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SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2021

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Sunflower County Consolidated School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunflower County Consolidated School District, as of June 30, 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 management's

discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 4-12 and 45-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of the Sunflower County Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sunflower County Consolidated School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunflower County Consolidated School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
July 29, 2022

McKenzie CPA, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

The following discussion and analysis of Sunflower County Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2021 increased \$1,358,174, including a prior period adjustment of (\$36,308), which represents a 6% increase from fiscal year 2020. Total net position for 2020 decreased \$837,206, including a prior period adjustment of (\$15,694) and a fund reclassification of \$5,802, which represents a 3.82% decrease from fiscal year 2019.
- General revenues amounted to \$31,004,125 and \$29,530,857, or 72% and 77% of all revenues for fiscal years 2021 and 2020, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,963,871, or 28% of total revenues for 2021, and \$9,026,272, or 23% of total revenues for 2020.
- The District had \$41,573,514 and \$39,384,443 in expenses for fiscal years 2021 and 2020; only \$11,963,871 for 2021 and \$9,026,272 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$31,004,125 for 2021 were adequate to provide for these programs and \$29,530,857 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$27,913,362 in revenues and \$25,599,734 in expenditures for 2021, and \$28,753,048 in revenues and \$27,821,057 in expenditures for 2020. The General Fund's fund balance increased by \$2,342,914 from 2020 to 2021, and increased by \$853,752 from 2019 to 2020, including a fund reclassification of \$5,802.
- Capital assets, net of accumulated depreciation, increased by \$248,647 for 2021 and decreased by \$263,878 for 2020. The increase for 2021 was due to construction in progress and equipment purchases.
- Long-term debt decreased by \$155,221 for 2021 and decreased by \$308,069 for 2020. The decrease for 2021 was due primarily to the payment of principal payments. The liability for compensated absences increased by \$18,718 for 2021 and increased by \$26,705 for 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$21,371,685 as of June 30, 2021.

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Table 1 presents a summary of the District's net position at June 30, 2021 and June 30, 2020.

Table 1
Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Percentage
Current assets	\$ 23,727,769	\$ 20,987,508	13.06 %
Restricted assets	94,209	94,130	0.08 %
Capital assets, net	16,573,664	16,325,017	1.52 %
Total assets	40,395,642	37,406,655	7.99 %
 Deferred outflows of resources	 7,950,241	 5,418,326	 46.73 %
 Current liabilities	 1,762,344	 1,726,342	 2.09 %
Long-term debt outstanding	1,823,385	1,978,606	(7.84) %
Net OPEB liability	3,622,916	3,880,707	(6.64) %
Net pension liability	60,273,936	54,620,261	10.35 %
Total liabilities	67,482,581	62,205,916	8.48 %
 Deferred inflows of resources	 2,234,987	 3,348,924	 (33.26) %
 Net position:			
Net investment in capital assets	14,922,949	14,672,362	1.71 %
Restricted	3,042,010	2,743,560	10.88 %
Unrestricted	(39,336,644)	(40,145,781)	2.02 %
Total net position	\$ (21,371,685)	\$ (22,729,859)	5.98 %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (39,336,644)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB liability	58,181,598
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 18,844,954</u>

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

- Increase in net capital assets in the amount of \$248,647.
- The principal retirement of \$348,939 of long-term debt.
- Recognition of the net pension liability in the amount of \$60,273,936.
- Recognition of the net OPEB liability in the amount of \$3,622,916.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$42,967,996 and \$38,557,129, respectively. The total cost of all programs and services was \$41,573,514 for 2021 and \$39,384,443 for 2020.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	Year Ended June 30, 2021	Year Ended June 30, 2020	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 114,581	\$ 418,870	(72.65) %
Operating grants and contributions	11,849,290	8,607,402	37.66 %
General revenues:			
Property taxes	10,682,399	10,315,407	3.56 %
Grants and contributions not restricted	16,963,462	17,203,270	(1.39) %
Investment earnings	186,474	236,546	(21.17) %
Sixteenth section sources	847,190	814,560	4.01 %
Other	2,324,600	961,074	141.88 %
Total revenues	42,967,996	38,557,129	11.44 %
Expenses:			
Instruction	17,358,609	15,598,800	11.28 %
Support services	16,139,912	16,993,891	(5.03) %
Non-instructional	2,701,870	1,807,254	49.50 %
Sixteenth section	1,605	256	526.95 %
Pension expense	5,238,252	4,708,808	11.24 %
OPEB expense	65,501	196,606	(66.68) %
Interest on long-term liabilities	67,765	78,828	(14.03) %
Total expenses	41,573,514	39,384,443	5.56 %
Increase (Decrease) in net position	1,394,482	(827,314)	268.56 %
Net Position, July 1, as previously reported	(22,729,859)	(21,892,653)	(3.82) %
Fund Reclassification	-	5,802	(100.00) %
Prior Period Adjustment	(36,308)	(15,694)	(131.35) %
Net Position, July 1, as restated	(22,766,167)	(21,902,545)	(3.94) %
Net Position, June 30	\$ (21,371,685)	\$ (22,729,859)	5.98 %

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Governmental activities

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 17,358,609	\$ 15,598,800	11.28 %
Support services	16,139,912	16,993,891	(5.03) %
Non-instructional	2,701,870	1,807,254	49.50 %
Sixteenth section	1,605	256	526.95 %
Pension expense	5,238,252	4,708,808	11.24 %
OPEB expense	65,501	196,606	(66.68) %
Interest on long-term liabilities	67,765	78,828	(14.03) %
Total expenses	\$ 41,573,514	\$ 39,384,443	5.56 %

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (12,169,367)	\$ (13,131,750)	7.33 %
Support services	(11,476,680)	(12,795,111)	10.30 %
Non-instructional	(590,473)	553,188	(206.74) %
Sixteenth section	(1,605)	(256)	(526.95) %
Pension expense	(5,238,252)	(4,708,808)	(11.24) %
OPEB expense	(65,501)	(196,606)	66.68 %
Interest on long-term liabilities	(67,765)	(78,828)	14.03 %
Total net (expense) revenue	\$ (29,609,643)	\$ (30,358,171)	2.47 %

- Net cost of governmental activities (\$29,609,643 for 2021 and \$30,358,171 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$10,682,399 for 2021 and \$10,315,407 for 2020) and state and federal revenues (\$16,963,462 for 2021 and \$17,203,270 for 2020). In addition, there was \$847,190 and \$814,560 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$186,474 for 2021 and \$236,546 for 2020.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

completed the year, its governmental funds reported a combined fund balance of \$22,078,419, an increase of \$2,700,738, which includes a decrease in inventory of (\$27,059). \$18,847,684, or 85% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$3,230,735, or 15% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$2,342,914. The fund balance of Other Governmental Funds showed a decrease in the amount of \$357,824, including a decrease in inventory of \$27,059. The increase (decrease) in the fund balances for the other major funds were as follows:

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

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$35,246,913, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents an increase of \$614,878 from 2020. Total accumulated depreciation as of June 30, 2021, was \$18,673,249, and total depreciation expense for the year was \$909,589, resulting in total net capital assets of \$16,573,664.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 469,504	\$ 469,504	- %
Construction in progress	361,653	-	N/A %
Buildings	10,801,442	11,168,910	(3.29) %
Building improvements	2,321,742	2,442,304	(4.94) %
Improvements other than buildings	223,512	72,782	207.10 %
Mobile equipment	1,615,958	1,582,612	2.11 %
Furniture and equipment	779,853	588,905	32.42 %
Total	\$ 16,573,664	\$ 16,325,017	1.52 %

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Debt Administration. At June 30, 2021, the District had \$1,823,385 in outstanding long-term debt, of which \$367,443 is due within one year. During the fiscal year, the District made principal payments totaling \$348,939 on outstanding long-term debt. The liability for compensated absences increased \$18,718 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>
Three mill notes payable	\$ 175,000	\$ 172,000	1.74 %
Obligations under energy efficiency leases	1,487,758	1,664,697	(10.63) %
Compensated absences payable	160,627	141,909	13.19 %
Total	<u>\$ 1,823,385</u>	<u>\$ 1,978,606</u>	<u>(7.84) %</u>

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

**Statement of Net Position
June 30, 2021**

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 21,608,244
Due from other governments	2,066,322
Inventories	53,203
Restricted assets	94,209
Capital assets, non-depreciable:	
Land	469,504
Construction in progress	361,653
Capital assets, net of accumulated depreciation:	
Buildings	10,801,442
Building improvements	2,321,742
Improvements other than buildings	223,512
Mobile equipment	1,615,958
Furniture and equipment	779,853
Total Assets	<u>40,395,642</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	7,150,030
Deferred outflows - OPEB	800,211
Total Deferred Outflows of Resources	<u>7,950,241</u>
Liabilities	
Accounts payable and accrued liabilities	1,743,559
Interest payable on long-term liabilities	18,785
Long-term liabilities, due within one year:	
Capital related liabilities	359,412
Non-capital related liabilities	8,031
Net OPEB liability	138,212
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,303,346
Non-capital related liabilities	152,596
Net pension liability	60,273,936
Net OPEB liability	3,484,704
Total Liabilities	<u>67,482,581</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	1,299,149
Deferred inflows - OPEB	935,838
Total Deferred Inflows of Resources	<u>2,234,987</u>
Net Position	
Net investment in capital assets	14,922,949
Restricted for:	
Expendable:	
School-based activities	2,386,941
Debt service	131,730
Capital improvements	361,917
Forestry improvements	6,536
Unemployment benefits	72,720
Non-expendable:	
Sixteenth section	82,166
Unrestricted	(39,336,644)
Total Net Position (deficit)	<u>\$ (21,371,685)</u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2021

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 17,358,609	\$ 113,927	\$ 5,075,315	\$ -	\$ (12,169,367)
Support services	16,139,912	654	4,662,578	-	(11,476,680)
Non-instructional	2,701,870	-	2,111,397	-	(590,473)
Sixteenth section	1,605	-	-	-	(1,605)
Pension expense	5,238,252	-	-	-	(5,238,252)
OPEB expense	65,501	-	-	-	(65,501)
Interest on long-term liabilities	67,765	-	-	-	(67,765)
Total Governmental Activities	<u>\$ 41,573,514</u>	<u>\$ 114,581</u>	<u>\$ 11,849,290</u>	<u>\$ -</u>	<u>\$ (29,609,643)</u>

General Revenues:

Taxes:

General purpose levies 10,595,066

Debt purpose levies 87,333

Unrestricted grants and contributions:

State 16,543,895

Federal 419,567

Unrestricted investment earnings 186,474

Sixteenth section sources 847,190

Other 2,324,600

Total General Revenues 31,004,125

Change in Net Position 1,394,482

Net Position - Beginning, as previously reported (22,729,859)

Prior Period Adjustments (36,308)

Net Position - Beginning, as restated (22,766,167)

Net Position (deficit) - Ending \$ (21,371,685)

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2021

Exhibit C

	Major Funds				
	General Fund	Title I Fund	IDEA Part B Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 18,763,647			\$ 2,894,794	\$ 21,658,441
Cash with fiscal agents				12,043	12,043
Investments				31,969	31,969
Due from other governments	387,281	\$ 898,974	\$ 326,058	454,009	2,066,322
Due from other funds	1,420,328			29,549	1,449,877
Inventories				53,203	53,203
Total assets	\$ 20,571,256	\$ 898,974	\$ 326,058	\$ 3,475,567	\$ 25,271,855
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,565,675	26	1,529	176,329	\$ 1,743,559
Due to other funds		898,948	324,529	226,400	1,449,877
Total Liabilities	1,565,675	898,974	326,058	402,729	3,193,436
Fund Balances:					
Nonspendable:					
Inventory				53,203	53,203
Permanent fund principal				82,166	82,166
Restricted:					
Debt service				150,515	150,515
Capital projects				373,960	373,960
Forestry improvement purposes				6,536	6,536
Grant activities				2,333,738	2,333,738
Unemployment benefits				72,720	72,720
Assigned:					
Student activities	157,897	-	-	-	157,897
Unassigned	18,847,684			-	18,847,684
Total Fund Balances	19,005,581	-	-	3,072,838	22,078,419
Total Liabilities and Fund Balances	\$ 20,571,256	\$ 898,974	\$ 326,058	\$ 3,475,567	\$ 25,271,855

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Exhibit C-1

Total fund balances for governmental funds **\$ 22,078,419**

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

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

Land	\$ 469,504	
Construction in progress	361,653	
Buildings	23,589,779	
Building improvements	3,279,469	
Improvements other than buildings	417,487	
Mobile equipment	4,251,818	
Furniture and equipment	2,877,203	
Accumulated depreciation	<u>(18,673,249)</u>	16,573,664

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

Net pension liability	(60,273,936)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	7,150,030	
Deferred inflows of resources related to pensions	<u>(1,299,149)</u>	(54,423,055)

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

Net OPEB liability	(3,622,916)	
--------------------	-------------	--

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	800,211	
Deferred inflows of resources related to OPEB	<u>(935,838)</u>	(3,758,543)

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

Notes payable	(175,000)	
Energy efficiency lease obligations	(1,487,758)	
Compensated absences	(160,627)	
Accrued interest payable	<u>(18,785)</u>	(1,842,170)

Net Position of governmental activities	\$ <u>(21,371,685)</u>
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The notes to the financial statements are an integral part of this statement.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

Exhibit D

	Major Funds			Other	Total
	General	Title I	IDEA	Governmental	Governmental
	Fund	Fund	Part B	Funds	Funds
			Fund		
Revenues:					
Local sources	\$ 10,943,720			\$ 2,312,614	\$ 13,256,334
State sources	15,832,185			2,082,565	17,914,750
Federal sources	239,918	\$ 2,870,390	\$ 1,138,597	6,649,098	10,898,003
Sixteenth section sources	897,539			716	898,255
Total Revenues	27,913,362	2,870,390	1,138,597	11,044,993	42,967,342
Expenditures:					
Instruction	13,850,046	710,815	414,062	4,787,431	19,762,354
Support services	11,744,990	1,709,733	676,107	2,849,231	16,980,061
Noninstructional services	4,219	156,161		2,728,790	2,889,170
Sixteenth section	479			1,126	1,605
Facilities acquisition and construction				361,653	361,653
Debt service:					
Principal				348,939	348,939
Interest				71,365	71,365
Total Expenditures	25,599,734	2,576,709	1,090,169	11,148,535	40,415,147
Excess (Deficiency) of Revenues over (under) Expenditures	2,313,628	293,681	48,428	(103,542)	2,552,195
Other Financing Sources (Uses):					
Bonds and notes issued	175,000				175,000
Insurance recovery	654				654
Operating transfers in	363,510			711,886	1,075,396
Operating transfers out	(509,826)	(293,681)	(48,428)	(223,461)	(1,075,396)
Other financing uses	(52)				(52)
Total Other Financing Sources (Uses)	29,286	(293,681)	(48,428)	488,425	175,602
Net Change in Fund Balances	2,342,914	-	-	384,883	2,727,797
Fund Balances:					
July 1, 2020	16,662,667	-	-	2,715,014	19,377,681
Increase (Decrease) in inventory				(27,059)	(27,059)
June 30, 2021	\$ 19,005,581	\$ -	\$ -	\$ 3,072,838	\$ 22,078,419

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 2,727,797**

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 1,230,884	
Depreciation expense	<u>(909,589)</u>	321,295
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		
		(36,340)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Bonds and notes issued	(175,000)	
Payments of debt principal	348,939	
Accrued interest payable	<u>3,600</u>	177,539
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(5,238,252)	
Contributions subsequent to the measurement date	<u>3,439,117</u>	(1,799,135)
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	(65,501)	
Contributions subsequent to the measurement date	<u>114,604</u>	49,103
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(18,718)	
Change in inventory	<u>(27,059)</u>	(45,777)
Change in Net Position of governmental activities		<u><u>\$ 1,394,482</u></u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Fund Financial Statements - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred a deferred outflow which is presented as a deferred outflow related to pensions and OPEB. See Note 13 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred a deferred inflow which is presented as a deferred inflow related to pensions and OPEB. See Note 13 for further details.

8. Compensated Absences

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

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. Fund Balances

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

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

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

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

13. Accounting Standards Update

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2020. 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.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$21,658,441. The carrying amount of deposits reported in the government-wide financial statements included cash and cash equivalents of \$21,608,244 and a portion of restricted assets in the amount of \$50,197 (see Note 4).

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2021, none of the district's bank balance of \$23,606,571 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$12,043.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Investments

As of June 30, 2021, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of deposit	N/A	1	\$ 31,969
Total			<u>\$ 31,969</u>

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

The district has Level 1 inputs for June 30, 2021.

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2021, the district did not have any investments to which this would apply.

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 898,948
General Fund	IDEA Part B Fund	324,529
General Fund	Other Governmental Funds	196,851
Other Governmental Funds	Other Governmental Funds	29,549
Total		<u>\$ 1,449,877</u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 509,826
Title I Fund	General Fund	92,622
Title I Fund	Other governmental funds	201,059
IDEA Part B Fund	General Fund	48,428
Other Governmental Funds	General Fund	222,460
Other Governmental Funds	Other governmental funds	1,001
Total		<u>\$ 1,075,396</u>

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

Note 4 – Restricted Assets

The restricted assets represent the cash balance and investments totaling \$50,197 and \$31,969 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, restricted assets also represent the cash with fiscal agent balance totaling \$12,043 of the Energy Lease Project.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 5 – Capital Assets

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

	Balance 7/1/2020	Increases	Decreases	Adjustments	Balance 6/30/2021
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 469,504	\$ -	\$ -	\$ -	\$ 469,504
Construction in progress		361,653			361,653
Total non-depreciable capital assets	469,504	361,653	-	-	831,157
<u>Depreciable capital assets:</u>					
Buildings	23,589,779	-	-	-	23,589,779
Building improvements	3,279,469	-	-	-	3,279,469
Improvements other than buildings	257,687	159,800	-	-	417,487
Mobile equipment	4,295,776	295,810	339,767	(1)	4,251,818
Furniture and equipment	2,739,820	413,621	236,340	(39,898)	2,877,203
Total depreciable capital assets	34,162,531	869,231	576,107	(39,899)	34,415,756
<u>Less accumulated depreciation for:</u>					
Buildings	12,420,869	367,469	-	(1)	12,788,337
Building improvements	837,165	120,562	-	-	957,727
Improvements other than buildings	184,905	9,069	-	1	193,975
Mobile equipment	2,713,164	228,486	305,790	-	2,635,860
Furniture and equipment	2,150,915	184,003	233,977	(3,591)	2,097,350
Total accumulated depreciation	18,307,018	909,589	539,767	(3,591)	18,673,249
Total depreciable capital assets, net	15,855,513	(40,358)	36,340	(36,308)	15,742,507
Governmental activities capital assets, net	\$ 16,325,017	\$ 321,295	\$ 36,340	\$ (36,308)	\$ 16,573,664

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 336,806
Support services	485,771
Non-instructional	87,012
Total depreciation expense - Governmental activities	\$ 909,589

The details of construction-in-progress are as follows:

	Spent to June 30, 2021	Remaining Commitment
Governmental Activities:		
Ruleville High School Field House Renovations	\$ 261,653	\$ 76,347
Rosser Elementary Renovations Phase II	100,000	210,000
Total governmental activities	361,653	286,347
Total construction in progress	\$ 361,653	\$ 286,347

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6 – Long-term Liabilities

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amounts due within one year
A. Three mill notes payable	172,000	175,000	172,000	175,000	175,000
B. Obligations under energy efficiency leases	1,664,697		176,939	1,487,758	184,412
C. Compensated absences payable	141,909	18,718		160,627	8,031
Total	\$ 1,978,606	\$ 193,718	\$ 348,939	\$ 1,823,385	\$ 367,443

A. Three mill notes payable

Three mill notes payable currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2011	4.05%	5/17/2011	5/17/2021	1,064,000	-
Limited Tax Notes, Series 2021	0.50%	6/24/2021	6/24/2022	175,000	175,000
Total				<u>\$ 1,239,000</u>	<u>\$ 175,000</u>

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

The Series 2011 was retired during the 2021 fiscal year.

The following is a schedule by years of the total payments due on this Series 2021 debt:

Year Ending June 30	Principal	Interest	Total
2022	175,000	875	175,875
Total	<u>\$ 175,000</u>	<u>\$ 875</u>	<u>\$ 175,875</u>

B. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency lease	4.68%	8/14/2007	6/1/2022	\$ 1,000,226	\$ 89,760
Energy efficiency lease	3.70%	3/28/2018	1/1/2033	1,675,932	1,397,998
Total				<u>\$ 2,676,158</u>	<u>\$ 1,487,758</u>

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2022	89,760	4,292	94,052
Total	<u>\$ 89,760</u>	<u>\$ 4,292</u>	<u>\$ 94,052</u>

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

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

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

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

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2022	94,652	51,725	146,377
2023	98,155	48,224	146,379
2024	101,786	44,592	146,378
2025	105,552	40,826	146,378
2026	109,458	36,921	146,379
2027-2031	611,637	120,773	732,410
2032-2033	276,758	15,482	292,240
Total	<u>\$ 1,397,998</u>	<u>\$ 358,543</u>	<u>\$ 1,756,541</u>

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

Total energy efficiency lease payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	184,412	56,017	240,429
2023	98,155	48,224	146,379
2024	101,786	44,592	146,378
2025	105,552	40,826	146,378
2026	109,458	36,921	146,379
2027-2031	611,637	120,773	732,410
2032-2033	276,758	15,482	292,240
Total	<u>\$ 1,487,758</u>	<u>\$ 362,835</u>	<u>\$ 1,850,593</u>

C. Compensated absences payable

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$3,439,117, \$3,607,387, and \$3,184,813, respectively, which equaled the required contributions for each year.

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

At June 30, 2021, the school district reported a liability of \$60,273,936 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2021 net pension liability was 0.311351 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.000867 percent from its proportionate share used to calculate the June 30, 2020 net pension liability, which was based on a measurement date of June 30, 2019.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$5,238,252. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 523,953	\$
Net difference between projected and actual earnings on pension plan investments	2,510,626	
Changes of assumptions	336,233	
Changes in proportion and differences between District contributions and proportionate share of contributions	340,101	1,299,149
District contributions subsequent to the measurement date	3,439,117	
Total	\$ <u>7,150,030</u>	\$ <u>1,299,149</u>

\$3,439,117 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 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 June 30:	
2022	\$ (187,473)
2023	608,180
2024	1,193,268
2025	797,789

Actuarial assumptions. The total pension liability as of June 30, 2020 was determined by actuarial valuation prepared as of June 30, 2019. The following actuarial assumptions are applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		0.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.00	
Total	100	%		

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 78,017,203	\$ 60,273,936	\$ 45,628,610

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

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

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$114,604 for the year ended June 30, 2021.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
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For the Year Ended June 30, 2021

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

At June 30, 2021, the District reported a liability of \$3,622,916 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2020, the District's proportion was 0.46554592 percent. This was an increase of 0.00820719 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$65,501. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,618	\$ 630,484
Changes of assumptions	562,491	153,099
Net difference between projected and actual earnings on OPEB plan investments	116	
Changes in proportion and differences between District contributions and proportionate share of contributions	118,382	152,255
District contributions subsequent to the measurement date	114,604	
Total	\$ <u>800,211</u>	\$ <u>935,838</u>

\$114,604 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2022	\$ (65,735)
2023	(65,735)
2024	(62,716)
2025	(27,811)
2026	(28,234)

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
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Actuarial assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2021 decreasing to an
Pre-Medicare	ultimate rate of 4.50% by 2030

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

The demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 4,003,569	\$ 3,622,916	\$ 3,296,419

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 3,345,208	\$ 3,622,916	\$ 3,937,546

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

Note 9 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2022	\$ 816,292
2023	625,435
2024	581,575
2025	568,335
2026	115,227
2027-2031	5,312
2032-2036	1,825
2037-2041	1,825
2042-2046	1,825
2047-2051	1,825
2052-2056	1,825
Thereafter	10,585
Total	\$ 2,731,886

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 10 – Prior Period Adjustments and Fund Reclassification

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

Exhibit B - Statement of Activities

Explanation	Amount
Prior Period adjustment -To correct depreciable assets and accumulated depreciation from a prior period	(36,308)
Total	<u>\$ (36,308)</u>

Note 11 – Contingencies

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

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

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 57 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 56 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 56 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$39,336,644) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$3,439,117 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$3,710,913 balance of the deferred outflow of resources related to pensions at June 30, 2021 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 4 years. The \$1,299,149 balance of the deferred inflow of resources related to pensions at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$39,336,644) includes the effect of deferred inflows/outflows of resources related to OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$114,604 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources totaling \$685,607 will be recognized as OPEB expense and will decrease the unrestricted net position over the next 5 years. The deferred inflows of resources totaling \$935,838 related to OPEB at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

Note 14 - Insurance loss recoveries

The Sunflower County Consolidated School District received \$654 in insurance loss recoveries related to property damage during the 2020-2021 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services under support services.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 15 - Juvenile Detention Center Education Program

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

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Sunflower County Consolidated School District evaluated the activity of the district through July 29, 2022, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 11,128,066	10,943,720	\$ 10,943,720	\$ (184,346)	\$ -
State sources	14,778,186	15,832,185	15,832,185	1,053,999	-
Federal sources	365,000	239,918	239,918	(125,082)	-
Sixteenth section sources	905,254	897,539	897,539	(7,715)	-
Total Revenues	27,176,506	27,913,362	27,913,362	736,856	-
Expenditures:					
Instruction	14,772,611	13,850,046	13,850,046	922,565	-
Support services	12,727,899	11,744,990	11,744,990	982,909	-
Noninstructional services	9,200	4,219	4,219	4,981	-
Sixteenth section	1,000	479	479	521	-
Total Expenditures	27,510,710	25,599,734	25,599,734	1,910,976	-
Excess (Deficiency) of Revenues over (under) Expenditures	(334,204)	2,313,628	2,313,628	2,647,832	-
Other Financing Sources (Uses):					
Bonds and notes issued		175,000	175,000	175,000	-
Insurance recovery		654	654	654	-
Operating transfers in	545,041	363,510	363,510	(181,531)	-
Operating transfers out	(1,097,551)	(509,826)	(509,826)	587,725	-
Other financing uses	(4,261)	(52)	(52)	4,209	-
Total Other Financing Sources (Uses)	(556,771)	29,286	29,286	586,057	-
Net Change in Fund Balances	(890,975)	2,342,914	2,342,914	3,233,889	-
Fund Balances:					
July 1, 2020	16,456,425	16,675,324	16,662,667	218,899	(12,657)
Increase (Decrease) in inventory				-	-
June 30, 2021	\$ 15,565,450	\$ 19,018,238	\$ 19,005,581	\$ 3,452,788	\$ (12,657)

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Intermediate sources	\$	\$ 774	\$	\$ 774	\$ (774)
Federal sources	2,991,937	4,222,799	2,870,390	1,230,862	(1,352,409)
Total Revenues	2,991,937	4,223,573	2,870,390	1,231,636	(1,353,183)
Expenditures:					
Instruction	579,793	1,051,451	710,815	(471,658)	340,636
Support services	1,937,083	2,552,282	1,709,733	(615,199)	842,549
Noninstructional services	163,535	198,885	156,161	(35,350)	42,724
Total Expenditures	2,680,411	3,802,618	2,576,709	(1,122,207)	1,225,909
Excess (Deficiency) of Revenues over (under) Expenditures	311,526	420,955	293,681	109,429	(127,274)
Other Financing Sources (Uses):					
Operating transfers out	(297,379)	(420,955)	(293,681)	(123,576)	127,274
Total Other Financing Sources (Uses)	(297,379)	(420,955)	(293,681)	(123,576)	127,274
Net Change in Fund Balances	14,147	-	-	(14,147)	-
Fund Balances:					
July 1, 2020	-			-	-
Increase (Decrease) in inventory				-	-
June 30, 2021	\$ 14,147	\$ -	\$ -	\$ (14,147)	\$ -

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,114,660	\$ 1,567,767	\$ 1,138,597	\$ 453,107	\$ (429,170)
Total Revenues	1,114,660	1,567,767	1,138,597	453,107	(429,170)
Expenditures:					
Instruction	523,328	672,950	414,062	(149,622)	258,888
Support services	539,880	829,385	676,107	(289,505)	153,278
Noninstructional services	500	750		(250)	750
Total Expenditures	1,063,708	1,503,085	1,090,169	(439,377)	412,916
Excess (Deficiency) of Revenues over (under) Expenditures	50,952	64,682	48,428	13,730	(16,254)
Other Financing Sources (Uses):					
Operating transfers out	(50,952)	(64,682)	(48,428)	(13,730)	16,254
Total Other Financing Sources (Uses)	(50,952)	(64,682)	(48,428)	(13,730)	16,254
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2020				-	-
Increase (Decrease) in inventory				-	-
June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

PERS

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.311351%	0.310484%	0.326940%	0.317831%	0.326690%	0.315338%	0.343087%
District's proportionate share of the net pension liability	\$ 60,273,936	\$ 54,620,261	\$ 54,379,835	\$ 52,834,299	\$ 58,354,991	\$ 48,745,036	\$ 41,633,919
District's covered payroll	\$ 20,732,109	\$ 20,221,035	\$ 20,878,248	\$ 20,389,003	\$ 20,899,168	\$ 19,701,130	\$ 20,964,400
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.7275%	270.1161%	260.4617%	259.1314%	279.2216%	247.4225%	198.5934%
Plan fiduciary net position as a percentage of the total pension liability	59%	62%	63%	61%	57%	62%	67%

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

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

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,439,117	\$ 3,607,387	\$ 3,184,813	\$ 3,288,324	\$ 3,211,268	\$ 3,291,619	\$ 3,102,928
Contributions in relation to the contractually required contribution	3,439,117	3,607,387	3,184,813	3,288,324	3,211,268	3,291,619	3,102,928
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	19,765,040	20,732,109	20,221,035	20,878,248	20,389,003	20,899,168	19,701,130
Contributions as a percentage of covered payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

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

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

OPEB

Last 10 Fiscal Years*

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.46554592%	0.45733873%	0.46695332%	0.48923067%
District's proportionate share of the net OPEB liability	\$ 3,622,916	\$ 3,880,707	\$ 3,612,117	\$ 3,838,548
District's covered-employee payroll	22,436,315	20,943,489	21,119,981	21,979,789
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2021	2020	2019	2018
Actuarially determined contribution	\$ 114,604	\$ 144,481	\$ 155,551	\$ 163,643
Contributions in relation to the actuarially determined contribution	114,604	144,481	155,551	163,643
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	19,765,040	20,732,109	20,221,035	20,878,248
Contributions as a percentage of covered-employee payroll	0.58%	0.70%	0.77%	0.78%

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

2019:

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

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Year Ended June 30, 2021

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

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2019 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.50%

SUPPLEMENTARY INFORMATION

**Sunflower County Consolidated School District
Supplementary Information**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	205MS326N1099	\$ 140,737
Summer Food Service Program for Children	10.559	205MS326N1099	2,871,998
Total child nutrition cluster			<u>3,012,735</u>
Total passed-through Mississippi Department of Education			<u>3,012,735</u>
Total U.S. Department of Agriculture			<u>3,012,735</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	12.XXX	N/A	59,317
Total U.S. Department of Defense			<u>59,317</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A190024	2,908,187
Career and technical education - basic grants to states	84.048	V048A190024	57,042
Fund for the improvement of education - delta health alliance	84.215	N/A	66,729
Educator in Residence	84.357	N/A	238,967
Rural Education	84.358	ES358B190024	2,483
Supporting Effective Instruction state grants	84.367	ES367A190023	202,526
Student Support and Academic Enrichment Program	84.424	ES424A190025	87,465
Subtotal			<u>3,563,399</u>
Special education cluster:			
Special education - grants to states	84.027	H027A190108	1,137,978
Special education - preschool grants	84.173	H173A190113	25,797
Total special education cluster			<u>1,163,775</u>
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	2,078,717
COVID - 19 - Education Stabilization Fund (ESSER) subtotal			<u>2,078,717</u>
Total passed-through Mississippi Department of Education			<u>6,805,891</u>
Total U.S. Department of Education			<u>6,805,891</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2005MS5ADM	32,797
Total passed-through Mississippi Department of Education			<u>32,797</u>
Total U.S. Department of Health and Human Services			<u>32,797</u>
<u>Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	04-19-04MSDI00	868
Total passed-through Mississippi Department of Rehabilitation Services			<u>868</u>
Total Social Security Administration			<u>868</u>
<u>U.S. Department of Treasury</u>			
Passed-through the Mississippi Department of Education:			
COVID - 19 - Coronavirus Relief Fund			
Equity in Distance Learning Act	21.019	N/A	1,370,962
Mississippi Pandemic Response Broadband Availability Act	21.019	N/A	364,615
Total passed-through Mississippi Department of Education			<u>1,735,577</u>
Total U.S. Department of Treasury			<u>1,735,577</u>
Total for All Federal Awards			<u><u>\$ 11,647,185</u></u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2021

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

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

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2021

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 27,607,213	19,823,523	1,742,640	2,436,196	3,604,854
Other	12,807,934	5,888,018	364,716	54,923	6,500,277
Total	<u>\$ 40,415,147</u>	<u>25,711,541</u>	<u>2,107,356</u>	<u>2,491,119</u>	<u>10,105,131</u>
Total number of students *	<u>3,208</u>				
Cost per student	<u>\$ 12,599</u>	<u>8,015</u>	<u>657</u>	<u>777</u>	<u>3,150</u>

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

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

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

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

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

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

OTHER INFORMATION

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 10,943,720	\$ 10,979,023	\$ 10,383,692	\$ 10,053,895
State sources	15,832,185	16,714,315	16,986,310	16,757,687
Federal sources	239,918	187,945	429,804	361,696
Sixteenth Section sources	897,539	871,765	841,935	916,310
Total Revenues	27,913,362	28,753,048	28,641,741	28,089,588
Expenditures:				
Instruction	13,850,046	15,169,912	14,801,092	14,983,187
Support services	11,744,990	12,640,118	12,258,377	12,700,900
Noninstructional services	4,219	11,027	16,353	12,586
Facilities acquisition and construction	-	-	-	1,107
Sixteenth section	479	-	-	-
Total Expenditures	25,599,734	27,821,057	27,075,822	27,697,780
Excess (Deficiency) of Revenues over (under) Expenditures	2,313,628	931,991	1,565,919	391,808
Other Financing Sources (Uses):				
Insurance recovery	654	17,884	12,641	1,459
Bonds and notes issued	175,000	-	-	-
Sale of other property	-	-	3,258	-
Operating transfers in	363,510	189,600	749,947	253,363
Operating transfers out	(509,826)	(288,307)	(1,217,736)	(2,674,281)
Other financing uses	(52)	(3,218)	(7,450)	(8,837)
Total Other Financing Sources (Uses)	29,286	(84,041)	(459,340)	(2,428,296)
Net Change in Fund Balances	2,342,914	847,950	1,106,579	(2,036,488)
Fund Balances:				
Beginning of Period , as previously reported	16,662,667	15,808,915	14,703,186	16,739,674
Fund reclassification	-	5,802	-	-
Prior period adjustments	-	-	(850)	-
Beginning of Period , as restated	16,662,667	15,814,717	14,702,336	16,739,674
End of Period	\$ 19,005,581	\$ 16,662,667	\$ 15,808,915	\$ 14,703,186

*SOURCE - PRIOR YEAR AUDIT REPORTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 13,256,334	\$ 11,855,920	\$ 11,775,636	\$ 10,930,328
State sources	17,914,750	18,648,976	19,167,272	19,719,149
Federal sources	10,898,003	7,161,696	8,084,917	8,346,148
Sixteenth section sources	898,255	872,653	842,769	917,014
Total Revenues	42,967,342	38,539,245	39,870,594	39,912,639
Expenditures:				
Instruction	19,762,354	17,942,945	17,397,243	17,547,930
Support services	16,980,061	17,664,931	17,124,130	17,674,238
Noninstructional services	2,889,170	2,265,627	2,645,676	2,822,080
Sixteenth section	1,605	256	-	1,107
Facilities acquisition and construction	361,653	-	1,675,932	2,426,525
Debt service:				
Principal	348,939	334,774	334,664	1,101,464
Interest	71,365	83,866	83,814	77,978
Other	-	-	113	5,700
Total Expenditures	40,415,147	38,292,399	39,261,572	41,657,022
Excess (Deficiency) of Revenues over (under) Expenditures	2,552,195	246,846	609,022	(1,744,383)
Other Financing Sources (Uses):				
Insurance recovery	654	17,884	12,641	1,459
Bonds and notes issued	175,000	-	-	1,675,932
Sale of other property	-	-	5,069	-
Operating transfers in	1,075,396	780,020	2,216,711	3,129,781
Operating transfers out	(1,075,396)	(780,020)	(2,216,711)	(3,129,781)
Other financing uses	(52)	(36,218)	(7,450)	(8,837)
Total Other Financing Sources (Uses)	175,602	(18,334)	10,260	1,668,554
Net Change in Fund Balances	2,727,797	228,512	619,282	(75,829)
Fund Balances:				
Beginning of Period, as previously reported	19,377,681	19,110,570	19,018,637	19,074,699
Fund reclassification	-	5,802	-	-
Prior period adjustment	-	-	(522,910)	-
Beginning of Period, as restated	19,377,681	19,116,372	18,495,727	19,074,699
Increase (Decrease) in reserve for inventory	(27,059)	32,797	(4,439)	19,767
End of Period	\$ 22,078,419	\$ 19,377,681	\$ 19,110,570	\$ 19,018,637

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board
Sunflower County Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunflower County Consolidated School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sunflower County Consolidated School District's basic financial statements, and have issued our report thereon dated July 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sunflower County Consolidated School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sunflower County Consolidated School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sunflower County Consolidated School District's internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
July 29, 2022

McKenzie CPA, PLLC



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

Superintendent and School Board
Sunflower County Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited Sunflower County Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sunflower County Consolidated School District's major federal programs for the year ended June 30, 2021. Sunflower County Consolidated School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
July 29, 2022



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



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

Superintendent and School Board
Sunflower County Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunflower County Consolidated School District as of and for the year ended June 30, 2021, which collectively comprise Sunflower County Consolidated School District's basic financial statements and have issued our report thereon dated July 29, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response is as follows:

State Legal Finding 01 – Incentive (Bonus Pay) to employees

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

During field work the following items were noted as benefits (Bonuses) to 112 district employees:

- 1) The district paid a total of \$13,000 to six principals as a one-time incentive.

- 2) The district paid a total of \$9,050 to 29 teacher assistants as a one-time incentive.
- 3) The district paid a total of \$567 to 3 parent liaison staff.
- 4) The district paid a total of \$400 to 2 school resource officer.
- 5) The district paid a total of \$2,300 to 12 secretaries.
- 6) The district paid a total of \$2,300 to 15 custodians.
- 7) The district paid a total of \$1,650 to 14 bus drivers.
- 8) The district paid a total of \$4,417 to 24 cafeteria staff.
- 9) The district paid a total of \$300 to 4 bus monitors.
- 10) The district paid a total of \$3,000 to 3 assistant principals.

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

Questioned Cost

\$36,984

Recommendation

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

Response

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

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

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

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McKenzie CPA, PLLC
Madison, Mississippi
July 29, 2022

McKenzie CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiency identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555; 10.559	Child Nutrition Cluster
84.425D	Elementary & Secondary School Emergency Relief Fund I (ESSER)
	Covid 19 – Coronavirus Relief Fund
21.019	Equity In Distance Learning Act
21.019	Mississippi Pandemic Response Broadband Availability Act

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

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

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Sunflower County Consolidated School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2021:

Finding Status

2020-001 Corrected