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SUNFLOWER COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022



**SUNFLOWER COUNTY
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SUNFLOWER COUNTY

FINANCIAL SECTION

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sunflower County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sunflower County, Mississippi, as of September 30, 2022, 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.

We did not audit the financial statements of the North Sunflower Medical Center, South Sunflower County Hospital or Sunflower County Library which in aggregate represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the North Sunflower Medical Center, South Sunflower County Hospital, and Sunflower County Library are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2023, on our consideration of Sunflower County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sunflower County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunflower County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
August 17, 2023

SUNFLOWER COUNTY

FINANCIAL STATEMENTS

SUNFLOWER COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	Primary Government Governmental Activities	Component Units				
		North Sunflower Medical Center	South Sunflower County Hospital	Sunflower County Library	Total Component Units	
ASSETS						
Cash	\$ 15,381,153	18,536,081	12,882,918	846,751	32,265,750	
Investments		98,490	9,564,224		9,662,714	
Property tax receivable	8,975,608					
Fines receivable, net	342,530					
Accounts receivable, net	21,577	10,751,258	4,889,730	48,943	15,689,931	
Loans receivable, net	-					
Notes receivable			376,444		376,444	
Lease receivable			131,373		131,373	
Intergovernmental receivables	174,234					
Other receivables	7,177	2,104,116	626,806	2,000	2,732,922	
Inventories		2,342,589	500,140		2,842,729	
Other assets		284,690			284,690	
Prepaid expenses		362,448	213,732		576,180	
Lease assets, net		148,289			148,289	
Capital assets:						
Land and construction in progress	4,843,400	43,355	191,036		234,391	
Other capital assets, net	45,135,267	9,276,097	10,053,787	152,965	19,482,849	
Total Assets	74,880,946	43,947,413	39,430,190	1,050,659	84,428,262	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	3,468,538	25,825,580	3,024,295	115,076	28,964,951	
Deferred outflows related to OPEB				16,897	16,897	
Deferred outflows hospice		100,000			100,000	
Deferred outflows drug center		1,492,000			1,492,000	
Total Deferred Outflows of Resources	3,468,538	27,417,580	3,024,295	131,973	30,573,848	
LIABILITIES						
Claims payable	796,077	2,629,354	1,394,424	3,754	4,027,532	
Intergovernmental payables	347,062					
Internal balance	16,093					
Accrued interest payable	12,937					
Accrued expenses		4,865,703	1,895,297		6,761,000	
Other payables	47,196		1,915,198		1,915,198	
Unearned revenue	3,761,131		313,858		313,858	
Amounts held in custody for others	46,608					
Long-term liabilities						
Due within one year:						
Lease payable	20,795	88,133	250,251	8,099	346,483	
Capital debt	583,503	570,197			570,197	
Non-capital debt	650,749					
Net OPEB liability				458	458	
Due in more than one year:						
Lease payable	43,805	64,697	86,362	13,773	164,832	
Capital debt	3,145,461	3,453,741			3,453,741	
Non-capital debt	58,256			10,698	10,698	
Net OPEB liability				45,256	45,256	
Net pension liability	18,113,598	74,555,381	24,291,575	798,851	99,645,807	
Total Liabilities	27,643,271	86,227,206	30,146,965	880,889	117,255,060	
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	24,503	16,234,224	1,529,097	55,555	17,818,876	
Deferred inflows related to OPEB				43,023	43,023	
Deferred inflows related to leases			131,373		131,373	
Deferred revenues- property tax	8,975,608					
Total Deferred Inflows of Resources	9,000,111	16,234,224	1,660,470	98,578	17,993,272	
NET POSITION						
Net investment in capital assets	46,185,103	5,295,514	9,908,210	152,965	15,356,689	
Restricted:						
General government	292,819					
Public safety	757,829					
Public works	3,211,558					
Health and welfare	90,309		2,880,599		2,880,599	
Culture and recreation	260,576					
Economic development	1,061,792					
Debt service	550,818					
Unemployment compensation	23,758					
Unrestricted	(10,728,460)	(36,391,951)	(2,141,759)	50,200	(38,483,510)	
Total Net Position	\$ 41,706,102	(31,096,437)	10,647,050	203,165	(20,246,222)	

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

SUNFLOWER COUNTY
Statement of Activities
For the Year Ended September 30, 2022

Exhibit 2

					Net (Expense)				
					Revenue and Changes				
					in Net Position				
					Primary	Component Units			
					Governmental	North	South Sunflower	Sunflower	Total
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental	Sunflower	County Hospital	County	Component
		Services	Grants and	Grants and	Activities	Medical Center		Library	Units
Primary government:									
Governmental activities:									
General government	\$ 5,531,948	492,992	516,650		(4,522,306)				
Public safety	4,119,677	240,737	313,625		(3,565,315)				
Public works	5,625,512	249,533	735,309	1,143,358	(3,497,312)				
Health and welfare	443,805				(443,805)				
Culture and recreation	423,250				(423,250)				
Conservation of natural resources	94,723				(94,723)				
Economic development and assistance	224,051		1,999		(222,052)				
Interest expense	81,447				(81,447)				
Pension expense	2,451,666				(2,451,666)				
Total Primary Government	\$ 18,996,079	983,262	1,567,583	1,143,358	(15,301,876)				
Component Units:									
North Sunflower Medical Center	\$ 76,314,165	73,109,482	293,734			(2,910,949)			(2,910,949)
South Sunflower County Hospital	26,679,614	26,619,931	1,614,810				1,555,127		1,555,127
Sunflower County Library	612,886	8,312	104,082					(500,492)	(500,492)
Total Component Units	\$ 103,606,665	99,737,725	2,012,626	-					(1,856,314)
General revenues:									
Property taxes				\$ 11,234,309				366,000	366,000
Road & bridge privilege taxes				246,938					
Grants and contributions not restricted to specific programs				551,329					
Unrestricted interest/investment income (loss)				126,913		122,974	(945,366)	1,774	(820,618)
Miscellaneous				776,065				198,261	198,261
Total General Revenues				12,935,554		122,974	(945,366)	566,035	(256,357)
Changes in Net Position					(2,366,322)	(2,787,975)	609,761	65,543	(2,112,671)
Net Position - Beginning, as previously reported					42,855,225	(28,308,462)	10,037,289	137,622	(18,133,551)
Prior period adjustments					1,217,199				
Net Position - Beginning, as restated					44,072,424	(28,308,462)	10,037,289	137,622	(18,133,551)
Net Position - Ending					\$ 41,706,102	(31,096,437)	10,647,050	203,165	(20,246,222)

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

SUNFLOWER COUNTY
Balance Sheet – Governmental Funds
September 30, 2022

Exhibit 3

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	American Recovery Protection Act Fund	Bridge & Culvert Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 5,155,834	301,105	3,772,381	157,437	5,994,396	15,381,153
Property tax receivable	6,091,817	1,140,000		657,253	1,086,538	8,975,608
Fines receivable (net of allowance for uncollectibles of \$ 8,546,543)	342,530					342,530
Accounts receivable (net of allowance for uncollectibles of \$1,239,211)					21,577	21,577
Loans receivable, net					-	-
Intergovernmental receivables	174,234					174,234
Other receivables	7,177					7,177
Due from other funds		33,372		10,724	14,671	58,767
Total Assets	<u>11,771,592</u>	<u>1,474,477</u>	<u>3,772,381</u>	<u>825,414</u>	<u>7,117,182</u>	<u>24,961,046</u>
LIABILITIES						
Claims payable	513,682	186,925	6,634	33,059	55,777	796,077
Unearned Revenue			3,761,131			3,761,131
Intergovernmental payables	347,062					347,062
Due to other funds	74,860					74,860
Amounts held in custody for others	46,608					46,608
Other payables	47,196					47,196
Total Liabilities	<u>1,029,408</u>	<u>186,925</u>	<u>3,767,765</u>	<u>33,059</u>	<u>55,777</u>	<u>5,072,934</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	6,091,817	1,140,000		657,253	1,086,538	8,975,608
Unavailable revenue-fines	342,530					342,530
Unavailable revenue-sanitation fees					21,577	21,577
Total Deferred Inflows of Resources	<u>6,434,347</u>	<u>1,140,000</u>	<u>-</u>	<u>657,253</u>	<u>1,108,115</u>	<u>9,339,715</u>
FUND BALANCE						
Restricted for:						
General government			4,616		292,819	297,435
Public safety					757,829	757,829
Public works		147,552		135,102	2,902,711	3,185,365
Health and welfare					90,309	90,309
Culture and recreation					260,576	260,576
Economic development					1,061,792	1,061,792
Debt service					563,496	563,496
Unemployment compensation					23,758	23,758
Unassigned	4,307,837					4,307,837
Total Fund Balances	<u>4,307,837</u>	<u>147,552</u>	<u>4,616</u>	<u>135,102</u>	<u>5,953,290</u>	<u>10,548,397</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>11,771,592</u>	<u>1,474,477</u>	<u>3,772,381</u>	<u>825,414</u>	<u>7,117,182</u>	<u>24,961,046</u>

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

SUNFLOWER COUNTY**Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2022**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 10,548,397
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$53,322,677.	49,978,667
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	364,107
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,502,569)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(12,937)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(18,113,598)
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	3,468,538
Deferred inflows of resources related to pensions	(24,503)
Total Net Position - Governmental Activities	\$ <u>41,706,102</u>

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

SUNFLOWER COUNTY
Exhibit 4
**Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2022**

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	American Recovery Protection Act Fund	Bridge & Culvert Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 7,517,250	1,338,641		1,003,859	1,374,559	11,234,309
Road and bridge privilege taxes		246,938				246,938
Licenses, commissions and other revenue	339,235				5,308	344,543
Fines and forfeitures	296,955					296,955
Intergovernmental revenues	577,398	608,846	810,529	12	1,265,484	3,262,269
Charges for services	19,920				469,474	489,394
Interest income	119,200		4,616		3,097	126,913
Rental income	8,100				12,000	20,100
Miscellaneous revenues	20,639	8,096			727,230	755,965
Total Revenues	<u>8,898,697</u>	<u>2,202,521</u>	<u>815,145</u>	<u>1,003,871</u>	<u>3,857,152</u>	<u>16,777,386</u>
EXPENDITURES						
Current:						
General government	5,115,129		516,648		13,317	5,645,094
Public safety	3,879,221		165,440		346,953	4,391,614
Public works	72,996	2,130,345	126,443	1,461,154	5,759,005	9,549,943
Health and welfare	379,108				75,163	454,271
Culture and recreation	57,250				366,000	423,250
Conservation of natural resources	94,589					94,589
Economic development and assistance	102,882		1,998		131,669	236,549
Debt service:						
Principal	22,598	145,776			410,917	579,291
Interest	2,415	27,324			54,690	84,429
Total Expenditures	<u>9,726,188</u>	<u>2,303,445</u>	<u>810,529</u>	<u>1,461,154</u>	<u>7,157,714</u>	<u>21,459,030</u>
Excess of Revenues over (under) Expenditures	<u>(827,491)</u>	<u>(100,924)</u>	<u>4,616</u>	<u>(457,283)</u>	<u>(3,300,562)</u>	<u>(4,681,644)</u>
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued					357,646	357,646
Leases issued	15,500					15,500
Transfers in					244,169	244,169
Transfers out	(244,169)					(244,169)
Total Other Financing Sources and Uses	<u>(228,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>601,815</u>	<u>373,146</u>
Net Changes in Fund Balances	<u>(1,056,160)</u>	<u>(100,924)</u>	<u>4,616</u>	<u>(457,283)</u>	<u>(2,698,747)</u>	<u>(4,308,498)</u>
Fund Balances - Beginning, as previously reported	5,323,969	248,476	-	592,385	8,652,037	14,816,867
Prior period adjustment	40,028					40,028
Fund Balances - Beginning, as restated	<u>5,363,997</u>	<u>248,476</u>	<u>-</u>	<u>592,385</u>	<u>8,652,037</u>	<u>14,856,895</u>
Fund Balances - Ending	<u>\$ 4,307,837</u>	<u>147,552</u>	<u>4,616</u>	<u>135,102</u>	<u>5,953,290</u>	<u>10,548,397</u>

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ (4,308,498)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$5,356,441 exceeded depreciation of \$2,118,093 in the current period.	3,238,348
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(148,506)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	876
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$579,291 exceeded debt proceeds of \$373,146.	206,145
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	36,585
Change in accrued interest payable	2,982
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(2,451,666)
Recognition of contributions made for the current year	1,057,412
Change in Net Position of Governmental Activities	\$ <u><u>(2,366,322)</u></u>

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

SUNFLOWER COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

	Custodial Funds
ASSETS	
Cash and investments	\$ 119,291
Receivables:	
Due from other funds	16,093
Total Assets	<u>135,384</u>
LIABILITIES	
Amounts held in custody for others	70,764
Intergovernmental payables	64,620
Total Liabilities	<u>135,384</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	-
Total net position	\$ <u>-</u>

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

SUNFLOWER COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

Exhibit 6

	Custodial Funds
ADDITIONS	
Investment income:	
Interest	1,168
Tax collections for other governments	1,154,742
Fine & fee collections for other governments	259,018
Other receipts for other governments	184,635
Total Additions	<u>1,599,563</u>
DEDUCTIONS	
Payments of tax to other governments	1,131,972
Payments of fines & fees to other governments	260,501
Other disbursements for other governments	207,998
Total Deductions	<u>1,600,471</u>
Net increase (decrease) in fiduciary net position	(908)
Net Position - Beginning	908
Net Position - Ending	\$ <u><u>-</u></u>

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Units – The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. All members of the governing bodies of these component units are appointed by the County Board of Supervisors.

North Sunflower Medical Center provides inpatient, outpatient, emergency, psychiatric and long-term care services for the residents of Sunflower County, Mississippi, and surrounding areas. The Medical Center is governed by a Board of Trustees appointed by the Board of Supervisors of Sunflower County, Mississippi.

South Sunflower County Hospital is a public hospital created to handle the medical needs of Indianola, Mississippi, and the surrounding area. The Medical Center is governed by a Board of Trustees appointed by the Board of Supervisors of Sunflower County, Mississippi.

Sunflower County Library consists of libraries located in Indianola, Inverness, Drew, and Ruleville. The mission of the library is to promote and develop adequate library services throughout Sunflower County that meet the general and specialized needs of the citizens of the County. The Board of Supervisors of Sunflower County appoints the five members of the Library's Board of Trustees.

C. Basis of Presentation.

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

The County reports the following major Governmental Funds:

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

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

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

G. Receivables.

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

H. Inter-fund Transactions and Balances.

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

I. Capital Assets.

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

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

Classification	Capitalization Thresholds	Estimated Service Life
Land	\$ 0	N/A
Infrastructure	0	20 to 50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Intangible assets	**	**

** Intangible assets for the County represent right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

J. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

COMPONENT UNITS

North Sunflower Medical Center

Deferred outflows related to good will in the hospice – This amount represents the Medical Center’s deferred outflows of resources to be recognized as expense related to the acquisition of a hospice.

Deferred outflows related to drug center acquisitions – This amount represents the Medical Center’s deferred outflows of resources to be recognized as expense related to the acquisition of a drug center.

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

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

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

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

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

COMPONENT UNITS

South Sunflower County Hospital

Deferred inflows related to leases – Deferred inflows of resources measured at the initial value of the lease receivable to reflect that the receivable relates to future periods.

Sunflower County Library

Deferred inflows related to OPEB - This amount represents the Library’s deferred inflows of resources reported by the OPEB plan in which the Library participates.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

K. Leases.

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during the fiscal year 2022.

The County uses the Federal Prime Borrowing Rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 10 for details.

L. Pensions.

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

M. Long-term liabilities.

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

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

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

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

O. Property Tax Revenues.

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

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

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

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Compensated Absences.

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

R. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS

A summary of the significant net position/fund balance adjustment(s) is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities:

Explanation	\$ Amount
To correct capital assets	1,248,869
To correct error in posting entries	(71,698)
To correct error in posting entries	40,028
Total prior period adjustments	<u>\$ 1,217,199</u>

Exhibit 4 - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Explanation	Amount
General Fund	
To correct error in posting entries	\$ 40,028
Total prior period adjustments	<u>\$ 40,028</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS.

Deposits - The carrying amount of the County's total deposits with financial institutions as of September 30, 2022, was \$15,500,444 and the bank balance was \$15,965,373. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

NOTE 4- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances as of September 30, 2022:

Due From/To Other Funds:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance Fund	General Fund	\$ 33,372
Bridge and Culvert Fund	General Fund	10,724
Other Governmental Funds	General Fund	14,671
Custodial Funds	General Fund	16,093
Total		<u>\$ 74,860</u>

The receivables represent tax revenue collected in September, 2022, but not settled until October, 2022 (74,460), amounts due , and amounts due the Law Library Fund (400). All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 244,169
Total		<u>\$ 244,169</u>

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

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables on September 30, 2022, consisted of the following:

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Governmental Activities:

Description	Amount
State Legislative Tax Credit	\$ 174,234
Total	\$ 174,234

NOTE 6 - LOANS RECEIVABLE.

The loan receivable on September 30, 2022, consisted of the following:

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

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

NOTE 7 - CAPITAL ASSETS.

The following is a summary of capital assets activity for the year ended September 30, 2022:

Sunflower County

Governmental Activities:	Balance Oct. 1, 2021	Additions	Deletions	Adjustments *	Balance Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$ 1,213,181				1,213,181
Construction in progress	826,710	4,548,800		(1,745,291)	3,630,219
Total non-depreciable capital assets	2,039,891	4,548,800	-	(1,745,291)	4,843,400
Depreciable capital assets:					
Infrastructure	71,901,963			1,184,155	73,086,118
Buildings	9,324,868	173,045		1,744,498	11,242,411
Improvements other than buildings	969,238				969,238
Mobile equipment	9,027,051	394,082		1,269,000 *	10,690,133
Furniture and equipment	2,111,326	225,014			2,336,340
Leased Property	1,269,000			(1,269,000) *	-
Intangible right to use equipment					
Furniture and equipment	-	15,500		118,204	133,704
Total depreciable capital assets	94,603,446	807,641	-	3,046,857	98,457,944
Less accumulated depreciation for:					
Infrastructure	39,556,547	766,102		6,008	40,328,657
Buildings	3,234,807	479,302			3,714,109
Improvements other than buildings	449,148				449,148
Mobile equipment	5,805,539	761,748		342,630 *	6,909,917
Furniture and equipment	1,763,216	88,560		(441)	1,851,335
Leased Property	342,630			(342,630) *	-
Intangible right to use equipment					
Furniture and equipment	-	22,381		47,130	69,511
Total accumulated depreciation	51,151,887	2,118,093	-	52,697	53,322,677
Total depreciable capital assets, net	43,451,559	(1,310,452)	-	2,994,160	45,135,267
Total capital assets, net	\$ 45,491,450	3,238,348	-	1,248,869	\$ 49,978,667
Total capital assets, net, excluding intangible right to use assets					\$ 49,914,474
Intangible right to use assets, net					64,193
Total capital assets, net, as reported in the statement of net position					\$ 49,978,667

* The adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. Other adjustments were for correction and reclassification of assets.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Capital Assets - Component Units

North Sunflower Medical Center

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$ 43,355				43,355
Construction in progress	288,099			(288,099)	-
Total non-depreciable capital assets	331,454	-	-	(288,099)	43,355
Depreciable capital assets:					
Land improvements	995,965				995,965
Buildings & Improvements	15,054,626	27,442		288,099	15,370,167
Major movable equipment	16,390,134	442,056			16,832,190
Fixed Equipment	2,141,231				2,141,231
Automobiles	630,808				630,808
Total depreciable capital assets	35,212,764	469,498	-	288,099	35,970,361
Less accumulated depreciation for:					
Land improvements	634,335	59,548			693,883
Buildings & Improvements	7,216,946	489,284			7,706,230
Major movable equipment	15,104,109	609,423			15,713,532
Fixed equipment	1,940,518	19,951			1,960,469
Automobiles	616,958	3,192			620,150
Total accumulated depreciation	25,512,866	1,181,398	-	-	26,694,264
Total depreciable capital assets, net	9,699,898	(711,900)	-	288,099	9,276,097
Total capital assets, net	\$ 10,031,352	(711,900)	-	-	9,319,452

South Sunflower County Hospital

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$ 155,336	35,700			191,036
Total non-depreciable capital assets	155,336	35,700	-	-	191,036
Depreciable capital assets:					
Land improvements	575,477	7,500			582,977
Buildings and improvements	16,652,920				16,652,920
Major moveable equipment	15,747,522	344,689			16,092,211
Vehicles	33,611				33,611
Fixed equipment	280,384				280,384
Right of use assets-equipment	1,648,705				1,648,705
Total depreciable capital assets	34,938,619	352,189	-	-	35,290,808
Less accumulated depreciation for:					
Land improvements	327,187	29,351			356,538
Buildings and improvements	9,111,099	344,471			9,455,570
Major moveable equipment	13,655,706	356,892			14,012,598
Vehicles	33,611				33,611
Fixed Equipment	197,040	180			197,220
Right of use assets-equipment	710,360	471,124			1,181,484
Total accumulated depreciation	24,035,003	1,202,018	-	-	25,237,021
Total depreciable capital assets, net	10,536,744	(849,829)	-	-	10,053,787
Total capital assets, net	\$ 10,692,080	(814,129)	-	-	10,244,823

Sunflower County Library

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
Depreciable Capital Assets:					
Building improvements	\$ 164,406				164,406
Library collections	1,466,310	14,021			1,480,331
Furniture and equipment	61,955				61,955
Intangible right to use assets	-			29,577	29,577
Total depreciable capital assets	1,692,671	14,021	-	29,577	1,736,269
Less accumulated depreciation for:					
Building improvements	62,655	7,004			69,659
Library collections	1,422,782	20,637			1,443,419
Furniture and equipment	61,955				61,955
Intangible right to use assets	-	8,271			8,271
Total accumulated depreciation	1,547,392	35,912	-	-	1,583,304
Total capital assets, net	\$ 145,279	(21,891)	-	29,577	152,965

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Sunflower County depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 610,334
Public safety	191,678
Public works	1,315,278
Health & welfare	108
Conservation	135
Economic development	560
Total	<u><u>\$ 2,118,093</u></u>

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

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

NOTE 8 – CLAIMS AND JUDGEMENTS.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 9 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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

Contributions. As of September 30, 2022, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate on September 30, 2022, was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021, and 2020 were \$1,057,410 \$962,351, and \$871,949, respectively, equal to the required contributions for each year.

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

On September 30, 2022, the County reported a liability of \$18,113,598 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2022, net pension liability was 0.088 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.008 percent from its proportionate share used to calculate the September 30, 2021, net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$2,451,666. On September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,213	
Net difference between projected and actual earnings on pension plan investments	1,214,310	
Changes of assumptions	569,525	
Changes in the proportion and differences between contributions and proportionate share of contributions	1,182,662	24,503
Contributions subsequent to the measurement date	255,828	
Total	<u>\$ 3,468,538</u>	<u>24,503</u>

The \$255,828 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2023	\$ 1,226,237
2024	790,162
2025	188,914
2026	982,894
Total	<u>\$ 3,188,207</u>

Actuarial Assumptions. The total pension liability as of June 30, 2022, was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return 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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
	<u>100.00 %</u>	

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's Proportionate share of the net pension liability	\$ 23,640,101	18,113,598	13,557,285

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

DEFINED BENEFIT PENSION PLAN – COMPONENT UNITS

North Sunflower Medical Center

Plan Description. The North Sunflower Medical Center contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Medical Center's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$4,509,534, \$4,355,608, and \$4,034,159, respectively, equal to the required contributions for each year.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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

At September 30, 2022, the Medical Center reported a liability of 74,555,381 for its proportionate share of the net pension liability. On June 30, 2022, the Medical Center's proportion was 0.362207 percent, which was a decrease of 0.009785 percent from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Medical Center recognized pension expense of \$6,269,688. On September 30, 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,056,439	
Net difference between projected and actual earnings on pension plan investments	18,223,595	14,802,803
Changes of assumptions	2,648,242	
Changes in the proportion and differences between contributions and proportionate share of contributions	2,709,453	1,431,421
Contributions subsequent to the measurement date	1,187,851	
Total	\$ 25,825,580	16,234,224

The \$1,187,851 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2023	\$ 2,909,854
2024	2,469,255
2025	(1,021,184)
2026	4,045,580
Total	\$ 8,403,505

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Medical Center's Proportionate share of the net pension liability	\$ 97,302,387	74,555,381	55,801,632

South Sunflower County Hospital

Plan Description. The South Sunflower County Hospital contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Hospital's contributions (employer share only) to PERS for the years ending September

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

30, 2022, 2021 and 2020 were \$1,393,086, \$1,500,700, and \$1,496,507, respectively, equal to the required contributions for each year.

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

On September 30, 2022, the Hospital reported a liability of \$24,291,575 for its proportionate share of the net pension liability. On June 30, 2022, the Hospital's proportion was 0.118014 percent, which was a decrease of 0.011699 percent from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Hospital recognized pension expense of \$1,805,473. On September 30, 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 343,952	
Net difference between projected and actual earnings on pension plan investments	1,275,912	
Changes of assumptions	840,152	
Changes in the proportion and differences between contributions and proportionate share of contributions	197,117	1,529,097
Contributions subsequent to the measurement date	367,162	
Total	\$ 3,024,295	1,529,097

The \$367,162 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2023	\$ 332,488
2024	82,076
2025	(604,657)
2026	1,318,129
Total	\$ 1,128,036

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Hospital's Proportionate share of the net pension liability	\$ 31,702,987	24,291,575	18,181,244

Sunflower County Library

Plan Description. The Sunflower County Library contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Contributions. The Library's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$47,409, \$44,240, and \$48,268, respectively, equal to the required contributions for each year.

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

On September 30, 2022, the Library reported a liability of \$798,851 for its proportionate share of the net pension liability. On June 30, 2022, the Library's proportion was 0.003881 percent, which was an increase of 0.000085 percent from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the Library recognized pension expense of \$42,038. On September 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,438	
Net difference between projected and actual earnings on pension plan investments	48,112	
Changes of assumptions	27,025	
Changes in the proportion and differences between contributions and proportionate share of contributions	16,424	55,555
Contributions subsequent to the measurement date	12,077	
Total	<u>\$ 115,076</u>	<u>55,555</u>

The \$12,077 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2023	\$ 8,810
2024	(1,761)
2025	(2,950)
2026	43,345
Total	<u>\$ 47,444</u>

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Library's Proportionate share of the net pension liability	\$ 1,042,582	798,851	597,907

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 10 – LEASES.

Sunflower County

The County is a lessee for various non-cancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses the Federal Prime Borrowing Rate in effect at the date of the lease inception as the discount rate for leases unless the rate that the lessor charges is known. For leases in effect for the fiscal year, the Federal Prime Borrowing Rate ranged from (3.25-5.73%) and was used to calculate the present value of lease payments when the rate implicit in the lease was not known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As Lessee:

Lease Assets	Balance Oct. 1, 2021	Additions	Amortization	Balance Sept. 30, 2022
Copiers & Postage Meter	-	133,704	69,511	64,193
Total	-	133,704	69,511	64,193

See Note 8 for further details regarding intangible right-to-use assets, which represent leased assets.

Lease Liabilities	Balance Oct. 1, 2021	Additions	Principal Payments	Balance Sept. 30, 2022
Copiers & Postage Meter	71,698	15,500	22,598	64,600
Total	71,698	15,500	22,598	64,600

Sunflower County has entered into several lease agreements with lessors for the lease of the following listed items. The leases stipulate that the lessee would pay various amounts, as shown in the following schedule, per month or quarter in lease payments commencing on various date terms.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Description	Discount Rate	Term	Issue Date	Maturity Date	Mntly/Qtrly Payment	Amount Outstanding
Copiers & Postage Meters	3.25-5.73%	various	various	various	\$ 3,879	\$ 64,600

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	20,795	2,214
2024	20,009	1,391
2025	15,356	713
2026	6,458	242
2027	1,982	57
Total	<u>\$ 64,600</u>	<u>\$ 4,617</u>

COMPONENT UNITS

North Sunflower Medical Center

As Lessee:

Lease additions, terminations, and balances for the years ended September 30, 2022, are as follows:

Lease Assets	Balance			Balance
	Oct. 1, 2021	Additions	Amortization	Sept. 30, 2022
Equipment and Building	244,718	111,905	208,334	148,289
Total	<u>244,718</u>	<u>111,905</u>	<u>208,334</u>	<u>148,289</u>

The Medical Center is a lessee for various noncancellable leases of equipment, the terms of which expire in various years through 2026. For leases that have a maximum possible term of 12 months or less at commencement, the Medical Center recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the Medical Center recognizes a lease liability obligation and an intangible right-to-use lease asset.

The lease term includes the noncancelable period of the lease plus any additional periods covered by either a Medical Center or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be extended. Periods in which both the Medical Center and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The Medical Center uses its incremental borrowing rate as the discount rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

Variable payments based upon the use of the underlying assets are not included in the lease liability obligations because they are not fixed in substance. None of the Medical Center's lease agreements contain any material residual value guarantees or material restrictive covenants.

A schedule of changes in the Medical Center's lease liabilities for 2022 are as follows:

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Lease Liabilities	Balance		Principal	Balance
	Oct. 1, 2021	Additions	Payments	Sept. 30, 2022
Equipment and Building	167,056	111,905	126,131	152,830
Total	167,056	111,905	126,131	152,830

The following is a schedule by year of payments for leases as of September 30, 2022:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	88,133	5,189
2024	44,171	2,054
2025	17,571	627
2026	2,955	25
Total	<u>\$ 152,830</u>	<u>\$ 7,895</u>

South Sunflower County Hospital

As Lessor:

Lease Receivables

The Hospital is a lessor for noncancellable leases of Hospital property. The Hospital recognizes a lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Under the lease agreements, the Hospital may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Hospital uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

At September 30, 2022, the Hospital balances for Lease receivable and Deferred inflows of resources applicable to Leases were \$131,373 and \$131,373, respectively.

As lessee:

Lease additions, terminations, and balances for the years ended September 30, 2022, are as follows:

Lease Assets	Balance			Balance
	Oct. 1, 2021	Additions	Amortization	Sept. 30, 2022
Right of use assets-equipment	938,345	-	471,124	467,221
Total	938,345	-	471,124	467,221

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Description	Discount Rate	Maturity Date	Monthly Payment	Amount Outstanding
Equipment	3.85%	04/2025	\$ 4,936	140,951
Equipment	3.85%	03/2023	28,312	195,662
			<u>\$ 33,248</u>	<u>\$ 336,613</u>

The Hospital is the lessee for one noncancellable lease of equipment. The Hospital recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Hospital determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Hospital is reasonably certain to exercise.
- The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease Liabilities	Balance	Additions	Principal Payments	Balance
	Oct. 1, 2021			Sept. 30, 2022
Equipment	720,800	-	384,187	336,613
Total	<u>720,800</u>	<u>-</u>	<u>384,187</u>	<u>336,613</u>

The following is a schedule by year of payments for leases as of September 30, 2022:

Year Ending September 30,	Principal	Interest
2023	250,251	7,170
2024	56,731	2,507
2025	29,631	440
Total	<u>\$ 336,613</u>	<u>\$ 10,117</u>

Sunflower County Library

As Lessee:

The Sunflower County Library System is a lessee for various noncancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the Sunflower County Library System recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the Sunflower County Library System recognized a lease and an intangible right-to-use lease asset.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

At lease commencement, the Sunflower County Library System initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The Sunflower County Library System generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the library would expect to obtain for a similarly financed purchase at the date of lease inception.

The lease term includes the noncancellable period of the lease plus any additional periods covered by either a Sunflower County Library System or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the Sunflower County Library System and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The following is a summary of changes in lease assets and liabilities:

Lease Assets	Balance			Balance
	Oct. 1, 2021	Additions	Amortization	Sept. 30, 2022
Copier Leases	-	29,577	8,271	21,306
Total	-	29,577	8,271	21,306

Lease Liabilities	Balance		Principal	Balance
	Oct. 1, 2021	Additions	Payments	Sept. 30, 2022
Copier and Printer Leases	-	29,577	7,705	21,872
Total	-	29,577	7,705	21,872

The library has entered into multiple 60-month leases of copiers from Xerox. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreements other than month to month and no variable payment options.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Copier Leases	5.00%	60 months	7/30/2020	7/30/2025	\$ 324	10,079
Copier Leases	5.00%	60 months	8/27/2019	8/1/2024	269	6,006
Copier Leases	5.00%	60 months	11/30/2020	11/1/2025	177	5,787
					<u>\$ 770</u>	<u>\$ 21,872</u>

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

The following is a schedule by years of the total payments due on these leases:

Year Ending September 30,	Principal	Interest
2023	8,099	1,141
2024	8,514	726
2025	5,259	105
Total	<u>\$ 21,872</u>	<u>\$ 1,972</u>

NOTE 11 – LONG-TERM DEBT.

Sunflower County

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
GO Public Improvement Bonds Series 2018	\$ 969,000	2.10/3.40	09/28
Total General Obligation Bonds	<u>\$ 969,000</u>		
B. Other Loans:			
MDA - Delta Pride Catfish, Inc.	\$ 650,749	6.50	05/19
Negotiable Note Series 2020	840,083	1.85	3/25
Sub-total	1,490,832		
MDA - Parmida LED Technologies	1,391,835	3.00	Drawn to date
Total Other Loans	<u>\$ 2,882,667</u>		
C. Financed Purchases:			
(6) 2017 John Deere 670G Motor Graders	\$ 528,046	2.15	11-25
Total Financed Purchased	<u>\$ 528,046</u>		

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

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

Year Ending	General Obligation Bonds		Other Loans		Financed Purchases	
September 30:	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 146,000	30,489	925,659	15,542	162,593	10,503
2024	152,000	26,401	279,996	10,456	166,397	6,702
2025	158,000	21,841	285,177	5,276	170,290	2,809
2026	164,000	16,943			28,766	83
2027	171,000	11,695				
2028	178,000	6,052				
Total	<u>\$ 969,000</u>	<u>113,421</u>	<u>1,490,832</u>	<u>31,274</u>	<u>528,046</u>	<u>20,097</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, the amount of outstanding debt was equal to 0.81% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amount due within one year
Compensated absences	\$ 94,841		36,585	58,256	
General obligation bonds	1,110,000		141,000	969,000	146,000
Other loans	2,794,938	357,646	269,917	2,882,667	925,659
Financed Purchases	673,822		145,776	528,046	162,593
Total	\$ 4,673,601	357,646	593,278	4,437,969	1,234,252

As a result of the implementation of GASB 87, the previously reported capital leases that transfer ownership of the underlying assets to the lessee by the end of the contract are now considered financed purchases.

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

LONG-TERM DEBT – COMPONENT UNITS

North Sunflower Medical Center

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Notes Payable			
USDA Rural Development Loan	\$ 2,200,284	4.197	01/40
Cisco Capital	63,276	0.099	09/23
Cisco Capital	5,040	0.000	09/23
Cisco Capital	4,410	0.000	11/23
Cisco Capital	4,725	0.000	12/23
Phillips Healthcare	162,364	21.711	01/24
Fukuda Denshi	8,359	5.535	02/23
Hologic Capital	84,789	19.843	08/23
First American	57,341	4.804	05/25
Total Notes Payable	\$ 2,590,588		
B. Bonds Payable			
Series 2009 Revenue Bond	\$ 1,433,350	varying	08/29
Total Bonds Payable	\$ 1,433,350		

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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

Year Ending	Bond Payable		Notes Payable	
September 30:	Principal	Interest	Principal	Interest
2023	\$ 170,000	40,650	400,197	121,800
2024	180,000	35,250	165,685	86,145
2025	185,000	29,850	117,006	78,818
2026	195,000	24,300	105,658	74,402
2027	200,000	18,450	109,963	70,097
Thereafter	503,350	18,750	1,692,079	448,709
Total	\$ 1,433,350	167,250	2,590,588	879,971

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amount due within one year
Bonds payable	\$ 1,605,971		172,621	1,433,350	170,000
Notes payable	2,960,691		370,103	2,590,588	400,197
Total	\$ 4,566,662	-	542,724	4,023,938	570,197

South Sunflower County Hospital

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amount due within one year
Leases payable	\$ 720,800		384,187	336,613	250,251
Compensated absences	325,078	287,924	325,078	287,924	287,924
Self-insurance claims	2,739,871	884,983	1,493,574	2,131,280	615,235
Total	\$ 3,785,749	1,172,907	2,202,839	2,755,817	1,153,410

Sunflower County Library System

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amount due within one year
Compensated absences	\$ 10,963		265	10,698	
Total	\$ 10,963	-	265	10,698	-

NOTE 12 - CONTINGENCIES.

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

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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

General Obligation Debt Contingencies - The County issued general obligation bonds, series 2009 to provide funds for constructing and improving the capital facilities of the North Sunflower Medical Center. Such debt is being retired from pledged resources of the Medical Center and, therefore, is reported as a liability of the Medical Center. However, because general obligation bonds are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

<u>Description</u>	<u>Balance at Sept. 30, 2022</u>
General obligation hospital bonds, series 2009	\$ <u><u>1,433,350</u></u>

NOTE 13 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION

Sunflower County

The governmental activities' unrestricted deficit net position amount of (\$10,728,460) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$255,828 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$3,212,710 balance of the deferred outflow of resources related to pensions on September 30, 2022, will be recognized in pension expense over the next four years. The \$24,503 balance of the deferred inflow of resources related to pension on September 30, 2022, will be recognized in pension expense over the next three years.

COMPONENT UNITS

North Sunflower Medical center

The unrestricted net deficit amount of \$36,391,951 at September 30, 2022, includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,187,851 resulting from the Medical Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$24,637,729 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized as expenses and increase unrestricted net deficit over the next 4 years. The balance of deferred outflows related to hospice (\$100,000) and drug center (\$1,492,000) acquisitions will be recognized as expenses and increase the unrestricted net deficit.

The unrestricted net deficit amount of \$36,391,951 at September 30, 2022, includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$16,234,224 balance of the deferred inflow of resources at September 30, 2022, will be recognized as revenues and decrease unrestricted net deficit over the next 3 years.

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

South Sunflower County Hospital

The unrestricted net deficit amount of \$2,141,759 at September 30, 2022, includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$367,162 resulting from the Hospital contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$2,657,133 balance of the deferred outflow of resources at September 30, 2022, will be recognized as expenses and increase unrestricted net deficit over the next 4 years.

The unrestricted net deficit amount of \$2,141,759 at September 30, 2022, includes the effect of deferring the recognition of revenue resulting from a deferred inflows from pensions and leases. The \$1,529,097 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized as revenues and decrease unrestricted net deficit over the next 3 years. The \$131,373 balance of deferred inflows related to leases at September 30, 2022, will be recognized as revenues and decrease unrestricted net deficit.

Sunflower County Library

The unrestricted net position amount of \$50,200 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions and OPEB. A portion of the deferred outflow of resources related to pension in the amount of \$12,077 resulting from the Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$102,999 balance of the deferred outflow of resources from pensions at September 30, 2022, will be recognized as expenses and decrease unrestricted net position over the next 4 years. A portion of the deferred outflow of resources related to OPEB in the amount of \$458 resulting from the Library contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023. The \$16,439 balance of deferred outflow of resources related to OPEB, at September 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of \$50,200 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions and OPEB. The \$55,555 balance of the deferred inflow of resources from pensions at September 30, 2022, will be recognized as revenue and increase unrestricted net position over the next 3 years. The \$43,023 balance of the deferred inflow of resources from OPEB at September 30, 2022 will be recognized as revenue and increase unrestricted net position over the next 6 years.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower, and Washington. The Sunflower County Board of Supervisors appoints six of the twenty members of the College Board of Trustees. The County appropriated \$788,335 in taxes for maintenance and support of the College in fiscal year 2022.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower,

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Sunflower County Board of Supervisors appoints one of the twenty-one members of the Board of Commissioners. The County levied a .75 mill tax, which raised \$150,419 for the maintenance and support of the district in the fiscal year 2022.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery, and Sunflower. The Sunflower County Board of Supervisors appoints one of the eight members of the Board of Commissioners. The County appropriated \$57,300 to the entity in the fiscal year 2022.

The South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower, and Washington. The Sunflower County Board of Supervisors appoints four of the twenty-two members of the District's Board of Directors. The County appropriated \$11,254 for the support of the district in fiscal year 2022.

NOTE 15 – TAX ABATEMENT

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

The Sunflower County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with nine entities as of September 30, 2022.

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

Category	Fiscal Year 2022	
		Amount of Taxes Abated
Additions, expansions or equipment replacment	100.00%	\$ 302,115

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

NOTE 16 - SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Sunflower County evaluated the activity of the County through August 17, 2023 (the date

SUNFLOWER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

the financial statements were available to be issued) and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

<u>Issue Date</u>	<u>Interest rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/15/2022	4.30%	\$ 5,000,000	General Obligation Bonds	Ad valorem Tax

SUNFLOWER COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2022
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,495,745	7,516,213	7,516,213	-
Licenses, commissions and other revenue	205,070	331,200	331,200	-
Fines and forfeitures	269,100	301,691	301,691	-
Intergovernmental revenues	444,175	577,398	577,398	-
Charges for services	10,000	19,920	19,920	-
Interest income	40,100	115,931	115,931	-
Miscellaneous revenues	53,950	29,039	29,039	-
Total Revenues	<u>7,518,140</u>	<u>8,891,392</u>	<u>8,891,392</u>	<u>-</u>
EXPENDITURES				
General government	5,097,272	4,876,558	4,876,558	-
Public safety	3,795,461	3,876,113	3,876,113	-
Public works	109,846	70,636	70,636	-
Health and welfare	397,109	379,195	379,195	-
Culture and recreation	67,000	57,250	57,250	-
Conservation of natural resources	90,842	95,063	95,063	-
Economic development and assistance	122,770	104,121	104,121	-
Total Expenditures	<u>9,680,300</u>	<u>9,458,936</u>	<u>9,458,936</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(2,162,160)</u>	<u>(567,544)</u>	<u>(567,544)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer-in		163,269	163,269	-
Transfer-out	<u>(233,099)</u>	<u>(407,439)</u>	<u>(407,439)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(233,099)</u>	<u>(244,170)</u>	<u>(244,170)</u>	<u>-</u>
Net Change in Fund Balance	(2,395,259)	(811,714)	(811,714)	-
Fund Balance - Beginning	<u>2,497,767</u>	<u>1,876,513</u>	<u>1,876,513</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 102,508</u>	<u>1,064,799</u>	<u>1,064,799</u>	<u>-</u>

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2022
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,354,492	1,338,174	1,338,174	-
Road and bridge privilege taxes	240,000	245,195	245,195	-
Intergovernmental revenues	594,515	608,846	608,846	-
Miscellaneous revenues	1,000	8,096	8,096	-
Total Revenues	<u>2,190,007</u>	<u>2,200,311</u>	<u>2,200,311</u>	<u>-</u>
EXPENDITURES				
Public works	2,016,007	1,977,257	1,977,257	-
Debt service:				
Principal	<u>174,000</u>	<u>173,100</u>	<u>173,100</u>	<u>-</u>
Total Expenditures	<u>2,190,007</u>	<u>2,150,357</u>	<u>2,150,357</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>49,954</u>	<u>49,954</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer-in				-
Transfer-out				-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>49,954</u>	<u>49,954</u>	<u>-</u>
Fund Balance - Beginning	<u>-</u>	<u>251,150</u>	<u>251,150</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>301,104</u>	<u>301,104</u>	<u>-</u>

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
American Recovery Protection Act Fund
For the Year Ended September 30, 2022
UNAUDITED

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenues	\$ 2,438,662	2,438,662	2,438,662	-
Interest income		4,616	4,616	-
Total Revenues	<u>2,438,662</u>	<u>2,443,278</u>	<u>2,443,278</u>	<u>-</u>
EXPENDITURES				
General government	4,908,782	510,014	510,014	-
Public safety		165,440	165,440	-
Public works		126,443	126,443	-
Economic development		1,998	1,998	-
Total Expenditures	<u>4,908,782</u>	<u>803,895</u>	<u>803,895</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(2,470,120)</u>	<u>1,639,383</u>	<u>1,639,383</u>	<u>-</u>
Net Change in Fund Balance	<u>(2,470,120)</u>	<u>1,639,383</u>	<u>1,639,383</u>	<u>-</u>
Fund Balance - Beginning	<u>2,470,120</u>	<u>2,132,998</u>	<u>2,132,998</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>3,772,381</u>	<u>3,772,381</u>	<u>-</u>

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

SUNFLOWER COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Bridge & Culvert Fund
For the Year Ended September 30, 2022
UNAUDITED

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 807,556	1,003,283	1,003,283	-
Intergovernmental revenues	200	12	12	-
Total Revenues	<u>807,756</u>	<u>1,003,295</u>	<u>1,003,295</u>	<u>-</u>
EXPENDITURES				
Public works	<u>1,399,161</u>	<u>1,537,472</u>	<u>1,537,472</u>	<u>-</u>
Total Expenditures	<u>1,399,161</u>	<u>1,537,472</u>	<u>1,537,472</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(591,405)</u>	<u>(534,177)</u>	<u>(534,177)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer-in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(591,405)</u>	<u>(534,177)</u>	<u>(534,177)</u>	<u>-</u>
Fund Balance - Beginning	<u>591,405</u>	<u>747,756</u>	<u>747,756</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>213,579</u>	<u>213,579</u>	<u>-</u>

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

SUNFLOWER COUNTY
Schedule of the County's and Component Units' Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sunflower County									
Proportion of the net pension liability (asset)	0.088%	0.080%	0.080%	0.070%	0.070%	0.070%	0.065%	0.064%	0.063%
Proportionate share of the net pension liability (asset)	\$ 18,113,598	11,824,346	15,487,067	12,314,378	11,643,080	11,636,377	11,610,622	9,893,137	7,647,046
Covered payroll	\$ 6,047,376	5,530,751	5,058,945	4,877,525	4,626,051	4,499,208	4,227,780	4,046,057	3,839,402
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	299.53%	213.79%	306.13%	252.47%	251.69%	258.63%	274.63%	244.51%	199.17%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
COMPONENT UNITS									
North Sunflower Medical Center									
Proportion of the net pension liability (asset)	0.362207%	0.371992%	0.342906%	0.353587%	0.376557%	0.391683%	0.334053%	0.309932%	0.290751%
Proportionate share of the net pension liability (asset)	\$ 74,555,381	54,982,041	66,382,615	62,202,930	62,632,617	65,111,008	59,670,207	47,909,375	35,291,848
Covered payroll	\$ 25,916,862	25,077,903	23,184,822	23,368,527	23,702,108	24,728,971	22,096,000	19,715,079	18,240,044
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	287.67%	219.24%	286.32%	266.18%	264.25%	263.30%	270.05%	243.01%	193.49%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
South Sunflower County Hospital									
Proportion of the net pension liability (asset)	0.118014%	0.129713%	0.1279%	0.1267%	0.1252%	0.1187%	0.1184%	0.1254%	0.1298%
Proportionate share of the net pension liability (asset)	\$ 24,291,575	19,172,147	24,761,889	22,294,659	20,827,806	19,734,628	21,146,696	18,932,870	15,694,809
Covered payroll	\$ 8,006,244	8,633,789	8,537,225	7,812,684	8,188,787	7,728,578	7,732,235	7,742,204	8,357,158
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	303.41%	222.06%	290.05%	285.36%	254.35%	255.35%	273.49%	244.54%	187.80%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	59.00%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
Sunflower County Library									
Proportion of the net pension liability (asset)	0.003881%	0.003796%	0.004339%	0.004152%	0.004646%	0.00474%	0.00500%	0.00500%	
Proportionate share of the net pension liability (asset)	\$ 798,851	561,065	847,878	730,419	772,768	787,949	893,125	772,901	
Covered payroll	\$ 254,253	277,402	276,571	288,368	296,715	297,422	292,793	281,162	
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	314.20%	202.26%	306.57%	253.29%	260.44%	264.93%	305.04%	274.90%	
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	

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

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

SUNFLOWER COUNTY
Schedule of County and Component Unit Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sunflower County									
Contractually required contribution	\$ 1,057,410	962,351	871,949	809,495	730,657	721,683	665,876	637,253	594,776
Contributions in relation to the contractually required contribution	<u>1,057,410</u>	<u>962,351</u>	<u>871,949</u>	<u>809,495</u>	<u>730,657</u>	<u>721,683</u>	<u>665,876</u>	<u>637,253</u>	<u>594,776</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 6,077,077	5,530,751	5,011,200	5,005,157	4,639,090	4,582,112	4,227,780	4,046,057	3,776,347
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%	15.75%
COMPONENT UNITS									
North Sunflower Medical Center									
Contractually required contribution	\$ 4,509,534	4,355,608	4,034,159	3,680,543	3,733,087	3,894,813	3,480,120	3,105,125	2,872,807
Contributions in relation to the contractually required contribution	<u>4,509,534</u>	<u>4,355,608</u>	<u>4,034,159</u>	<u>3,680,543</u>	<u>3,733,087</u>	<u>3,894,813</u>	<u>3,480,120</u>	<u>3,105,125</u>	<u>2,872,807</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 25,916,862	25,077,903	23,184,822	23,368,527	23,702,108	24,728,971	22,096,000	19,715,079	18,240,044
Contributions as a percentage of covered payroll	17.40%	17.37%	17.40%	15.75% *	15.75%	15.75%	15.75%	15.75%	15.75%
South Sunflower County Hospital									
Contractually required contribution	\$ 1,393,086	1,500,700	1,496,507	1,359,407	1,289,734	1,217,251	1,217,827	1,219,397	1,316,252
Contributions in relation to the contractually required contribution	<u>1,393,086</u>	<u>1,500,700</u>	<u>1,496,507</u>	<u>1,359,407</u>	<u>1,289,734</u>	<u>1,217,251</u>	<u>1,217,827</u>	<u>1,219,397</u>	<u>1,316,252</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 8,006,244	8,633,789	8,620,613	7,812,684	8,188,787	7,728,578	7,732,235	7,742,204	8,357,158
Contributions as a percentage of covered payroll	17.40%	17.38%	17.36%	17.40% *	15.75%	15.75%	15.75%	15.75%	15.75%
Sunflower County Library									
Contractually required contribution	\$ 47,409	44,240	48,268	44,780	45,418	48,118	46,844	44,283	
Contributions in relation to the contractually required contribution	<u>47,409</u>	<u>44,240</u>	<u>48,268</u>	<u>44,780</u>	<u>45,418</u>	<u>48,118</u>	<u>46,844</u>	<u>44,283</u>	
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Covered payroll	\$ 272,466	254,253	277,402	276,571	288,368	305,511	297,422	281,162	
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.19% *	15.75%	15.75%	15.75%	15.75%	

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

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

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

BUDGETARY COMPARISON SCHEDULES

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types			
	General Fund	Countywide Road Maintenance Fund	American Recovery Protection Act Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ (811,714)	49,954	1,639,383	(534,177)
Increase (Decrease)				
Net adjustments for revenue accruals	(140,464)	2,209	(1,628,132)	576
Net adjustments for expenditure accruals	(103,982)	(153,087)	(6,635)	76,318
GAAP Basis	\$ (1,056,160)	(100,924)	4,616	(457,283)

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

PENSION SCHEDULES

A. Changes of assumptions.

2015

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

2016

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

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019

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

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021

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

B. Changes in benefit provisions.

2016

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

SUNFLOWER COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

C. 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, 2020, valuation for the June 30, 2022, 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	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUNFLOWER COUNTY

SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Agency/ Pass-Through Entity/ Program Title or Cluster	Federal Assistance Listing Number	Federal Agency/ Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development			
Passed-through Mississippi Development Authority			
Community Development Block Grants/State's program and			
Non-Entitlement Grants in Hawaii	14.228	1135-18-067-PF-01	\$ 33,859
	14.228	1136-19-067-ED-01	24,280
Total Passed-through Mississippi Development Authority			58,139
Total Department of Housing and Urban Development			58,139
Department of the Treasury			
Direct Programs:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	*	21.027	N/A
Total Department of the Treasury			810,529
Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency			
Emergency Management Performance Grants	97.042	N/A	26,070
Total Passed-through Mississippi Emergency Management Agency			26,070
Total Department of Homeland Security			26,070
Total for All Federal Awards			\$ 894,738

* Denotes Major Federal Award Program

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

SUNFLOWER COUNTY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sunflower County under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

B. Summary of Significant Accounting Policies

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

C. Indirect Cost Rate

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

SUNFLOWER COUNTY

OTHER INFORMATION

SUNFLOWER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2022
UNAUDITED

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

SUNFLOWER COUNTY

SPECIAL REPORTS

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

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

Members of the Board of Supervisors
Sunflower County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sunflower County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 17, 2023. Our report includes a reference to other auditors who audited the financial statements of North Sunflower Medical Center, South Sunflower County Hospital and Sunflower County Library, as described in our report on the Sunflower County, Mississippi's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to the management of Sunflower County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 17, 2023, included within this document.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

August 17, 2023

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

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

Members of the Board of Supervisors
Sunflower County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Sunflower County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Sunflower County, Mississippi's major federal program for the year ended September 30, 2022. Sunflower County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Sunflower County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sunflower County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Sunflower County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sunflower County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sunflower County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sunflower County, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sunflower County, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sunflower County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sunflower County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable

possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
August 17, 2023

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

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

Members of the Board of Supervisors
Sunflower County, Mississippi

We have examined Sunflower County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Section 31-7-101 through 31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code 1972 Annotated* during the year ended September 30, 2022. The Board of Supervisors of Sunflower County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Sunflower County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

August 17, 2023

SUNFLOWER COUNTY**Schedule 1****Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2022**

Date	Item	Bid Accepted	Vendor	Lowest Bid	Reason for accepting other than Lowest Bid
9/8/2022	Tear out existing windows & install new windows	\$ 57,500	Greenville Paint & Glass PO #'s 49174 & 49175	\$ 46,877	Lowest bidder had exceptions (see board order)

SUNFLOWER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2022

Schedule 2

Our tests did not identify any emergency purchases.

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2022**

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

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Sunflower County, Mississippi

In planning and performing our audit of the financial statements of Sunflower County, Mississippi for the year ended September 30, 2022, we considered Sunflower County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Sunflower County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 17, 2023, on the financial statements of Sunflower County, Mississippi.

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

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

Board of Supervisors

Finding 1.	<u>Public Officials and Employees Should Ensure Compliance with State Law over Surety Bonding Requirements.</u>
Repeat Finding	Yes; 2020 Finding 3; 2021 Finding 1.
Criteria	<i>Section 25-1-15, Mississippi Code Annotated (1972), state, " A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</i>

Condition	<p>During the course of our testing we noted the following instances of non-compliance:</p> <ul style="list-style-type: none"> • Two (2) individuals had a continuation certificate that did not contain all required elements on the face of the bond • Two (2) Deputy Tax Collectors were not properly bonded for the full fiscal year
Cause	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Laws.
Response	The Sunflower County Board of Supervisors will implement procedures that will ensure that county's officials and employees' bonds meet requirements of State Laws. The County Administrator will reiterate to the bonding companies what the requirements are for acceptable bonds. The Tax Assessor/Collector had two employees who did not work the entire fiscal year which may account for them not being bonded the entire FY.
Finding 2.	<u>List of employees authorized to issue requisitions and receiving reports.</u>
Repeat Finding	No.
Criteria	<i>Sections 31-7-103 and 31-7-109, Mississippi Code Annotated (1972), state that persons must be specifically authorized to sign purchase requisitions and receiving reports.</i>
Condition	During the course of our test work, we were unable to locate a listing approved by the Board of Supervisors specifying who was authorized to sign purchase requisitions and receiving reports.
Cause	The Board of Supervisors did not approve a list that specifies those individuals with authority to sign purchase requisitions and receiving reports for each department.
Effect	Failure to specify individuals with authority to sign purchase requisitions and receiving reports could result in the loss or misappropriation of public funds.
Recommendation	The Board should annually approve a list of individuals in each department who are authorized to sign purchase requisitions and receiving reports and spread this list on the minutes.
Response	The Sunflower County Board of Supervisors will annually approve a list of individuals in each department who are authorized to sign purchase requisitions and receiving reports and spread this list on the minutes. The Chancery Clerk will ensure that this item is completed each FY in October.

Finding 3.	<u>All Supervisors must Inspect the Roads and Bridges and Attest to the Clerk of the Board for having done so.</u>
Repeat Finding	No.
Criteria	<i>Section 65-7-117, Mississippi Code Annotated (1972), states that, "Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful, which reports shall be presented to the board of supervisors and kept on file for three (3) years."</i>
Condition	During the course of our audit, we noted that the Board of Supervisors had inspected the roads and bridges, but only three of the five filed a certification on the minutes or affidavit to document that they had examined the roads and bridges annually.
Cause	Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done by all supervisors.
Effect	Failure to complete annual inspections of roads and bridges and to file an affidavit of said inspection can lead to failure to identify and to complete necessary improvements in a timely manner.
Recommendation	The Board of Supervisors should ensure that all members complete the requisite inspections of the roads and bridges and file an affidavit with the Clerk of the Board for inclusion in the minutes.
Response	The Board of Supervisors will ensure that all members complete the requisite inspections of the roads and bridges and file an affidavit with the Clerk of the Board for inclusion in the minutes. This affidavit will be completed at an August Meeting. It was completed on August 7, 2023.

Payroll Clerk

Finding 4.	<u>Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.</u>
Repeat Finding	Yes; 2020 Finding 2; 2021-4.
Criteria	<p><i>Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....</i></p> <p>4) The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:</p>

- (a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or
- (b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

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

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

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

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

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

Condition

During the course of our audit, we noted the following:

- One (1) rehired retiree did not have an executed PERS form 4B on file; we were unable to determine the PERS limitation on compensation

- One (1) individual was paid in excess of the PERS limitation

Cause	The County did not comply with Section 25-11-127, Mississippi Code Annotated (1972) in that it failed to ensure proper notice to PERS, proper execution of required documents, and proper monitoring of wages to ensure the PERS cap was not exceeded.
Effect	The failure to comply with the reemployment conditions as reported on PERS Form 4B and 9C could jeopardize the provisions for reemployment.
Recommendation	The County should timely and accurately file PERS Form 4Bs and 9Cs for all re-hired retirees and ensure that the statutory conditions for reemployment are met.
Response	The County will timely and accurately file PERS Form 4Bs and 9Cs for all re-hired retirees and ensure that the statutory conditions for reemployment are met. The County employed a new Payroll Clerk in January 2023. The new Payroll Clerk will be in compliance.

Board of Supervisors and Purchase Clerk

Finding 5.	<u>Public Officials Should Ensure that Credit Card Expenditures are in Compliance with State Law.</u>
Repeat Finding	Yes; 2021-5.
Criteria	<i>Section 19-3-68, Mississippi Code Annotated (1972), states, "The board of supervisors of any county may acquire one or more credit cards which may be used by members of the board of supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties....The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county."</i>
Condition	During the course of our test work, we noted several instances where the county credit card was used to make expenditures for items other than travel. We further noted that the County's credit card usage policy allows expenditures to be made for items other than travel.
Cause	The County has failed to establish a credit card usage policy that is in compliance with the credit card statute and failed to maintain an adequate internal control system to ensure compliance with the credit card statute.
Effect	The County is not in compliance with the State's credit card purchasing law, and this may result in the misappropriation of public funds.
Recommendation	The Board should ensure that the County's credit card usage policy is in compliance with state law. The Purchase Clerk should ensure that only approved, travel-related expenditures are made on the County's credit cards unless using an approved State Procurement Card.

Response The Board has ensured that the County's credit card usage policy is in compliance with state law. The County Administrator and Purchase Clerk have obtained a State Procurement Card that may be used for approved purchases other than travel related expenditures.

Tax Collector

Finding 6. The Tax Collector Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.

Repeat Finding Yes; 2021-6.

Criteria *Section 25-1-72, Mississippi Code Annotated (1972)*, states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."

Condition During the course of our test work, we found that eleven (11) deposits were not made in a timely manner.

Cause These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Tax Collector's Office.

Effect Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts, and settlement of funds to the County.

Recommendation The Tax Collector should ensure that the deposits are being made in a timely manner as prescribed by statute.

Response The Tax Collector will ensure that the deposits are being made in a timely manner as prescribed by statute. Daily deposits will be made in the future, even on Fridays.

Finding 7. The Tax Collector is not Making Timely Settlements.

Repeat Finding No.

Criteria *Section 27-29-11, Mississippi Code Annotated (1972)*, requires that the tax collector make report of and turn over any and all taxes collected during the preceding month on or before the twentieth (20th) day of the month.

Condition During the course of our test work, we noted one (1) instance where the tax collector settled the prior month's collected taxes after the 20th of the month.

Cause The Tax Collector has not established a system of internal control to ensure settlements are made timely.

Effect	Inadequate controls surrounding the settlement of revenue collections could result in improper revenue recognition.
Recommendation	The Tax Collector should implement an effective internal control system to ensure the timeliness of settlements.
Response	The Tax Collector will implement an effective internal control system to ensure the timeliness of settlements. Settlements will be presented to the Chancery Clerk before the 20 th of each month.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

August 17, 2023

SUNFLOWER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended September 30, 2022

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs | |
| Assistance Listing Number 21.027, COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFR) | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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

SUNFLOWER COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

Riley Rice,
President
District 2, Indianola
Telephone 662-347-4030 cell
Email: rrice@sunflowerms.net

Gloria Dickerson,
Vice President
District 5, Drew
Telephone 601-832-3253
Email: gdickerson@sunflowerms.net

Glenn M. Donald,
Supervisor
District 1, Moorhead
Telephone 662-207-0398 cell
Email: glennndonald@bellsouth.net

SUNFLOWER COUNTY, MISSISSIPPI
THE BOARD OF SUPERVISORS
SUNFLOWER COUNTY COURTHOUSE

Post Office Box 988
Indianola, Mississippi 38751
Telephone (662) 887-4703
Telephone (662) 887-2881
Fax Telephone (662) 887-7054

Ben Gaston,
Supervisor
District 3, Indianola
Telephone 662-207-2561 cell
Email: bgaston@sunflowerms.net

Anthony Clark,
Supervisor
District 4, Indianola
Telephone 662-303-9108 cell
Email: aclark@sunflowerms.net

Dr. Gloria McIntosh
Chancery Clerk, Clerk of the Board, &
County Administrator
Telephone 662-887-4703 office
Facsimile 662-887-7054
Email: gmcintosh@sunflowerms.net

Stephanie Washington,
Comptroller
Telephone 662-887-2881 office
Facsimile 662-887-7054
Email: swashington@sunflowerms.net

Summary Schedule of Prior Audit Findings

August 17, 2023

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

Gentlemen:

Sunflower County respectfully submits the status of the prior year audit finding.

Finding 2021-001: Material Weakness- Component units should be included in the financial statements.

Status: Corrective Action Taken

Sincerely yours,


Gloria McIntosh, County Administrator