consolidated School District'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 Consolidated School District'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*.

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 results 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.

McKenzie CPA, PLLC
Madison, Mississippi
June 18, 2021

McKenzie CPA, PLLC



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**Independent Auditor's Report
on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Superintendent and School Board
Sunflower County Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited Sunflower County Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sunflower County Consolidated School District's major federal programs for the year ended June 30, 2020. Sunflower County Consolidated School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Sunflower County Consolidated School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item **Finding 2020-001** that we consider to be a significant deficiency. Sunflower County Consolidated School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Sunflower County Consolidated School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
June 18, 2021

McKenzie CPA, PLLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Sunflower County Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunflower County Consolidated School District as of and for the year ended June 30, 2020, which collectively comprise Sunflower County Consolidated School District's basic financial statements and have issued our report thereon dated June 18, 2021. 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.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

State Legal Finding 01 - PERS Form 4B's

Section 25-11-127.

Section 25-11-127 MS Code Ann. (1972) addresses reemployment of PERS retirees by an entity covered under the PERS System. Before an entity hires an individual as an employee, the entity should verify if the prospective employee is a current retiree of the Public Employees' Retirement System (PERS) receiving retirement benefits.

During review of the form 4B's, we found that the district had over paid two retirees working for the district. The two employees were over paid by \$8,184 from the amount that was reported to PERS on the Form 4B's provided by the district.

Recommendation

We recommend that the district review each retiree's form PERS 4B to ensure that the district does not overpay a retiree. This could cause the retiree's retirement to be affected.

Response

The district will implement procedures to ensure the PERS Form 4B's are reviewed and ensure retirees are not overpaid.

State Legal Finding 02 – Incentive (Bonus Pay) to employees

Article 4 Section 96 of the Mississippi State Constitution prohibits Extra compensation (Bonuses) to any public employee.

During field work the following items were noted as benefits (Bonuses) to 78 district employees:

- 1) The district paid a total of \$8,000 to four principals as a one-time incentive.
- 2) The district paid a total of \$8,550 to 24 teacher assistants as a one-time incentive.
- 3) The district paid a total of \$900 to 3 parent liaison staff.
- 4) The district paid a total of \$100 to 1 school resource officer.
- 5) The district paid a total of \$1,100 to 5 secretaries.
- 6) The district paid a total of \$2,500 to 11 custodians.
- 7) The district paid a total of \$2,050 to 15 bus drivers.
- 8) The district paid a total of \$3,500 to 15 cafeteria staff.

The eight items noted above are considered to be extra compensation of public funds to the district employees. The district referenced MS Code Section 37-19-10 which is the known as the School recognition program implemented by the state when making these payments approved by the legislature. These payments were made using district funds and were not disbursed by the state for this purpose which makes them unallowable per Article 4 Section 96 of the Mississippi Constitution.

Questioned Cost

\$26,700

Recommendation

The district should comply with Article 4 Section 96 of the Mississippi State Constitution. The district should not provide incentive payments to staff with district funds. The district could provide a pay increase for the entire year for staff, but should not do a one-time incentive payments.

Response

The district will implement new policies to ensure that the district is in compliance with Article 4 Section 96 of the Mississippi State Constitution.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

The Sunflower County Consolidated School District'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 the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McKenzie CPA, PLLC
Madison, Mississippi
June 18, 2021



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|--|------------|
| 4. | Internal control over major programs: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiency identified? | Yes |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.173	Special Education Cluster
84.010	Title I grants to local educational agencies

- | | | |
|-----|--|-----------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

Significant Deficiency in Internal Control over Compliance

2020-001 Finding

Non-Payroll expenditures should be supported by adequate documentation and approval.

Program:

Special Education Cluster, CFDA # 84.027; 84.173

Compliance Requirement: Allowable Cost

Questioned Cost: \$0

Criteria:

Management is responsible for ensuring that all non-payroll expenditures made by the district are adequately documented and approved by the governing board.

Condition:

We noted the following items while testing non-payroll expenditures:

- 7 of 20 Invoices tested were not signed or dated noting items received

Cause:

The district did not have the proper controls and procedures in place to ensure non-payroll expenditures were properly canceled when the items were received.

Effect:

Omitting documentation of approval or receipt of items could result in payments of unauthorized amounts to vendors without receiving the requested goods.

Recommendation:

We recommend the district implement procedures and internal controls to ensure that all invoices are properly canceled when items are received.

View of Responsible Officials:

The district will implement controls to ensure that all invoices are signed and dated when received.

AUDITEE'S CORRECTIVE ACTION PLAN

**Sunflower County Consolidated School District
Hwy 49N, 196 MLK Drive
Office of the Superintendent
Indianola, Mississippi 38751
Miskia Davis, Superintendent
Lillie Robey, Business Manager**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, the Sunflower County Consolidated School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2020:

Finding	Corrective Action Plan Details
2020-001	<u>Non-Payroll expenditures should be supported by adequate documentation and approval.</u> A. Name of contact person responsible for corrective action: Name: Lillie Robey Title: Business Manager B. Corrective action planned: The district will implement controls to ensure that all invoices are signed and dated when items have been received. C. Anticipated Completion Date: 6/30/2021