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SUNFLOWER COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021



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SUNFLOWER COUNTY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunflower County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Sunflower County, Mississippi, as of September 30, 2021, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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 Sunflower County, Mississippi, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022, on our consideration of Sunflower County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sunflower County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunflower County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 11, 2022

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

	Primary Government Governmental Activities
ASSETS	
Cash	\$ 18,056,721
Property tax receivable	7,848,377
Fines receivable, net	491,036
Accounts receivable, net	20,700
Loans Receivable, net	-
Intergovernmental receivables	189,238
Other receivables	3,104
Capital assets:	
Land and construction in progress	2,039,891
Other capital assets, net	43,451,559
Total Assets	<u>72,100,626</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	2,151,216
Total Deferred Outflows of Resources	<u>2,151,216</u>
LIABILITIES	
Claims payable	943,987
Intergovernmental payables	253,192
Internal balance	10,239
Accrued interest payable	15,919
Other payables	67,374
Unearned revenue	2,132,998
Amounts held in custody for others	24,406
Long-term liabilities	
Net pension liability	11,824,346
Due within one year:	
Capital debt	556,693
Non-capital debt	650,749
Due in more than one year:	
Capital debt	3,371,318
Non-capital debt	94,841
Total Liabilities	<u>19,946,062</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	3,602,178
Deferred revenues- property tax	7,848,377
Total Deferred Inflows of Resources	<u>11,450,555</u>
NET POSITION	
Net investment in capital assets	41,563,439
Restricted:	
General government	292,295
Public safety	521,677
Public works	7,822,286
Health and welfare	77,186
Culture and recreation	215,198
Economic development	77,304
Debt service	468,020
Unemployment compensation	23,713
Unrestricted	<u>(8,205,893)</u>
Total Net Position	<u>\$ 42,855,225</u>

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

SUNFLOWER COUNTY
Statement of Activities
For the Year Ended September 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and Changes
		Services	Grants and	Grants and	in Net Position
			Contributions	Contributions	Primary
					Governmental
					Activities
Primary government:					
Governmental activities:					
General government	\$ 4,040,074	1,066,719			(2,973,355)
Public safety	4,039,918	225,715	167,923		(3,646,280)
Public works	5,193,346	212,506	654,427	7,099,382	2,772,969
Health and welfare	410,714				(410,714)
Culture and recreation	411,000				(411,000)
Conservation of natural resources	117,451				(117,451)
Economic development and assistance	1,245,859		33,900	307,200	(904,759)
Interest expense	73,659				(73,659)
Pension expense	1,094,618				(1,094,618)
Total Primary Government	<u>\$ 16,626,639</u>	<u>1,504,940</u>	<u>856,250</u>	<u>7,406,582</u>	<u>(6,858,867)</u>
General revenues:					
Property taxes				\$	11,479,646
Road & bridge privilege taxes					235,006
Grants and contributions not restricted to specific programs					533,100
Unrestricted interest/investment income					174,933
Gain (Loss) on sale of assets					(263,250)
Miscellaneous					103,246
Total General Revenues					<u>12,262,681</u>
Changes in Net Position					<u>5,403,814</u>
Net Position - Beginning, as previously reported					37,490,699
Fund Reclassification					(39,288)
Net Position - Beginning, as restated					<u>37,451,411</u>
Net Position - Ending				\$	<u>42,855,225</u>

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

SUNFLOWER COUNTY
Balance Sheet – Governmental Funds
September 30, 2021

Exhibit 3

	Major Funds						Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	American Recovery Protection Act Fund	ERBR 67 (1) Blackwood Fund	Bridge & Culvert Fund	Other Governmental Funds	
ASSETS							
Cash	\$ 5,865,810	251,151	2,132,998	2,052,732	691,614	7,062,416	18,056,721
Property tax receivable	5,152,197	947,108			657,253	1,091,819	7,848,377
Fines receivable (net of allowance for uncollectibles of \$ 8,407,698)	491,036						491,036
Accounts receivable (net of allowance for uncollectibles of \$1,023,954)						20,700	20,700
Loans receivable, net							-
Intergovernmental receivables	120,453					68,785	189,238
Other receivables	3,104						3,104
Due from other funds		31,163			10,148	15,288	56,599
Total Assets	<u>11,632,600</u>	<u>1,229,422</u>	<u>2,132,998</u>	<u>2,052,732</u>	<u>1,359,015</u>	<u>8,259,008</u>	<u>26,665,775</u>
LIABILITIES							
Claims payable	253,588	33,838			109,377	547,184	943,987
Unearned Revenue			2,132,998				2,132,998
Intergovernmental payables	253,192						253,192
Due to other funds	66,838						66,838
Amounts held in custody for others	24,406						24,406
Other payables	67,374						67,374
Total Liabilities	<u>665,398</u>	<u>33,838</u>	<u>2,132,998</u>	<u>-</u>	<u>109,377</u>	<u>547,184</u>	<u>3,488,795</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	5,152,197	947,108			657,253	1,091,819	7,848,377
Unavailable revenue-fines	491,036						491,036
Unavailable revenue-sanitation fees						20,700	20,700
Total Deferred Inflows of Resources	<u>5,643,233</u>	<u>947,108</u>	<u>-</u>	<u>-</u>	<u>657,253</u>	<u>1,112,519</u>	<u>8,360,113</u>
FUND BALANCE							
Restricted for:							
General government						292,295	292,295
Public safety						521,677	521,677
Public works		248,476		2,052,732	592,385	4,907,993	7,801,586
Health and welfare						77,186	77,186
Culture and recreation						215,198	215,198
Economic development						77,304	77,304
Debt service						483,939	483,939
Unemployment compensation						23,713	23,713
Unassigned	5,323,969						5,323,969
Total Fund Balances	<u>5,323,969</u>	<u>248,476</u>	<u>-</u>	<u>2,052,732</u>	<u>592,385</u>	<u>6,599,305</u>	<u>14,816,867</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,632,600</u>	<u>1,229,422</u>	<u>2,132,998</u>	<u>2,052,732</u>	<u>1,359,015</u>	<u>8,259,008</u>	<u>26,665,775</u>

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

SUNFLOWER COUNTY**Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2021**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 14,816,867
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$51,151,887.	45,491,450
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	511,736
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,673,601)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(15,919)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(11,824,346)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	2,151,216
Deferred inflows of resources related to pensions	(3,602,178)
Total Net Position - Governmental Activities	\$ <u><u>42,855,225</u></u>

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

SUNFLOWER COUNTY
Exhibit 4
**Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2021**

	Major Funds						Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	American Recovery Protection Act Fund	ERBR 67 (1) Blackwood Fund	Bridge & Culvert Fund	Other Governmental Funds	
REVENUES							
Property taxes	\$ 7,547,201	1,341,088			1,007,759	1,583,598	11,479,646
Road and bridge privilege taxes		235,006					235,006
Licenses, commissions and other revenue	321,611	18,900				5,548	346,059
Fines and forfeitures	345,068						345,068
Intergovernmental revenues	533,100	618,426	305,663	2,014,037		5,324,806	8,796,032
Charges for services	29,760					407,409	437,169
Interest income	165,528		1,537			7,868	174,933
Rental income	45,462				23	7,686	53,171
Miscellaneous revenues	48,060	2,015					50,075
Total Revenues	9,035,790	2,215,435	307,200	2,014,037	1,007,782	7,336,915	21,917,159
EXPENDITURES							
Current:							
General government	4,362,124					11,395	4,373,519
Public safety	3,824,383					869,664	4,694,047
Public works	53,190	2,284,518	307,200		1,108,960	2,234,415	5,988,283
Health and welfare	338,518					73,187	411,705
Culture and recreation	45,000					366,000	411,000
Conservation of natural resources	117,196						117,196
Economic development and assistance	70,368					1,633,066	1,703,434
Debt service:							
Principal		983,660				417,417	1,401,077
Interest		20,759				40,452	61,211
Total Expenditures	8,810,779	3,288,937	307,200	-	1,108,960	5,645,596	19,161,472
Excess of Revenues over (under) Expenditures	225,011	(1,073,502)	-	2,014,037	(101,178)	1,691,319	2,755,687
OTHER FINANCING SOURCES (USES)							
Long-term capital debt issued		816,540				2,144,189	2,960,729
Proceeds from sale of capital assets		4,693				285,000	289,693
Transfers in		1,000,000				227,331	1,227,331
Transfers out	(134,625)	(92,706)				(1,000,000)	(1,227,331)
Total Other Financing Sources and Uses	(134,625)	1,728,527	-	-	-	1,656,520	3,250,422
Net Changes in Fund Balances	90,386	655,025	-	2,014,037	(101,178)	3,347,839	6,006,109
Fund Balances - Beginning, as previously reported	5,272,871	(406,549)	-	-	693,563	3,290,161	8,850,046
Fund Reclassification	(39,288)			38,695		(38,695)	(39,288)
Fund Balances - Beginning, as restated	5,233,583	(406,549)	-	38,695	693,563	3,251,466	8,810,758
Fund Balances - Ending	\$ 5,323,969	248,476	-	2,052,732	592,385	6,599,305	14,816,867

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 6,006,109
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$3,234,878 exceeded depreciation of \$1,949,436 in the current period.	1,285,442
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$ 263,250 and the proceeds from the sale of \$ 289,693 in the current period.	(552,942)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	375,490
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	1,054
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$2,960,729 exceeded debt repayment of \$1,401,077.	(1,559,652)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	(6,972)
Change in accrued interest payable	(12,448)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(1,094,618)
Recognition of contributions made for the current year	962,351
Change in Net Position of Governmental Activities	<u>\$ 5,403,814</u>

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

SUNFLOWER COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 5

	Custodial Funds
ASSETS	
Cash and investments	\$ 131,009
Receivables:	
Due from other funds	<u>10,239</u>
Total Assets	<u><u>141,248</u></u>
LIABILITIES	
Amounts held in custody for others	92,051
Other liabilities	1,003
Intergovernmental payables	<u>47,286</u>
Total Liabilities	<u><u>140,340</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>908</u>
Total net position	\$ <u><u>908</u></u>

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

SUNFLOWER COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 6

	Custodial Funds
ADDITIONS	
Investment income:	
Interest	1,844
Tax collections for other governments	1,047,896
Fine & fee collections for other governments	344,991
Other receipts for other governments	211,327
Total Additions	<u>1,606,058</u>
DEDUCTIONS	
Payments of tax to other governments	1,047,816
Payments of fines & fees to other governments	347,011
Other disbursements for other governments	210,323
Total Deductions	<u>1,605,150</u>
Net increase (decrease) in fiduciary net position	908
Net Position - Beginning	-
Net Position - Ending	<u>\$ 908</u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America:

- North Sunflower Medical Center
- South Sunflower County Hospital
- Sunflower County Library

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

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

The County reports the following major Governmental Funds:

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

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

American Recovery Protection Act Fund - The fund is used to account for monies from the U. S. Department of Treasury that are to be expended based on prescribed compliance and reporting.

ERBR 67 (1) Blackwood Fund – The fund is used to account for monies from state revenue sources that are restricted for bridge replacement and repair.

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Inter-fund Transactions and Balances.

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

H. Capital Assets.

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. It is the practice of the County that no depreciation is taken on purchases of capital assets during the acquisition year. A full year's depreciation is taken for all sales or other dispositions of capital assets during the year. The following schedule details those thresholds and estimated useful lives.

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

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

I. Deferred Outflows/Inflows of Resources.

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s), and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

received or reported as a receivable before the period for which property taxes are levied.

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

J. Pensions.

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

K. Long-term liabilities.

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

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

In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

M. Property Tax Revenues.

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

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

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

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

P. Changes in Accounting Standards.

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

NOTE 2 – FUND RECLASSIFICATION.

As a result of the implementation of GASB 84, *Fiduciary Activities*, during fiscal year 2021, the Payroll Clearing Fund and Tax Settlement Fund were reclassified from custodial to the general fund. The County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$(39,288).

In determining major funds according to GASB 34, Paragraph 76, the County reclassified ERBR 67 (1) Blackwood Fund from other governmental funds to a major governmental fund.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 3 - DEPOSITS.

Deposits - The carrying amount of the County's total deposits with financial institutions as of September 30, 2021, was \$18,187,730 and the bank balance was \$18,683,709. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

NOTE 4- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances as of September 30, 2021:

Due From/To Other Funds:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance Fund	General Fund	\$ 31,163
Bridge and Culvert Fund	General Fund	10,148
Other Governmental Funds	General Fund	15,288
Custodial Funds	General Fund	10,239
Total		<u>\$ 66,838</u>

The receivables represent tax revenue collected in September, 2021, but not settled until October, 2021 (66,526), amounts due , and amounts due the Law Library Fund (312). All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
Countywide Road Maintenance Fund	Other Governmental Funds	\$ 1,000,000
Other Governmental Funds	Countywide Road Maintenance Fund	92,706
Other Governmental Funds	General Fund	134,625
Total		<u>\$ 1,227,331</u>

Transfers are made in the normal course of business regarding individual fund operations.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables on September 30, 2021, consisted of the following:

Governmental Activities:

Description	Amount
US Treasury - CDBG Parmida	\$ 68,785
State Legislative Tax Credit	120,453
Total	<u>\$ 189,238</u>

NOTE 6 - LOANS RECEIVABLE.

The loan receivable on September 30, 2021, consisted of the following:

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

This loan was made to Delta Pride Catfish, Inc. from the proceeds of a Community Development Block Grant administered through the Mississippi Development Authority. Delta Pride Catfish, Inc. has not made a payment since June of 2008. After the maturity date, the loan receivable was considered uncollectible, but the County does not have the authority to remove the note receivable.

NOTE 7 - CAPITAL ASSETS.

The following is a summary of capital assets activity for the year ended September 30, 2021:

Governmental Activities:	Balance Oct. 1, 2020	Additions	Deletions	Adjustments *	Balance Sept. 30, 2021
Non-depreciable capital assets:					
Land	\$ 1,213,181				1,213,181
Construction in progress	6,124,241	1,637,730		(6,935,261)	826,710
Total non-depreciable capital assets	<u>7,337,422</u>	<u>1,637,730</u>	<u>0</u>	<u>(6,935,261)</u>	<u>2,039,891</u>
Depreciable capital assets:					
Infrastructure	64,966,702			6,935,261	71,901,963
Buildings	10,046,105		721,237		9,324,868
Improvements other than buildings	969,238				969,238
Mobile equipment	7,680,094	1,394,992	48,035		9,027,051
Furniture and equipment	1,909,170	202,156			2,111,326
Leased Property	1,269,000				1,269,000
Total depreciable capital assets	<u>86,840,309</u>	<u>1,597,148</u>	<u>769,272</u>	<u>6,935,261</u>	<u>94,603,446</u>
Less accumulated depreciation for:					
Infrastructure	38,816,271	740,276			39,556,547
Buildings	3,207,005	200,899	173,097		3,234,807
Improvements other than buildings	415,180	33,968			449,148
Mobile equipment	5,051,507	797,265	43,233		5,805,539
Furniture and equipment	1,700,398	62,818			1,763,216
Leased Property	228,420	114,210			342,630
Total accumulated depreciation	<u>49,418,781</u>	<u>1,949,436</u>	<u>216,330</u>	<u>0</u>	<u>51,151,887</u>
Total depreciable capital assets, net	<u>37,421,528</u>	<u>(352,288)</u>	<u>552,942</u>	<u>6,935,261</u>	<u>43,451,559</u>
Total capital assets, net	<u>\$ 44,758,950</u>	<u>1,285,442</u>	<u>552,942</u>	<u>0</u>	<u>45,491,450</u>

* Adjustments are to reclass completed construction.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

Sunflower County depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 285,346
Public safety	321,928
Public works	1,341,472
Health & welfare	108
Conservation	253
Economic development	329
Total	<u>\$ 1,949,436</u>

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Various State Aid and bridge projects	Unknown	Unknown

NOTE 8 – CLAIMS AND JUDGEMENTS.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 9 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

Plan Description. Sunflower County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

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

Contributions. As of September 30, 2021, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate on September 30, 2021, was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$962,351, \$871,949, and \$809,495, respectively, equal to the required contributions for each year.

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

On September 30, 2021, the County reported a liability of \$11,824,346 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2021, net pension liability was 0.080 percent, which was based on a measurement date of June 30, 2021. This was no change from its proportionate share used to calculate the September 30, 2020, net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$1,094,618. On September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,072	
Net difference between projected and actual earnings on pension plan investments		
Changes of assumptions	905,200	3,569,571
Changes in the proportion and differences between contributions and proportionate share of contributions	806,283	32,607
Contributions subsequent to the measurement date	250,661	
Total	<u>\$ 2,151,216</u>	<u>3,602,178</u>

The \$250,661 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2022	\$ 40,907
2023	(122,650)
2024	(558,725)
2025	(1,061,155)
Total	<u>\$ (1,701,623)</u>

Actuarial Assumptions. The total pension liability as of June 30, 2021, was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash	1.00	(1.00)
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1- percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's Proportionate share of the net pension liability	\$ 16,746,051	11,824,346	7,768,476

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

NOTE 10 – CAPITAL LEASES.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,269,000
Total	1,269,000
Less: Accumulated depreciation	342,630
Leased Property Under Capital Leases	<u>\$ 926,370</u>

The following is a schedule by years of the total payments due as of September 30, 2021:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2022	\$ 145,776	\$ 12,898
2023	162,593	10,503
2024	166,397	6,702
2025	170,290	2,809
2026	28,766	83
Total	<u>\$ 673,822</u>	<u>\$ 32,995</u>

NOTE 11 - LONG TERM DEBT.

Debt outstanding as of September 30, 2021, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
GO Public Improvement Bonds Series 2018	\$ 1,110,000	2.10/3.40	09/28
Total General Obligation Bonds	<u>\$ 1,110,000</u>		
B. Other Loans:			
MDA - Delta Pride Catfish, Inc.	\$ 650,749	6.50	05/19
Negotiable Note Series 2020	1,110,000	1.85	3/25
Sub-total	1,760,749		
MDA - Parmida LED Technologies	1,034,189	3.00	Drawn to date
Total Other Loans	<u>\$ 2,794,938</u>		
C. Capital Lease Obligations			
(6) 2017 John Deere 670G Motor Graders	\$ 673,822	2.15	11-25
Total Capital Lease Obligations	<u>\$ 673,822</u>		

The loan payable, MDA-Delta Pride Catfish, Inc. (Delta Pride), which matured May 2019, was the result of loan proceeds administered through the Mississippi Development Authority (MDA) to provide funds to Delta Pride. Delta Pride defaulted on a loan receivable (see Note 6) and ultimately ceased operations. The County has not made a payment since fiscal year 2008. After the maturity date, the loan payable remains as part of the amounts due within one year. The County has not been granted authority to remove the loan payable by the MDA.

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

Year Ending September 30:	General Obligation Bonds		Other Loans		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 141,000	34,155	920,666	20,535	145,776	12,898
2023	146,000	30,489	274,910	15,542	162,593	10,503
2024	152,000	26,401	279,996	10,456	166,397	6,702
2025	158,000	21,841	285,177	5,276	170,290	2,809
2026	164,000	16,943			28,766	83
2027 - 2028	349,000	17,747				
Total	\$ 1,110,000	147,576	1,760,749	51,809	673,822	32,995

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2021, the amount of outstanding debt was equal to 1.02% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

	Balance Oct. 1, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amount due within one year
Compensated absences	\$ 87,869	6,972		94,841	
General obligation bonds	1,245,000		135,000	1,110,000	141,000
Other loans	933,166	2,144,189	282,417	2,794,938	920,666
Capital lease obligations	840,942	816,540	983,660	673,822	145,776
Total	\$ 3,106,977	2,967,701	1,401,077	4,673,601	1,207,442

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

NOTE 12 - CONTINGENCIES.

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

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

General Obligation Debt Contingencies - The County issued general obligation bonds, series 2009 to provide funds for constructing and improving the capital facilities of the North Sunflower Medical Center. Such debt is being retired from pledged resources of the Medical Center and, therefore, is reported as a

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

liability of the Medical Center. However, because general obligation bonds are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

<u>Description</u>	<u>Balance at</u> <u>Sept. 30, 2021</u>
General obligation hospital bonds, series 2009	\$ <u><u>1,560,000</u></u>

NOTE 13 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted deficit net position amount of (\$8,205,893) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$250,661 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$1,900,555 balance of the deferred outflow of resources related to pensions on September 30, 2021, will be recognized in pension expense over the next three years. The \$3,602,178 balance of the deferred inflow of resources related to pension on September 30, 2021, will be recognized in pension expense over the next four years.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Sunflower County Board of Supervisors appoints six of the 20 members of the College Board of Trustees. The County appropriated \$896,805 in taxes for maintenance and support of the College in fiscal year 2021.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Sunflower County Board of Supervisors appoints one of the 21 members of the Board of Commissioners. The County levied a .75 mill tax, which raised \$151,090 for the maintenance and support of the district in the fiscal year 2021.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Sunflower County Board of Supervisors appoints one of the eight members of the Board of Commissioners. The County appropriated \$57,300 to the entity in the fiscal year 2021.

The South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Sunflower County Board of Supervisors appoints four of the 22 members of the District's Board of Directors. The County appropriated \$11,254 for the support of the district in fiscal year 2021.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 15 – TAX ABATEMENT

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

The Sunflower County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with nine entities as of September 30, 2021.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies: 27-31-105, Miss. Code (Ann.) 1972. All allowable property tax levies:

Category	Fiscal Year 2021	
		Amount of Taxes Abated
Additions, expansions or equipment replacment	100.00%	\$ 291,773

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

NOTE 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 Sunflower County evaluated the activity of the County through October 11, 2022 (the date the financial statements were available to be issued) and determined that no subsequent events occurred that require disclosure in the notes to the financial statements.

SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2021
UNAUDITED

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 6,274,433	7,233,978	7,233,978	-
Licenses, commissions and other revenue	206,620	329,520	329,520	-
Fines and forfeitures	20,075	11,795	11,795	-
Intergovernmental revenues	412,330	724,594	724,594	-
Charges for services	10,000	29,760	29,760	-
Interest income	40,000	168,663	168,663	-
Miscellaneous revenues	51,000	82,849	82,849	-
Total Revenues	<u>7,014,458</u>	<u>8,581,159</u>	<u>8,581,159</u>	<u>-</u>
EXPENDITURES				
General government	4,232,163	3,794,052	3,794,052	-
Public safety	3,455,973	3,760,280	3,760,280	-
Public works	66,346	53,262	53,262	-
Health and welfare	368,362	337,444	337,444	-
Conservation of natural resources	100,841	85,680	85,680	-
Economic development and assistance	227,356	145,094	145,094	-
Total Expenditures	<u>8,451,041</u>	<u>8,175,812</u>	<u>8,175,812</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,436,583)</u>	<u>405,347</u>	<u>405,347</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer-out	<u>(300,000)</u>	<u>(265,417)</u>	<u>(265,417)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(300,000)</u>	<u>(265,417)</u>	<u>(265,417)</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,736,583)</u>	<u>139,930</u>	<u>139,930</u>	<u>-</u>
Fund Balance - Beginning	<u>1,736,583</u>	<u>1,736,583</u>	<u>1,736,583</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>1,876,513</u>	<u>1,876,513</u>	<u>-</u>

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2021
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,151,810	1,339,372	1,339,372	-
Road and bridge privilege taxes	240,000	253,504	253,504	-
Intergovernmental revenues	596,900	618,426	618,426	-
Miscellaneous revenues	4,000	(6,942)	(6,942)	-
Total Revenues	<u>1,992,710</u>	<u>2,204,360</u>	<u>2,204,360</u>	<u>-</u>
EXPENDITURES				
Public works	1,669,589	2,538,493	2,538,493	-
Debt service:				
Principal	<u>173,121</u>	<u>187,879</u>	<u>187,879</u>	<u>-</u>
Total Expenditures	<u>1,842,710</u>	<u>2,726,372</u>	<u>2,726,372</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>150,000</u>	<u>(522,012)</u>	<u>(522,012)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer-in		1,000,000	1,000,000	-
Transfer-out	<u>(150,000)</u>	<u>(92,706)</u>	<u>(92,706)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(150,000)</u>	<u>907,294</u>	<u>907,294</u>	<u>-</u>
Net Change in Fund Balance	-	385,282	385,282	-
Fund Balance - Beginning	<u>(459,799)</u>	<u>(134,132)</u>	<u>(134,132)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (459,799)</u>	<u>251,150</u>	<u>251,150</u>	<u>-</u>

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
American Recovery Protection Act Fund
For the Year Ended September 30, 2021
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	2,438,661	2,438,661	-
Interest income		1,537	1,537	-
Total Revenues	-	2,440,198	2,440,198	-
EXPENDITURES				
Public works		307,200	307,200	-
Total Expenditures	-	307,200	307,200	-
Excess of Revenues over (under) Expenditures	-	2,132,998	2,132,998	-
Net Change in Fund Balance	-	2,132,998	2,132,998	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	2,132,998	2,132,998	-

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
ERBR 67 (1) Blackwood Fund
For the Year Ended September 30, 2021
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	-	2,014,037	2,014,037	-
Total Revenues	-	2,014,037	2,014,037	-
EXPENDITURES				
Public works	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	2,014,037	2,014,037	-
Net Change in Fund Balance	-	2,014,037	2,014,037	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	2,014,037	2,014,037	-

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Bridge & Culvert Fund
For the Year Ended September 30, 2021
UNAUDITED

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 807,556	1,010,431	1,010,431	-
Intergovernmental revenues	200	23	23	-
Total Revenues	<u>807,756</u>	<u>1,010,454</u>	<u>1,010,454</u>	<u>-</u>
EXPENDITURES				
Public works	<u>1,729,528</u>	<u>1,034,470</u>	<u>1,034,470</u>	<u>-</u>
Total Expenditures	<u>1,729,528</u>	<u>1,034,470</u>	<u>1,034,470</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(921,772)</u>	<u>(24,016)</u>	<u>(24,016)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer-in	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(771,772)</u>	<u>(24,016)</u>	<u>(24,016)</u>	<u>-</u>
Fund Balance - Beginning	<u>771,772</u>	<u>771,772</u>	<u>771,772</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>747,756</u>	<u>747,756</u>	<u>-</u>

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

SUNFLOWER COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014
Sunflower County								
Proportion of the net pension liability (asset)	0.080%	0.080%	0.070%	0.070%	0.070%	0.065%	0.064%	0.063%
Proportionate share of the net pension liability (asset)	\$ 11,824,346	15,487,067	12,314,378	11,643,080	11,636,377	11,610,622	9,893,137	7,647,046
Covered payroll	\$ 5,530,751	5,058,945	4,877,525	4,626,051	4,499,208	4,227,780	4,046,057	3,839,402
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	213.79%	306.13%	252.47%	251.69%	258.63%	274.63%	244.51%	199.17%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

SUNFLOWER COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sunflower County								
Contractually required contribution	\$ 962,351	871,949	809,495	730,657	721,683	665,876	637,253	594,776
Contributions in relation to the contractually required contribution	<u>962,351</u>	<u>871,949</u>	<u>809,495</u>	<u>730,657</u>	<u>721,683</u>	<u>665,876</u>	<u>637,253</u>	<u>594,776</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 5,530,751	5,011,200	5,005,157	4,639,090	4,582,112	4,227,780	4,046,057	3,776,347
Contributions as a percentage of covered payroll	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021
UNAUDITED

BUDGETARY COMPARISON SCHEDULES

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types				
	General Fund	Countywide Road Maintenance Fund	American Recovery Protection Act Fund	ERBR 67 (1) Blackwood Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ 139,930	385,282	2,132,998	2,014,037	(24,016)
Increase (Decrease)					
Net adjustments for revenue accruals	454,631	832,308	(2,132,998)	-	(2,672)
Net adjustments for expenditure accruals	(504,175)	(562,565)	-	-	(74,490)
GAAP Basis	\$ 90,386	655,025	-	2,014,037	(101,178)

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021
UNAUDITED

PENSION SCHEDULES

A. Changes of assumptions.

2015

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

2016

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

2017

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

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021
UNAUDITED

- 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%.

2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of the female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- 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 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

A. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021
UNAUDITED

years prior to the end of the fiscal year in which contributions are reported (June 30, 2019, valuation for the June 30, 2021, 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	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUNFLOWER COUNTY

SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development			
Passed-through Mississippi Development Authority			
Community Development Block Grants/State's program and			
Non-Entitlement Grants in Hawaii	* 14.228	1135-18-067-PF-01	\$ 33,900
	* 14.228	1131-18-067-PF-01	62,727
	* 14.228	1136-19-067-ED-01	328,383
Total Passed-through Mississippi Development Authority			425,010
Total Department of Housing and Urban Development			425,010
Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027		307,200
Total Department of the Treasury			307,200
Delta Regional Authority			
Delta Area Economic Development	90.201		103,824
Total Delta Regional Authority			103,824
Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency			
Emergency Management Performance Grants	97.042	N/A	26,470
Total Passed-through Mississippi Emergency Management Agency			26,470
Total Department of Homeland Security			26,470
Total for All Federal Awards			\$ 862,504

* Denotes Major Federal Award Program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

SUNFLOWER COUNTY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sunflower County under programs of the federal government for the year ended September 30, 2021. 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 County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

B. Indirect Cost Rate

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

SUNFLOWER COUNTY

OTHER INFORMATION

SUNFLOWER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

Name	Position	Surety Company	Amount
Glenn M. Donald	Supervisor District 1	Fidelity & Deposit Co.	\$ 100,000
Riley Rice	Supervisor District 2	FCCI	100,000
James B. Gaston	Supervisor District 3	FCCI	100,000
Anthony Clark	Supervisor District 4	FCCI	100,000
Gloria Dickerson	Supervisor District 5	FCCI	100,000
Gloria McIntosh	Chancery Clerk	FCCI	100,000
Gloria McIntosh	County Administrator	FCCI	100,000
Frederick L. Washington	County Administrator	Western Surety	100,000
Cynthia Chandler	Tax Collector/Assessor	Western Surety	100,000
Carolyn Hamilton	Circuit Court Clerk	Western Surety	100,000
James Haywood	Sheriff	Fidelity & Deposit Co.	100,000
Michelle Boyles	Purchasing Clerk	FCCI	100,000
Gloria McIntosh	Assistant Purchase Clerk	FCCI	50,000
Eddie Bounds	Assistant Receiving Clerk	Western Surety	50,000
Franchette Greer	Assistant Receiving Clerk	Fidelity & Deposit Co.	50,000
Joann Echoles	Assistant Receiving Clerk	Western Surety	50,000
Augusta Forest Swan	Assistant Receiving Clerk	FCCI	50,000
Elizabeth Clair Smith	Assistant Receiving Clerk	FCCI	50,000
Brandi Howard	Assistant Receiving Clerk	Western Surety	50,000
Jennifer R Upton	Assistant Receiving Clerk	Fidelity & Deposit Co.	50,000
Jennifer R Upton	Deputy Tax Assessor	Fidelity & Deposit Co.	50,000
Kirita Griffin	Deputy Tax Collector	FCCI	50,000
Ruby Townsend	Deputy Tax Collector	Western Surety	50,000
Keyanna Butler	Deputy Tax Collector	Western Surety	50,000
Cherry Jones	Deputy Tax Collector	Western Surety	50,000
Cynthia L. Matthews	Deputy Tax Collector	Western Surety	50,000
Sandra Renee McCarty	Deputy Tax Collector	Western Surety	50,000
Mike Myers	Constables	Fidelity & Deposit Co.	50,000
James Lee	Constables	Fidelity & Deposit Co.	50,000
Patricia Strong	Justice Court Clerk	FCCI	50,000
Vicky Rogers	Deputy Justice Court Clerk	FCCI	50,000
Zenda Johnson	Deputy Justice Court Clerk	FCCI	50,000
Susan Holt	Deputy Justice Court Clerk	FCCI	50,000
Vickie H. Sharp	Deputy Justice Court Clerk	FCCI	50,000
April Brock	Inventory Control Clerk	Western Surety	75,000
Lisa Bell	Justice Court Judge	FCCI	50,000
Gwendolyn Pernel	Justice Court Judge	FCCI	50,000
Ashley Nelson	Receiving Clerk	FCCI	75,000
Latoya Butler	Receiving Clerk	Western Surety	75,000
Thomas Fairly	Road Manager	FCCI	50,000

SUNFLOWER COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Sunflower County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunflower County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 11, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Sunflower County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated October 11, 2022, included within this document.

Sunflower County's Response to the Finding

Sunflower County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sunflower County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

October 11, 2022

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

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Sunflower County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Sunflower County, Mississippi's major federal program for the year ended September 30, 2021. Sunflower County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Sunflower County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
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Vicksburg, Mississippi
October 11, 2022

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

Members of the Board of Supervisors
Sunflower County, Mississippi

We have examined Sunflower County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2021. The Board of Supervisors of Sunflower County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Purchase Clerk

Finding 1. Public Officials Should Establish and Maintain Internal Control and Compliance with Public Purchasing Laws.

Repeat Finding No

Criteria	The County is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws; Titles 31 and 37.
Condition	<p>The County did not comply with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37. A well-designed purchasing system would comply with the provisions of Titles 31 and 37 and would include proper bid requirements as well as the use of purchase requisitions, purchase orders, and receiving reports. During our test work, we noted the following instances of non-compliance:</p> <ul style="list-style-type: none"> • One (1) instance where no competitive bid or second quote was obtained for an expenditure of greater than \$5,000 • One (1) instance where no public notice was placed to advertise for bids for an expenditure of greater than \$50,000
Cause	The County did not establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.
Effect	The County is not in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.
Recommendation	The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.
Response	Sunflower County will implement internal controls that ensure that the State of Mississippi Policies and Procedures to the Public Purchasing Laws are met. The County Administrator and the Purchase Clerk will follow the competitive bids law and purchases that require advertisement for bids will be implemented as well. The Purchase Clerk will ensure that the County is in compliance with Public Purchasing Laws.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Sunflower County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

Sunflower County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

October 11, 2022

SUNFLOWER COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2021

Schedule 1

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

SUNFLOWER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
8/25/2021	2021 Dennis Eagle Garbage Truck	\$ 307,200.00	Burroughs Diesel	To remove residential solid waste, prevent and mitigate COVID-19 and return the County to sanitary conditions amid the health crisis.

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2021**

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

In planning and performing our audit of the financial statements of Sunflower County, Mississippi for the year ended September 30, 2021, we considered Sunflower County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Sunflower County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 11, 2022, on the financial statements of Sunflower County, Mississippi.

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

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

Board of Supervisors

Finding 1:	<u>Public Officials Should Ensure Compliance with State Law over Surety Bonds.</u>
Repeat Finding	Yes; 2020 Finding 3
Criteria	<i>Section 25-1-15, Mississippi Code Annotated (1972), state, " A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</i>

Condition	<p>During the course of our testing we noted the following instances of non-compliance:</p> <ul style="list-style-type: none"> • One (1) individual had an indefinite bond; • Nine (9) individuals had a continuation certificate that did not contain all of the required elements on the face of the bond (the title was not listed): and • Three (3) individuals had the incorrect title listed on the bond.
Cause	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Laws.
Response	The Sunflower County Board of Supervisors will not accept any surety bonds that are not in compliance with State law. If the surety bonds are incorrect, the bonds will be returned for correcting. County officials will be responsible for ensuring the accuracy of surety bonds and submit the Sunflower County Chancery Clerk for review.
Finding 2.	<u>Public Officials and Employees should ensure compliance with state law over travel reimbursement.</u>
Repeat Finding	No
Criteria	<p><i>Section 25-3-41, Mississippi Code Annotated (1972), states, "(1) ...When any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of a privately owned vehicle while on official travel. [Emphasis added]</i></p> <p><i>(2) When any officer or employee of any county or municipality...is required to travel in the performance of his official duties, the officer or employee shall receive as expenses Twenty Cents (20¢) for each mile actually and necessarily traveled, when the travel is done by a privately owned motor vehicle; provided, however, that the governing authorities of a county or municipality may, in their discretion, authorize an increase in the mileage reimbursement of officers and employees of the county or municipality, or of any agency, board or commission thereof, in an amount not to exceed the mileage reimbursement rate authorized for officers and employees of the State of Mississippi in subsection (1) of this section...." [Emphasis added]</i></p>
Condition	During the course of our testing, we noted that the County continued to reimburse at 57.5 cents per mile when the rate had decreased to 56 cents per mile as of 1/1/2021.

Cause	Public Officials and the Board of Supervisors have insufficient control over the travel reimbursement of County employees.
Effect	Failure to reimburse travel at the statutorily allowed rate could result in noncompliance with State law and the misappropriation of public funds.
Recommendation	We recommend the Board of Supervisors implement procedures to ensure that County officials and employees are reimbursed for travel in accordance with State laws.
Response	The Sunflower County Administrator will task the Accounts Payable Clerk with the responsibility of checking the state law over travel reimbursement. As changes occur, the Accounts Payable Clerk will update the Sunflower County travel voucher.

Payroll Clerk

Finding 3.	<u>Employee File Documentation.</u>
Repeat Finding	No
Criteria	The County is responsible for establishing and maintaining an effective system of internal controls pertaining to the documentation in employee files.
Condition	<p>During the course of our test work, we noted the following:</p> <ul style="list-style-type: none"> • Four (4) instances where the I-9 was either incomplete or missing • Two (2) instances where the pay rate per the file did not match the pay rate in the system
Cause	The employee files are not being reviewed regularly to identify any files lacking proper documentation.
Effect	The County employees' withholding elections could be calculated at the wrong rates and the County could face liability due to having improperly executed Form I-9s.
Recommendation	The County should maintain a complete employee file system that would ensure that the County is in compliance with State and Federal employee documentation laws.
Response	The Sunflower County Comptroller and Payroll Clerk will implement and maintain a file system to ensure the county is in compliance with State and Federal employee documentation laws. The County Administrator will approve the system on behalf of the Board of Supervisors.
Finding 4.	<u>Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.</u>
Repeat Finding	Yes; 2020 Finding 2
Criteria	<i>Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person</i>

has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....

4) The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

(a) For a period of time not to exceed one-half ($\frac{1}{2}$) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half ($\frac{1}{2}$) of the salary in effect for the position at the time of employment, or

(b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half ($\frac{1}{2}$) of the required number of working days or up to one-half ($\frac{1}{2}$) of the equivalent number of hours and receive up to one-half ($\frac{1}{2}$) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half ($\frac{1}{2}$) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment. *[Note: This notice is provided on PERS Form 4B and must be executed annually and sent to PERS]*

(6) (a) A member may retire and continue in municipal or county elective office provided that the member has reached the age and/or service requirement that will not result in a prohibited in-service distribution as defined by the Internal Revenue Service, or a retiree may be elected to a municipal or county office, provided that the person:

(i) Files annually, in writing, in the office of the employer and the office of the executive director of the system before the person takes office or as soon as possible after retirement, a waiver of all salary or compensation and elects to receive in lieu of that salary or compensation a retirement allowance as provided in this section, in which event no salary or compensation shall thereafter be due or payable for those services; however, any such officer or employee may receive, in addition to the retirement allowance, office expense allowance, mileage or travel expense authorized by any statute of the State of Mississippi; or

(ii) Elects to receive compensation for that elective office in an amount not to exceed twenty-five percent (25%) of the retiree's average compensation. In order to receive compensation as allowed in this subparagraph, the retiree shall file annually, in writing, in the office of the employer and the office of the executive director of the system, an election to receive, in addition to a retirement allowance, compensation as allowed in this subparagraph. *[Note: This notice is provided on PERS Form 9C and must be executed annually and sent to PERS]*

(b) The municipality or county in which the retired person holds elective office shall pay to the board the amount of the employer's contributions on the full amount of the regular compensation for the elective office that the retired person holds.

Condition	During the course of our audit, we noted the following: <ul style="list-style-type: none">• One (1) rehired retiree did not have an executed PERS form on file
Cause	The County did not comply with <i>Section 25-11-127, Mississippi Code Annotated (1972)</i> in that it failed to ensure proper notice to PERS, proper execution of required documents, and proper monitoring of wages to ensure the PERS cap was not exceeded.
Effect	The failure to comply with the reemployment conditions as reported on PERS Form 4B and 9C could jeopardize the provisions for reemployment.
Recommendation	The County should timely and accurately file PERS Form 4Bs and 9Cs for all rehired retirees and ensure that the statutory conditions for reemployment are met.
Response	The Sunflower County Human Resource Department will get with each department that employs retirees and ensure that the satisfactory conditions for PERS re-employment are met. The Board of Supervisors will reiterate to the Sheriff of Sunflower the importance of complying with Section 25-11-127 relating to the proper monitoring of wages to ensure the PERS cap is not exceeded. The county will file PERS Form 4Bs and 9Cs for all rehired employees in a timely manner.

Board of Supervisors and Purchase Clerk

Finding 5.	<u>Public Officials Should Ensure that Credit Card Expenditures are in Compliance with State Law.</u>
Repeat Finding	No
Criteria	<i>Section 19-3-68, Mississippi Code Annotated (1972)</i> , states, "The board of supervisors of any county may acquire one or more credit cards which may be used by members of the board of supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties....The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county."
Condition	During the course of our test work, we noted multiple instances of where the county credit card was used to make expenditures for items other than travel. We further noted that the County's credit card usage policy allows expenditures to be made for items other than travel.

Cause	The County has failed to establish a credit card usage policy that is in compliance with the credit card statute and failed to maintain an adequate internal control system to ensure compliance with the credit card statute.
Effect	The County is not in compliance with the State's credit card purchasing law, and this may result in the misappropriation of public funds.
Recommendation	The Board should ensure that the County's credit card usage policy is in compliance with state law. The Purchase Clerk should ensure that only approved, travel-related expenditures are made on the County's credit cards unless using an approved State Procurement Card.
Response	The Sunflower County Administrator and Purchase Clerk will ensure that the County's Credit Card usage is in compliance with State law. The county credit card will be used to pay expenses incurred while traveling. The county will seek to attain an approved State Procurement Card.

Tax Collector

Finding 6.	<u>The Tax Collector Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.</u>
Repeat Finding	No
Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972), states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."</i>
Condition	During the course of our test work, we found that six (6) deposits were not made in a timely manner with two deposits being held for five or more days.
Cause	These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Tax Collector's Office.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts, and settlement of funds to the County.
Recommendation	The Tax Collector should ensure that the deposits are being made in a timely manner as prescribed by statute.
Response	The Tax Collector will ensure that the deposits are being made in a timely manner as prescribed by statute.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

October 11, 2022

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY
Schedule of Findings and Questioned Cost
For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Aggregate discretely presented component units | Adverse |
| | Each major fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. Significant deficiency identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Internal control over major federal programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. | Identification of major federal programs | |
| | CFDA #14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | No |

SUNFLOWER COUNTY
Schedule of Findings and Questioned Cost
For the Year Ended September 30, 2021

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2021-001 Component units should be included in the financial statements

Repeat Finding No

Criteria Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units.

Condition The financial statements do not include the financial data for the county's legally separate component units.

Cause The County lacked the resources to include the audited financial statements of the component units.

Effect The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation The Board of Supervisors should provide the audited financial data for its discretely presented component units for inclusion in the County's financial statements.

View of Responsible
Official(s) Due to the need to timely file the County's audited statements and the failure of the County's largest component to timely complete its current audit, the County chose not to include the component units in the financial statements.

Section 3: Federal Award Findings and Questioned Costs

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

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SUNFLOWER COUNTY COURTHOUSE

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Corrective Action Plan

October 11, 2022

Bridgers, Goodman, Baird & Clarke, PLLC
3528 Manor Drive
Vicksburg, Mississippi 39180

Sunflower County respectfully submits the following corrective action plan for the year ended September 30, 2021.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

Section 2: Financial Statement Findings

2021-001: Corrective Action Planned: The County anticipates the component units will provide the subsequent year audits on a timely basis to allow for the County to include their respective information. This will enable the County to eliminate the adverse opinion on component units and timely submit its audit.

Anticipated Completion Date: September 30, 2023

Name of Contact Person Responsible for Corrective Action: Dr. Gloria McIntosh, County Administrator

Sincerely yours,


County Administrator