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SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2022

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Sunflower County Consolidated School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunflower County Consolidated School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sunflower County Consolidated School District's basic financial statements as listed in the table of contents.

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

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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sunflower County Consolidated School District 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 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, that raise substantial doubt about the Sunflower County Consolidated School District'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 Responsibility 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 Sunflower County Consolidated School District'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, that raise substantial doubt about the Sunflower County Consolidated School District'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 information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB), 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sunflower County Consolidated School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are 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 Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years 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 May 5, 2023, on our consideration of the Sunflower County Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sunflower County Consolidated School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunflower County Consolidated School District's internal control over financial reporting and compliance.

Brown CPA, PLLC
Madison, Mississippi
May 5, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The following discussion and analysis of Sunflower County Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2022 increased \$5,142,972, including a prior period adjustment of (\$85,357), which represents a 24% increase from fiscal year 2021. Total net position for 2021 increased \$1,358,174, including a prior period adjustment of (\$36,308), which represents a 6% increase from fiscal year 2020.
- General revenues amounted to \$29,983,770 and \$31,004,125, or 68% and 72% of all revenues for fiscal years 2022 and 2021, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,249,869, or 32% of total revenues for 2022, and \$11,963,871, or 28% of total revenues for 2021.
- The district had 39,005,310 and \$41,573,514 in expenses for fiscal years 2022 and 2021; only \$14,249,869 for 2022 and \$11,963,871 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$29,983,770 for 2022 and \$31,004,125 for 2021 were adequate to provide for these programs.
- Among major funds, the General Fund had \$28,586,193 in revenues and \$28,376,542 in expenditures for 2022, and \$27,913,362 in revenues and \$25,599,734 in expenditures for 2021. The General Fund's fund balance increased by \$1,131,647, including a prior period adjustment of (\$85,357) from 2021 to 2022, and increased by \$2,342,914 from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$2,149,603 for 2022 and increased by \$248,647 for 2021. The increase for 2022 was due to construction in progress and equipment purchases.
- Long-term debt increased, excluding the bond premium, by \$30,665,730 for 2022 and decreased by \$155,221 for 2021. The increase for 2022 was due primarily to the issuance of a general obligation bond. The liability for compensated absences increased by \$2,164 for 2022 and increased by \$18,718 for 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,228,713 as of June 30, 2022.

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Table 1 presents a summary of the District's net position at June 30, 2022 and June 30, 2021.

Table 1
Condensed Statement of Net Position

	June 30, 2022	June 30, 2021	Percentage Change
Current assets	\$ 57,821,543	\$ 23,727,769	143.69 %
Restricted assets	94,703	94,209	0.52 %
Capital assets, net	18,723,267	16,573,664	12.97 %
Total assets	76,639,513	40,395,642	89.72 %
Deferred outflows of resources	8,455,535	7,950,241	6.36 %
Current liabilities	1,879,466	1,762,344	6.65 %
Long-term debt outstanding	33,819,278	1,823,385	1754.75 %
Net OPEB liability	2,851,308	3,622,916	(21.30) %
Net pension liability	43,936,919	60,273,936	(27.10) %
Total liabilities	82,486,971	67,482,581	22.23 %
Deferred inflows of resources	18,836,790	2,234,987	742.81 %
Net position:			
Net investment in capital assets	(14,933,220)	14,922,949	(200.07) %
Restricted	34,292,084	3,042,010	1027.28 %
Unrestricted	(35,587,577)	(39,336,644)	9.53 %
Total net position	\$ (16,228,713)	\$ (21,371,685)	24.06 %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$(35,587,577)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows related to Pensions and OPEB	55,324,430
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 19,736,853</u>

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

- Increase in net capital assets in the amount of \$2,149,603.
- The addition of new debt in the amount of \$31,000,000.
- Recognition of the net pension liability in the amount of \$43,936,919.
- Recognition of a net OPEB liability in the amount of \$2,851,308

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$44,233,639 and \$42,967,996, respectively. The total cost of all programs and services was \$39,005,310 for 2022 and \$41,573,514 for 2021.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

Table 2
Changes in Net Position

	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 404,017	\$ 114,581	252.60 %
Operating grants and contributions	13,845,852	11,849,290	16.85 %
General revenues:			
Property taxes	10,465,303	10,682,399	(2.03) %
Grants and contributions not restricted	17,193,286	16,963,462	1.35 %
Investment earnings	216,799	186,474	16.26 %
Sixteenth section sources	709,428	847,190	(16.26) %
Other	1,398,954	2,324,600	(39.82) %
Total revenues	44,233,639	42,967,996	2.95 %
Expenses:			
Instruction	17,064,110	17,358,609	(1.70) %
Support services	18,257,747	16,139,912	13.12 %
Non-instructional	2,325,117	2,701,870	(13.94) %
Sixteenth section	2,737	1,605	70.53 %
Pension expense	1,097,282	5,238,252	(79.05) %
OPEB expense	(202,821)	65,501	(409.65) %
Interest on long-term liabilities	461,138	67,765	580.50 %
Total expenses	39,005,310	41,573,514	(6.18) %
Increase (Decrease) in net position	5,228,329	1,394,482	274.93 %
Net Position, July 1, as previously reported	(21,371,685)	(22,729,859)	5.98 %
Prior Period Adjustment	(85,357)	(36,308)	(135.09) %
Net Position, July 1, as restated	(21,457,042)	(22,766,167)	5.75 %
Net Position, June 30	\$ (16,228,713)	\$ (21,371,685)	24.06 %

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Governmental activities

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2022	2021	
Instruction	\$ 17,064,110	\$ 17,358,609	(1.70) %
Support services	18,257,747	16,139,912	13.12 %
Non-instructional	2,325,117	2,701,870	(13.94) %
Sixteenth section	2,737	1,605	70.53 %
Pension expense	1,097,282	5,238,252	(79.05) %
OPEB expense	(202,821)	65,501	(409.65) %
Interest on long-term liabilities	461,138	67,765	580.50 %
Total expenses	\$ 39,005,310	\$ 41,573,514	(6.18) %

	Net (Expense) Revenue		Percentage Change
	2022	2021	
Instruction	\$ (12,524,693)	\$ (12,169,367)	(2.92) %
Support services	(11,332,922)	(11,476,680)	1.25 %
Non-instructional	460,510	(590,473)	177.99 %
Sixteenth section	(2,737)	(1,605)	(70.53) %
Pension Expense	(1,097,282)	(5,238,252)	79.05 %
OPEB expense	202,821	(65,501)	409.65 %
Interest on long-term liabilities	(461,138)	(67,765)	(580.50) %
Total net (expense) revenue	\$ (24,755,441)	\$ (29,609,643)	16.39 %

- Net cost of governmental activities (\$24,755,441 for 2022 and \$29,609,643 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$10,465,303 for 2022 and \$10,682,399 for 2021) and state and federal revenues (\$17,193,286 for 2022 and \$16,963,462 for 2021). In addition, there was \$709,428 and \$847,190 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$216,799 for 2022 and \$186,474 for 2021.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of 54,338,317, an increase of \$32,259,898, which includes a prior period adjustment of (\$85,357) and an increase in inventory of \$80.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The unassigned fund balance is \$19,899,644, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$34,438,673 is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,131,647, which includes a prior period adjustment of (\$85,357). The fund balance of Other Governmental Funds showed an increase in the amount of \$492,085, which includes an increase in inventory of \$80. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
ESSER II Fund	no increase or decrease
ARP ESSER III Fund	no increase or decrease
GO Bonds Bldg Fund	\$ 30,636,166

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2022, the District's total capital assets were \$38,032,922, including land, construction in progress, school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment, and intangible assets. This amount represents an increase of \$2,786,009 from 2021 due primarily to the addition construction in progress. Total accumulated depreciation as of June 30, 2022, was \$19,309,655, and total depreciation expense for the year was \$929,013, resulting in total net capital assets of \$18,723,267.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 469,504	\$ 469,504	0.00 %
Construction in progress	2,259,403	361,653	524.74 %
Buildings	10,765,213	10,801,442	(0.34) %
Building improvements	2,646,180	2,321,742	13.97 %
Improvements other than buildings	214,443	223,512	(4.06) %
Mobile equipment	1,734,841	1,615,958	7.36 %
Furniture and equipment	611,233	779,853	(21.62) %
Intangible right to use assets	22,450	-	N/A
Total	\$ 18,723,267	\$ 16,573,664	12.97 %

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Debt Administration. At June 30, 2022, the District had \$32,489,115 in outstanding long-term debt, excluding bond premiums of \$1,330,163, of which \$1,199,217 is due within one year. During the fiscal year, the District made principal payments totaling \$376,521 on outstanding long-term debt. The liability for compensated absences increased \$2,164 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	June 30, 2022	June 30, 2021	Percentage Change
General obligation bonds payable	31,000,000	-	N/A %
Bond Premiums	1,330,163		N/A %
Three mill notes payable	-	175,000	(100.00) %
Obligations under capital lease	22,978	-	N/A %
Obligations under energy efficiency loans	1,303,346	1,487,758	(12.40) %
Compensated absences payable	162,791	160,627	1.35 %
Total	\$ 33,819,278	\$ 1,823,385	1,754.75 %

Additional information on the District's long-term debt can be found in Note 7 included in this report.

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Statement of Net Position
June 30, 2022

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 53,205,747
Due from other governments	2,984,907
Lease receivable	1,577,606
Inventories	53,283
Restricted assets	94,703
Capital assets, non-depreciable:	
Land	469,504
Construction in progress	2,259,403
Capital assets, net of accumulated depreciation:	
Buildings	10,765,213
Building improvements	2,646,180
Improvements other than buildings	214,443
Mobile equipment	1,734,841
Furniture and equipment	611,233
Intangible assets	22,450
Total Assets	<u>76,639,513</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	7,814,558
Deferred outflows - OPEB	640,977
Total Deferred Outflows of Resources	<u>8,455,535</u>
Liabilities	
Accounts payable and accrued liabilities	1,732,877
Interest payable on long-term liabilities	146,589
Long-term liabilities, due within one year:	
Lease payable	17,922
Capital related liabilities	1,173,155
Non-capital related liabilities	8,140
Net OPEB liability	116,892
Long-term liabilities, due beyond one year:	
Lease payable	5,056
Capital related liabilities	31,130,191
Capital related bond premiums	1,330,163
Non-capital related liabilities	154,651
Net pension liability	43,936,919
Net OPEB liability	2,734,416
Total Liabilities	<u>82,486,971</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	15,737,973
Deferred inflows - OPEB	1,253,765
Deferred inflows - Leases	1,845,052
Total Deferred Inflows of Resources	<u>18,836,790</u>
Net Position	
Net investment in capital assets	(14,933,220)
Restricted for:	
Expendable:	
School-based activities	2,760,758
Debt service	76,838
Capital improvements	31,293,209
Forestry improvements	3,859
Unemployment benefits	74,760
Non-expendable:	
Sixteenth section	82,660
Unrestricted	(35,587,577)
Total Net Position (deficit)	<u><u>\$ (16,228,713)</u></u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2022

Exhibit B

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 17,064,110	\$ 403,924	\$ 4,135,493	\$ -	\$ (12,524,693)
Support services	18,257,747	-	6,924,825	-	(11,332,922)
Non-instructional	2,325,117	93	2,785,534	-	460,510
Sixteenth section	2,737	-	-	-	(2,737)
Pension expense	1,097,282	-	-	-	(1,097,282)
OPEB expense	(202,821)	-	-	-	202,821
Interest on long-term liabilities	461,138	-	-	-	(461,138)
Total Governmental Activities	\$ 39,005,310	\$ 404,017	\$ 13,845,852	\$ -	\$ (24,755,441)

General Revenues:

Taxes:

General purpose levies	10,381,612
Debt purpose levies	83,691

Unrestricted grants and contributions:

State	16,719,056
Federal	474,230
Unrestricted investment earnings	216,799
Sixteenth section sources	709,428
Other	1,398,954
Total General Revenues	29,983,770

Change in Net Position	5,228,329
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Net Position - Beginning, as previously reported	(21,371,685)
Prior Period Adjustments	(85,357)

Net Position - Beginning, as restated	(21,457,042)
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Net Position (deficit) - Ending	\$ (16,228,713)
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The notes to the financial statements are an integral part of this statement.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2022

Exhibit C

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund	ESSER II Fund	ARP ESSER III Fund	GO Bonds Bldg Fund		
Assets							
Cash and cash equivalents	\$ 19,210,317	\$ -	\$ -	\$ -	\$ 30,636,166	\$ 3,409,925	\$ 53,256,408
Cash with fiscal agents	-	-	-	-	-	12,043	12,043
Investments	-	-	-	-	-	31,999	31,999
Due from other governments	307,006	449,535	450,833	1,094,453	-	683,080	2,984,907
Lease receivable	1,577,606	-	-	-	-	-	1,577,606
Due from other funds	2,602,685	-	-	-	-	8,554	2,611,239
Inventories	-	-	-	-	-	53,283	53,283
Total assets	<u>\$ 23,697,614</u>	<u>\$ 449,535</u>	<u>\$ 450,833</u>	<u>\$ 1,094,453</u>	<u>\$ 30,636,166</u>	<u>\$ 4,198,884</u>	<u>\$ 60,527,485</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,715,334	\$ 7,442	\$ -	\$ -	\$ -	\$ 10,101	\$ 1,732,877
Due to other funds	-	442,093	450,833	1,094,453	-	623,860	2,611,239
Total Liabilities	<u>1,715,334</u>	<u>449,535</u>	<u>450,833</u>	<u>1,094,453</u>	<u>-</u>	<u>633,961</u>	<u>4,344,116</u>
Deferred Inflows Resources							
Leases	1,845,052	-	-	-	-	-	1,845,052
Total deferred inflows of resources	<u>1,845,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,845,052</u>
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	-	53,283	53,283
Permanent fund principal	-	-	-	-	-	82,660	82,660
Restricted:							
Debt service	-	-	-	-	-	223,427	223,427
Capital projects	-	-	-	-	30,636,166	657,043	31,293,209
Forestry improvement purposes	-	-	-	-	-	3,859	3,859
Grant activities	-	-	-	-	-	1,858,250	1,858,250
Unemployment benefits	-	-	-	-	-	74,760	74,760
Assigned:							
Student Activities	237,584	-	-	-	-	611,641	849,225
Unassigned	<u>19,899,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,899,644</u>
Total Fund Balances	<u>20,137,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,636,166</u>	<u>3,564,923</u>	<u>54,338,317</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,697,614</u>	<u>\$ 449,535</u>	<u>\$ 450,833</u>	<u>\$ 1,094,453</u>	<u>\$ 30,636,166</u>	<u>\$ 4,198,884</u>	<u>\$ 60,527,485</u>

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Exhibit C-1

Total fund balances for governmental funds **\$ 54,338,317**

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

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

Land	\$ 469,504	
Construction in progress	2,259,403	
Buildings	23,927,779	
Building improvements	3,724,469	
Improvements other than buildings	417,487	
Mobile equipment	4,417,264	
Furniture and equipment	2,776,929	
Intangible assets	40,087	
Accumulated depreciation	<u>(19,309,655)</u>	18,723,267

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

Net pension liability	(43,936,919)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	7,814,558	
Deferred inflows of resources related to pensions	<u>(15,737,973)</u>	(51,860,334)

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

Net OPEB liability	(2,851,308)	
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Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	640,977	
Deferred inflows of resources related to OPEB	<u>(1,253,765)</u>	(3,464,096)

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

General obligation bonds	(31,000,000)	
Lease obligations payable	(22,978)	
Energy efficiency lease obligations	(1,303,346)	
Compensated absences	(162,791)	
Unamortized premiums	(1,330,163)	
Accrued interest payable	<u>(146,589)</u>	(33,965,867)

Net Position of governmental activities		<u>\$ (16,228,713)</u>
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The notes to the financial statements are an integral part of this statement.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

Exhibit D

	Major Funds					Other	Total
	General Fund	Title I Fund - 2211	ESSER II Fund - 2594	ARP ESSER III Fund - 2598	GO Bonds Bldg Fund - 3020	Governmental Funds	Governmental Funds
Revenues:							
Local sources	\$ 11,045,460	\$ -	\$ -	\$ -	8,356	\$ 1,365,683	\$ 12,419,499
State sources	16,462,462	-	-	-	-	1,680,923	18,143,385
Federal sources	310,594	3,693,648	1,224,002	1,094,453	-	6,579,827	12,902,524
Sixteenth section sources	767,677	-	-	-	-	554	768,231
Total Revenues	28,586,193	3,693,648	1,224,002	1,094,453	8,356	9,626,987	44,233,639
Expenditures:							
Instruction	14,620,103	673,725	175,483	357,715	-	2,761,334	18,588,360
Support services	12,612,950	2,597,616	711,552	-	241,766	3,699,099	19,862,983
Noninstructional services	7,412	165,789	-	-	-	2,195,706	2,368,907
Sixteenth section	-	-	-	-	-	2,737	2,737
Facilities acquisition and construction	1,117,308	-	336,967	736,738	68,389	421,348	2,680,750
Debt service:							
Principal	17,109	-	-	-	-	359,412	376,521
Interest	1,660	-	-	-	-	56,908	58,568
Other	-	-	-	-	274,766	-	274,766
Total Expenditures	28,376,542	3,437,130	1,224,002	1,094,453	584,921	9,496,544	44,213,592
Excess (Deficiency) of Revenues over (under) Expenditures	209,651	256,518	-	-	(576,565)	130,443	20,047
Other Financing Sources (Uses):							
Bonds and notes issued	-	-	-	-	31,000,000	-	31,000,000
Premiums on bonds and refunding bonds issued	-	-	-	-	1,330,163	-	1,330,163
Sale of transportation equipment	6,004	-	-	-	-	-	6,004
Operating transfers in	1,361,712	-	-	-	-	574,643	1,936,355
Operating transfers out	(349,448)	(256,518)	-	-	(1,117,308)	(213,081)	(1,936,355)
Other financing uses	(10,915)	-	-	-	(124)	-	(11,039)
Total Other Financing Sources (Uses)	1,007,353	(256,518)	-	-	31,212,731	361,562	32,325,128
Net Change in Fund Balances	1,217,004	-	-	-	30,636,166	492,005	32,345,175
Fund Balances:							
July 1, 2021, as previously reported	19,005,581	-	-	-	-	3,072,838	22,078,419
Prior period adjustments	(85,357)	-	-	-	-	-	(85,357)
July 1, 2021, as restated	18,920,224	-	-	-	-	3,072,838	21,993,062
Increase (Decrease) in inventory	-	-	-	-	-	80	80
June 30, 2022	\$ 20,137,228	\$ -	\$ -	\$ -	30,636,166	\$ 3,564,923	\$ 54,338,317

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 32,345,175**

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

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

Capital outlay	\$ 3,060,499	
Depreciation expense	(929,013)	2,131,486

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

(21,970)

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

Bonds and notes issued	(31,000,000)	
Premiums on bonds and refunding bonds issued	(1,330,163)	
Payments of debt principal	376,521	
Accrued interest payable	(127,804)	(32,081,446)

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

Pension expense	(1,097,282)	
Contributions subsequent to the measurement date	3,660,003	2,562,721

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

OPEB expense	202,821	
Contributions subsequent to the measurement date	91,626	294,447

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

Change in compensated absences	(2,164)	
Change in inventory	80	(2,084)

Change in Net Position of governmental activities	\$	5,228,329

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

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

The school district reports the following major governmental funds:

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

Title I Fund - This special revenue fund accounts for activities related to federal grant Assistance Listing number 84.010, Title I grants to local educational agencies.

ESSER II Fund - This special revenue fund accounts for activities related to federal grant Assistance Listing number 84.425D, COVID-19 – Elementary & Secondary School Emergency Relief II (ESSER).

ARP ESSER III Fund – This special revenue fund accounts for activities related to federal grant Assistance Listing number 84.425U, COVID-19 – Elementary & Secondary School Emergency Relief III ARP (ESSER).

GO Bonds Building Fund – This fund is used to account for the capital projects associated with the issuance of the general obligation bond.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

soon as they are both measurable and available. Measurable means knowing or being able to

reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

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

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

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

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

D. Encumbrances

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the payments of such items reflect costs applicable to future accounting periods.

5. Restricted Assets

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(**) The estimated useful life for each right to use asset (intangible asset) is the number of years of the lease which is represented by each right to use asset

The term 'depreciation' includes the amortization of the intangible assets.

See Note 5 for details.

7. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred deferred inflows which are presented as deferred inflows related to pensions, deferred inflows related to OPEB, and deferred inflows related to leases. See Note 13 for further details.

8. Compensated Absences

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

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

9. 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 fiscal year 2022.

When acting as the lessor for the leasing of sixteenth section trust lands, the school district uses the minimum of 4% interest required by Mississippi statute for sixteenth section loans to calculate the net present value of future sixteenth section lease payments. When acting as lessee, the school district uses its estimated current borrowing rate to calculate the present value of lease payments if the rate implicit in the lease is not known. See Notes 6 and 7 for details.

10. Long-term Liabilities and Bond Discounts/Premiums

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 7 for details.

11. Pensions

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Fund Balances

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

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

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

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

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

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

14. Accounting Standards Update

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 establishes 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 – Cash and Cash Equivalents and Cash with Fiscal Agents and Investments

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$53,256,408. The carrying amount of deposits reported in the government-wide financial statements included cash and cash equivalents of \$53,205,747 and the restricted assets in the amount of \$94,703 (see Note 4).

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2022, none of the district's bank balance of \$55,623,474 was exposed to custodial credit risk.

Cash with Fiscal Agents

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

Investments

As of June 30, 2022, the district had the following investments.

Investment Type	Rating	<u>Maturities</u> <u>(in years)</u>	Fair Value
Certificates of deposit	N/A	1	\$ 31,999
Total			<u>\$ 31,999</u>

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

The district has Level 1 inputs for June 30, 2022.

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2022, the district did not have any investments to which this would apply.

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 442,093
General Fund	ESSER II Fund	450,833
General Fund	ARP ESSER III Fund	1,094,453
General Fund	Other Governmental Funds	615,306
Other Governmental Funds	Other Governmental Funds	8,554
Total		<u>\$ 2,611,239</u>

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

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Title I Fund	\$ 47,957
General Fund	GO Bonds Building Fund	1,117,308
General Fund	Other Governmental Funds	196,447
Other Governmental Funds	General Fund	349,448
Other Governmental Funds	Title I Fund	208,561
Other Governmental Funds	Other Governmental Funds	16,634
Total		<u>\$ 1,936,355</u>

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

Note 4 – Restricted Assets

The restricted assets represent the cash balance and investments totaling \$50,661 and \$31,999 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, restricted assets also represent the cash with fiscal agent balance totaling \$12,043 of the Energy Lease Project.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 5 – Capital Assets

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

	Balance 7/1/2021	Increases	Decreases	Adjustments	Completed Construction	Balance 6/30/2022
Governmental Activities:						
Non-depreciable capital assets:						
Land	\$ 469,504	\$ -	\$ -	-	-	\$ 469,504
Construction in progress	361,653	2,680,750	-	-	(783,000)	2,259,403
Total non-depreciable capital assets	831,157	2,680,750	-	-	(783,000)	2,728,907
Depreciable capital assets:						
Buildings	23,589,779	-	-	-	338,000	23,927,779
Building improvements	3,279,469	-	-	-	445,000	3,724,469
Improvements other than buildings	417,487	-	-	-	-	417,487
Mobile equipment	4,251,818	374,600	209,154	-	-	4,417,264
Furniture and equipment	2,877,203	5,149	105,423	-	-	2,776,929
Intangible assets	-	-	-	40,087	-	40,087
Total depreciable capital assets	34,415,756	379,749	314,577	40,087	783,000	35,304,015
Less accumulated depreciation for:						
Buildings	12,788,337	374,229	-	-	-	13,162,566
Building improvements	957,727	120,562	-	-	-	1,078,289
Improvements other than buildings	193,975	9,069	-	-	-	203,044
Mobile equipment	2,635,860	234,802	188,239	-	-	2,682,423
Furniture and equipment	2,097,350	172,714	104,368	-	-	2,165,696
Intangible assets	-	17,637	-	-	-	17,637
Total accumulated depreciation	18,673,249	929,013	292,607	-	-	19,309,655
Total depreciable capital assets, net	15,742,507	(549,264)	21,970	40,087	783,000	15,994,360
Governmental activities capital assets, net	\$ 16,573,664	\$ 2,131,486	\$ 21,970	\$ 40,087	-	\$ 18,723,267
Total capital assets, net excluding intangible right to use assets						18,700,817
Intangible right to use assets, net						22,450
Total capital assets, net as reported in the statement of net position						18,723,267

Adjustments include a restatement of beginning balances to reflect intangible right to use equipment assets at July 1, 2021.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 557,512
Support services	284,923
Non-instructional	86,578
Total depreciation expense - Governmental activities	<u>\$ 929,013</u>

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

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

	Spent to June 30, 2022	Remaining Commitment
Governmental Activities:		
ESSER II & III Phase II Renovations	1,433,014	40,669,873
ESSER II & III Phase II HVAC	826,389	16,136,594
Total governmental activities	2,259,403	56,806,467
Total construction in progress	\$ 2,259,403	\$ 56,806,467

Construction projects included in governmental activities are funded with the 2594 ESSER II fund and the 2598 ESSER III ARP fund.

Note 6 – Leases

As Lessee:

The school district 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 school district recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the school district recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the school district 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 school district generally uses its estimated borrowing rate at lease inception as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a school district 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 school district and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The school district, acting as lessee, has entered into six (6) leases for equipment. Details of the lease obligation can be found in Note 7.

As Lessor:

Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall ensure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

The school district uses the rate of 4% minimum interest required by Mississippi statute for sixteenth section loans to calculate the present value of sixteenth section lease rental payments since a rate implicit in the sixteenth section leases is not a part of the lease contract. The school district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the school district.

The school district, acting as lessor, has entered into 40 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are let for a term that corresponds with state law in accordance with the type of lease executed. The district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the district as part of the implementation of GASB Statement No. 87. The school district has, however, included in its financial statements at year end the net present value of future lease payments of \$1,577,606 as a lease receivable and \$1,845,052 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

The total amount of inflows of resources recognized during the current fiscal year is \$622,493

The following are the future Principal and Interest Payments to be received on the leases:

Year Ending June 30	Principal	Interest	Total Payment
2023	\$ 826,835	\$ 63,104	\$ 889,939
2024	393,560	30,031	423,591
2025	345,823	14,288	360,111
2026	781	456	1,237
2027	813	424	1,237
2028 – 2032	1,856	1,713	3,569
2033 – 2037	257	1,568	1,825
2038 – 2042	313	1,512	1,825
2043 – 2047	381	1,444	1,825
2048 – 2052	463	1,362	1,825
Thereafter	6,524	5,156	11,680
Total	\$ 1,577,606	\$ 121,058	\$ 1,698,664

Note 7 – Long-term Liabilities

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

	Balance 7/1/2021	Additions	Reductions	Adjustments	Balance 6/30/2022	Amounts due within one year
General obligation bonds payable	-	31,000,000	-	-	31,000,000	1,075,000
Bond Premiums	-	1,330,163	-	-	1,330,163	-
Three mill notes payable	175,000	-	(175,000)	-	-	-
Lease obligations payable	-	-	(17,109)	40,087	22,978	17,922
Obligations under energy efficiency loans	1,487,758	-	(184,412)	-	1,303,346	98,155
Compensated absences payable	160,627	2,164	-	-	162,791	8,140
Total	\$ 1,823,385	\$ 32,332,327	\$ (376,521)	\$ 40,087	\$ 33,819,278	\$ 1,199,217

A. General obligations bonds payable

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bond					
Series 2022	3.80%	6/22/2022	6/1/2042	\$ 31,000,000	\$ 31,000,000
Total				\$ 31,000,000	\$ 31,000,000

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

Year Ending June 30	Principal	Interest	Total
2023	1,075,000	1,273,793	2,348,793
2024	1,120,000	1,298,950	2,418,950
2025	1,160,000	1,242,950	2,402,950
2026	1,205,000	1,184,950	2,389,950
2027	1,245,000	1,124,700	2,369,700
2028-2032	6,960,000	4,641,250	11,601,250
2033-2037	8,335,000	3,003,600	11,338,600
2038-2042	9,900,000	1,215,400	11,115,400
Total	\$ 31,000,000	\$ 14,985,593	\$ 45,985,593

This debt will be retired from the General Obligation Retirement Fund (Debt Service Fund). The amount of bonded indebtedness that can be incurred by the school district is limited to Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be not greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment of taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2022 the amount of outstanding bonded indebtedness was equal to 14% of property assessments as of October 1, 2021.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes payable,					
Series 2021	0.50%	6/24/2021	6/24/2022	175,000	-
Total				<u>\$ 175,000</u>	<u>\$ -</u>

This debt was retired from the note payable debt service fund during the 2022 fiscal year.

C. Lease obligations payable

The school district has entered into six (6) equipment leases as lessee. For purposes of this note disclosure, leases are grouped into one category as copier leases. The amount issued balance is the net present value of the leases calculated at July 1, 2021, the effective date of GASB 87.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Copier Lease	4.25-5.25%	Varies	Varies	\$ 40,087	\$ 22,978
Total				<u>\$ 40,087</u>	<u>\$ 22,978</u>

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

Seven different copies with varying lease dates.

Year Ending June 30	Principal	Interest	Total
2023	17,922	847	18,769
2024	5,056	105	5,161
Total	<u>\$ 22,978</u>	<u>\$ 952</u>	<u>\$ 23,930</u>

D. Obligations under energy efficiency loans

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency loan	4.68%	8/14/2007	6/1/2022	\$ 1,000,226	\$ -
Energy efficiency loan	3.70%	3/28/2018	1/1/2033	1,675,932	1,303,346
Total				<u>\$ 2,676,158</u>	<u>\$ 1,303,346</u>

The energy efficiency loan dated August 14, 2007 was retired during the 2022 fiscal year.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Energy efficiency loan issued of March 28, 2018:

Year Ending June 30	Principal	Interest	Total
2023	98,155	48,224	146,379
2024	101,786	44,592	146,378
2025	105,552	40,826	146,378
2026	109,458	36,921	146,379
2027	113,508	32,871	146,379
2028-2032	633,731	98,161	731,892
2033	141,156	5,223	146,379
Total	\$ 1,303,346	\$ 306,818	\$ 1,610,164

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

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

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

Upon written notice to Sun Trust Leasing Corporation, the district has the option of repaying the total amount due as set forth by the agreement.

E. Compensated absences payable

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

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

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.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021 and 2020 were \$3,660,003, \$3,439,117, and \$3,607,387, respectively, which equaled the required contributions for each year.

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

At June 30, 2022, the school district reported a liability of \$43,936,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2022 net pension liability was 0.297264 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.014087 percent from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,097,282. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 716,892	\$
Net difference between projected and actual earnings on pension plan investments		15,176,977
Changes of assumptions	3,387,100	
Changes in proportion and differences between District contributions and proportionate share of contributions	50,563	560,996
District contributions subsequent to the measurement date	3,660,003	
Total	\$ <u>7,814,558</u>	\$ <u>15,737,973</u>

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

\$3,660,003 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 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 ended June 30:	
2023	\$ (2,782,949)
2024	(2,197,860)
2025	(2,659,567)
2026	(3,943,042)
Total	<hr/> (11,583,418)

Actuarial assumptions. The total pension liability as of June 30, 2021 was determined by actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods included 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 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 period 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.60	%
International Equity	22.00		4.50	
Global Equity	12.00		4.80	
Fixed Income	20.00		(0.25)	
Real Estate	10.00		3.75	
Private Equity	8.00		6.00	
Cash Equivalents	1.00		(1.00)	
Total	<hr/> 100	%		

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2022

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 contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ 62,224,977	\$ 43,936,919	\$ 28,866,103

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

Note 9 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$91,626 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$2,851,308 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2021, the District's proportion was 0.44296839 percent. This was a decrease of 0.02257753 percent from the proportionate share as of the measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$202,821). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,101	\$ 891,567
Changes of assumptions	461,790	96,434
Net difference between projected and actual earnings on OPEB plan investments	133	
Changes in proportion and differences between District contributions and proportionate share of contributions	84,327	265,764
District contributions subsequent to the measurement date	91,626	
Total	\$ <u>640,977</u>	\$ <u>1,253,765</u>

\$91,626 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

Year Ending June 30:

2023	\$ (170,555)
2024	(168,010)
2025	(134,729)
2026	(134,208)
2027	(96,912)
Thereafter	0.00

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Year FNP is projected to be depleted	
Measurement Date	2021
Prior Measurement Date	2020
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Health Care Cost Trends	
Medicare Supplement Claims	6.50% for 2022 decreasing to an ultimate
Pre-Medicare	rate of 4.50% by 2030

Mortality rates 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 demographic actuarial assumptions used in the June 30, 2021 valuation were based on the results of the last actuarial experience study, dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.13 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.19% to 2.13%.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2022

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2021, the trust has \$1,044,424. The fiduciary net position is projected to be depleted immediately, therefore, the

Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2021 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current discount rate:

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 3,155,990	\$ 2,851,308	\$ 2,591,520

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 2,641,048	\$ 2,851,308	\$ 3,089,253

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

Note 10 – Prior Period Adjustments

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

Exhibit B – Statement of Activities

Explanation	Amount
1. To correct prior year revenue and expenditures at the governmental fund level	(9,520)
2. To correct a prior year accrual and beginning fund balances	(75,837)
Total	\$ (85,357)

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

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

Fund	Explanation	Amount
General Fund	To correct prior year revenue and expenditures at the governmental fund level	\$ (9,520)
General Fund	To correct a prior year accrual and beginning fund balances	(75,837)
	Total	<u>\$ (85,357)</u>

Note 11 – Contingencies

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

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

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 52 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 43 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 43 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$35,587,577) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$3,660,003 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$4,154,555 balance of the deferred outflow of resources related to pensions at June 30, 2022 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 3 years. The \$15,737,973 balance of the deferred inflow of resources related to pensions at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$35,587,577) includes the effect of deferred inflows/outflows of resources related to OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$91,626 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$549,351 balance of deferred outflows of resources related to OPEB, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years. The deferred inflows of resources totaling \$1,253,765 related to OPEB at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$35,587,577) includes the effect of deferring recognition of revenue resulting from a deferred inflow from leases. The \$1,845,052 balance of deferred inflow of resources related to leases at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 63 years.

Note 14 - Juvenile Detention Center Education Program

The Sunflower County Consolidated School District shares in the cost of the Leflore County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Attala County School District, Carroll County School District, Coffeeville School District, Clarksdale Municipal School District, Coahoma County Agricultural High School, Coahoma County School District, East Tallahatchie School District, Greenwood Public School District, Holmes County Consolidated School District, Humphreys County School District, Kosciusko School District, Winona-Montgomery Consolidated School District, North Panola School District, Senatobia Municipal School District, South Panola School District, Sunflower County Consolidated School District, Tate County School District, Tunica County School

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2022

District, Water Valley School District, West Tallahatchie Consolidated School District, and Leflore County School District. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the juvenile detention center program. The Leflore County School District has been designated as the lead school district for the Leflore County Juvenile Detention Center and the operations of the program are included in its financial statements.

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Sunflower County Consolidated School District evaluated the activity of the district through May 5, 2023, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original	Final
				to Final	to Actual
Revenues:					
Local sources	\$ 11,352,785	\$ 11,045,460	\$ 11,045,460	\$ (307,325)	\$ -
State sources	15,683,094	16,462,462	16,462,462	779,368	-
Federal sources	350,000	310,594	310,594	(39,406)	-
Sixteenth section sources	878,884	1,035,123	767,677	156,239	(267,446)
Total Revenues	28,264,763	28,853,639	28,586,193	588,876	(267,446)
Expenditures:					
Instruction	14,785,454	14,620,103	14,620,103	165,351	-
Support services	13,420,477	12,631,718	12,612,950	788,759	18,768
Noninstructional services	11,113	7,412	7,412	3,701	-
Sixteenth section	1,500	-	-	1,500	-
Facilities acquisition and construction	-	1,117,308	1,117,308	(1,117,308)	-
Debt service:					
Principal	-	-	17,109	-	(17,109)
Interest	-	-	1,660	-	(1,660)
Total Expenditures	28,218,544	28,376,541	28,376,542	(157,997)	(1)
Excess (Deficiency) of Revenues over (under) Expenditures	46,219	477,098	209,651	430,879	(267,447)
Other Financing Sources (Uses):					
Sale of transportation equipment		6,004	6,004	6,004	-
Operating transfers in	949,179	1,368,713	1,361,712	419,534	(7,001)
Operating transfers out	(684,585)	(356,448)	(349,448)	328,137	7,000
Other financing uses	(4,261)	(10,915)	(10,915)	(6,654)	-
Total Other Financing Sources (Uses)	260,333	1,007,354	1,007,353	747,021	(1)
Net Change in Fund Balances	306,552	1,484,452	1,217,004	1,177,900	(267,448)
Fund Balances:					
July 1, 2021, as previously reported	19,005,332	19,005,332	19,005,581	-	249
Prior period adjustments	(9,520)	(9,520)	(85,357)	-	(75,837)
July 1, 2021, as restated	18,995,812	18,995,812	18,920,224	-	(75,588)
June 30, 2022	\$ 19,302,364	\$ 20,480,264	\$ 20,137,228	\$ 1,177,900	\$ (343,036)

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 3,188,599	\$ 4,456,918	\$ 3,693,648	\$ 1,268,319	\$ (763,270)
Total Revenues	3,188,599	4,456,918	3,693,648	1,268,319	(763,270)
Expenditures:					
Instruction	316,285	1,030,447	673,725	(714,162)	356,722
Support services	1,048,505	2,852,524	2,597,616	(1,804,019)	254,908
Noninstructional services	159,666	211,671	165,789	(52,005)	45,882
Total Expenditures	1,524,456	4,094,642	3,437,130	(2,570,186)	657,512
Excess (Deficiency) of Revenues over (under) Expenditures	1,664,143	362,276	256,518	(1,301,867)	(105,758)
Other Financing Sources (Uses):					
Operating transfers out	(259,844)	(362,276)	(256,518)	(102,432)	105,758
Total Other Financing Sources (Uses)	(259,844)	(362,276)	(256,518)	(102,432)	105,758
Net Change in Fund Balances	1,404,299	-	-	(1,404,299)	-
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ 1,404,299	\$ -	\$ -	\$ (1,404,299)	\$ -

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
ESSER II Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 9,959,116	\$ 9,961,642	\$ 1,224,002	\$ 2,526	\$ (8,737,640)
Total Revenues	9,959,116	9,961,642	1,224,002	2,526	(8,737,640)
Expenditures:					
Instruction	408,695	408,695	175,483	-	233,212
Support services	773,213	879,124	711,552	(105,911)	167,572
Facilities acquisition and construction	8,456,778	8,456,778	336,967	-	8,119,811
Total Expenditures	9,638,686	9,744,597	1,224,002	(105,911)	8,520,595
Excess (Deficiency) of Revenues over (under) Expenditures	320,430	217,045	-	(103,385)	(217,045)
Other Financing Sources (Uses):					
Operating transfers out	(320,430)	(217,045)	-	103,385	217,045
Total Other Financing Sources (Uses)	(320,430)	(217,045)	-	103,385	217,045
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
ARP ESSER III Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
				Original	Final
	Original	Final		to Final	to Actual
Revenues:					
Federal sources	\$ 22,366,760	\$ 22,366,760	\$ 1,094,453	\$ -	\$ (21,272,307)
Total Revenues	22,366,760	22,366,760	1,094,453	-	(21,272,307)
Expenditures:					
Instruction	-	50,000	357,715	(50,000)	(307,715)
Support services	4,473,352	4,423,352	-	50,000	4,423,352
Facilities acquisition and construction	17,893,408	17,055,616	736,738	837,792	16,318,878
Total Expenditures	22,366,760	21,528,968	1,094,453	837,792	20,434,515
Excess (Deficiency) of Revenues over (under) Expenditures	-	837,792	-	837,792	(837,792)
Net Change in Fund Balances	-	837,792	-	837,792	(837,792)
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ -	\$ 837,792	\$ -	\$ 837,792	\$ (837,792)

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

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

PERS
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.297264%	0.311351%	0.310484%	0.326940%	0.317831%	0.326690%	0.315338%	0.343087%
District's proportionate share of the net pension liability	\$ 43,936,918	\$ 60,273,936	\$ 54,620,261	\$ 54,379,835	\$ 52,834,299	\$ 58,354,991	\$ 48,745,036	\$ 41,633,919
District's covered payroll	\$ 19,765,040	\$ 20,732,109	\$ 20,221,035	\$ 20,878,248	\$ 20,389,003	\$ 20,899,168	\$ 19,701,130	\$ 20,964,400
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.2961%	290.7275%	270.1161%	260.4617%	259.1314%	279.2216%	247.4225%	198.5934%
Plan fiduciary net position as a percentage of the total pension liability	70%	59%	62%	63%	61%	57%	62%	67%

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

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

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

Sunflower County Consolidated School District
Required Supplementary Information

Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,660,003	\$ 3,439,117	\$ 3,607,387	\$ 3,184,813	\$ 3,288,324	\$ 3,211,268	\$ 3,291,619	\$ 3,102,928
Contributions in relation to the contractually required contribution	3,660,003	3,439,117	3,607,387	3,184,813	3,288,324	3,211,268	3,291,619	3,102,928
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,034,500	\$ 19,765,040	\$ 20,732,109	\$ 20,221,035	\$ 20,878,248	\$ 20,389,003	\$ 20,899,168	\$ 19,701,130
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

Sunflower County Consolidated School District

Required Supplementary Information

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

OPEB

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.44296839%	0.46554592%	0.45733873%	0.46695332%	0.48923067%
District's proportionate share of the net OPEB liability	\$ 2,851,308	\$ 3,622,916	\$ 3,880,707	\$ 3,612,117	\$ 3,838,548
District's covered-employee payroll	21,059,594	22,436,315	20,943,489	21,119,981	21,979,789
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB No. 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Sunflower County Consolidated School District
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 91,626	\$ 114,604	\$ 144,481	\$ 155,551	\$ 163,643
Contributions in relation to the actuarially determined contributions	91,626	114,604	144,481	155,551	163,643
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	\$ 21,034,500	\$ 19,765,040	\$ 20,732,109	\$ 20,221,035	\$ 20,878,248
Contributions as a percentage of covered-employee payroll	0.44%	0.58%	0.70%	0.77%	0.78%

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

2019:

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

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

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

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

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

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

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 female rates up to age 72, 100% for ages above 76; and 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; and 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; and 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%.

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

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%.

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

2021: The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Year Ended June 30, 2022

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

2021: The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

- (3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

SUPPLEMENTARY INFORMATION

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition Cluster:			
National School Lunch Program	10.555	225MS326N1099	2,460,443
Total Child Nutrition Cluster			2,460,443
Total Passed-through Mississippi Department of Education			2,460,443
Total U.S. Department of Agriculture			2,460,443
<u>U.S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	12.XXX	N/A	57,596
Total U.S. Department of Defense			57,596
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A210024	3,838,121
Career and Technical Education - Basic Grants to States	84.048	V048A210024	29,747
Fund for the Improvement of Education - Delta Health Alliance	84.215	N/A	92,137
Educator in Residence	84.357	N/A	238,967
Rural Education	84.358	S358A210024	225,242
Supporting Effective Instruction State Grants	84.367	S367A210023	677,498
School Improvement Grant 1003(g) (SIG)	84.377	S377A160025	3,271
Student Support and Academic Enrichment Program	84.424	S424A210025	487,137
Subtotal			5,592,120
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A210108	1,334,869
IDEA, Part B ARP Grant	84.027X	H027X210108	35,388
Total Special Education - Grants to States			1,370,257
Special Education - Preschool Grants	84.173	H173A210113	26,877
Total Special Education Cluster			1,397,134
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	315,199
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	1,224,002
Elementary & Secondary School Emergency Relief Fund III ARP	84.425U	S425U210031	1,094,453
Elementary & Secondary School Emergency Relief CTE Grant	84.425D	S425D200031	31,835
Elementary & Secondary School Emergency Relief Nurses Grant	84.425D	S425D200031	64,000
Elementary & Secondary School Emergency Relief Pre-K Grant	84.425D	S425D210031	59,655
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			2,789,144
Total passed-through Mississippi Department of Education			9,778,398
Total U.S. Department of Education			9,778,398
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	55,432
Total passed-through Mississippi Department of Education			55,432
Total U.S. Department of Health and Human Services			55,432
<u>U. S. Environmental Protection Agency</u>			
Passed-through the Mississippi Department of Environmental Quality:			
Deisel Emissions Reduction Act (DERA) State Grants	66.040	N/A	17,735
Total passed-through Mississippi Department of Environmental Quality			17,735
Total U.S. Environmental Protection Agency			17,735
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	952
Total passed-through Mississippi Department of Rehabilitation Services			952
Total U.S. Department of Social Security Administration			952
Total for All Federal Awards			\$ 12,370,556

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2022

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

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

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2022

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 29,274,445	21,016,853	1,676,054	2,384,305	4,197,233
Other	14,939,147	6,010,504	654,239	41,713	8,232,691
Total	<u>\$ 44,213,592</u>	<u>27,027,357</u>	<u>2,330,293</u>	<u>2,426,018</u>	<u>12,429,924</u>
Total number of students *	<u>3,061</u>				
Cost per student	<u>\$ 14,445</u>	<u>8,830</u>	<u>761</u>	<u>793</u>	<u>4,061</u>

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

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

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

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

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

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

OTHER INFORMATION

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 11,045,460	\$ 10,943,720	\$ 10,979,023	\$ 10,383,692
State sources	16,462,462	15,832,185	16,714,315	16,986,310
Federal sources	310,594	239,918	187,945	429,804
Sixteenth Section sources	767,677	897,539	871,765	841,935
Total Revenues	28,586,193	27,913,362	28,753,048	28,641,741
Expenditures:				
Instruction	14,620,103	13,850,046	15,169,912	14,801,092
Support services	12,612,950	11,744,990	12,640,118	12,258,377
Noninstructional services	7,412	4,219	11,027	16,353
Sixteenth section	-	479	-	-
Facilities acquisition and construction	1,117,308	-	-	-
Debt Service:				
Principal	17,109	-	-	-
Interest	1,660	-	-	-
Total Expenditures	28,376,542	25,599,734	27,821,057	27,075,822
Excess (Deficiency) of Revenues over (under) Expenditures	209,651	2,313,628	931,991	1,565,919
Other Financing Sources (Uses):				
Insurance recovery	-	654	17,884	12,641
Sale of transportation equipment	6,004	-	-	-
Sale of other property	-	-	-	3,258
Bonds and notes issued	-	175,000	-	-
Operating transfers in	1,361,712	363,510	189,600	749,947
Operating transfers out	(349,448)	(509,826)	(288,307)	(1,217,736)
Other financing uses	(10,915)	(52)	(3,218)	(7,450)
Total Other Financing Sources (Uses)	1,007,353	29,286	(84,041)	(459,340)
Net Change in Fund Balances	1,217,004	2,342,914	847,950	1,106,579
Fund Balances:				
Beginning of period, as previously reported	19,005,581	16,662,667	15,808,915	14,703,186
Fund reclassification	-	-	5,802	-
Prior period adjustments	(85,357)	-	-	(850)
Beginning of period, as restated	18,920,224	16,662,667	15,814,717	14,702,336
End of Period	\$ 20,137,228	\$ 19,005,581	\$ 16,662,667	15,808,915

*SOURCE - PRIOR YEAR AUDIT REPORTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 12,419,499	\$ 13,256,334	\$ 11,855,920	\$ 11,775,636
State sources	18,143,385	17,914,750	18,648,976	19,167,272
Federal sources	12,902,524	10,898,003	7,161,696	8,084,917
Sixteenth section sources	768,231	898,255	872,653	842,769
Total Revenues	44,233,639	42,967,342	38,539,245	39,870,594
Expenditures:				
Instruction	18,588,360	19,762,354	17,942,945	17,397,243
Support services	19,862,983	16,980,061	17,664,931	17,124,130
Noninstructional services	2,368,907	2,889,170	2,265,627	2,645,676
Sixteenth section	2,737	1,605	256	-
Facilities acquisition and construction	2,680,750	361,653	-	1,675,932
Debt service:				
Principal	376,521	348,939	334,774	334,664
Interest	58,568	71,365	83,866	83,814
Other	274,766	-	-	113
Total Expenditures	44,213,592	40,415,147	38,292,399	39,261,572
Excess (Deficiency) of Revenues over (under) Expenditures	20,047	2,552,195	246,846	609,022
Other Financing Sources (Uses):				
Insurance recovery	-	654	17,884	12,641
Bonds and notes issued	31,000,000	175,000	-	-
Premiums on bonds issued	1,330,163	-	-	-
Sale of transportation equipment	6,004	-	-	-
Sale of other property	-	-	-	5,069
Operating transfers in	1,936,355	1,075,396	780,020	2,216,711
Operating transfers out	(1,936,355)	(1,075,396)	(780,020)	(2,216,711)
Other financing uses	(11,039)	(52)	(36,218)	(7,450)
Total Other Financing Sources (Uses)	32,325,128	175,602	(18,334)	10,260
Net Change in Fund Balances	32,345,175	2,727,797	228,512	619,282
Fund Balances:				
Beginning of period, as previously reported	22,078,419	19,377,681	19,110,570	19,018,637
Fund reclassification		-	5,802	-
Prior period adjustment	(85,357)	-	-	(522,910)
Beginning of period, as restated	21,993,062	19,377,681	19,116,372	18,495,727
Increase (Decrease) in reserve for inventory	80	(27,059)	32,797	(4,439)
End of Period	\$ 54,338,317	\$ 22,078,419	\$ 19,377,681	19,110,570

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
Sunflower County Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunflower County Consolidated School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sunflower County Consolidated School District's basic financial statements, and have issued our report thereon dated May 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sunflower County Consolidated School District's internal control over financial reporting (internal control) 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 Consolidated School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sunflower County Consolidated School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sunflower County Consolidated School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Brown CPA, PLLC
Madison, Mississippi
May 5, 2023

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.

BROWN CPA, PLLC

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

Superintendent and School Board
Sunflower County Consolidated School District

Report on Compliance for Each Major Federal Program *Opinion on Each Major Federal Program*

We have audited Sunflower County Consolidated School District'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 each of Sunflower County Consolidated School District's major federal programs for the year ended June 30, 2022. The Sunflower County Consolidated School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Sunflower County Consolidated School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 the Sunflower County Consolidated School District 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 each major federal program. Our audit does not provide a legal determination of the Sunflower County Consolidated School District'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 the Sunflower County Consolidated School District'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 the Sunflower County Consolidated School District'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 generally accepted auditing standards, 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 for 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 the Sunflower County Consolidated School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 the Sunflower County Consolidated School District'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 the Sunflower County Consolidated School District'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 the Sunflower County Consolidated School District'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Brown CPA, PLLC
Madison, Mississippi
May 5, 2023



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

BROWN CPA, PLLC

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

Superintendent and School Board
Sunflower County Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunflower County Consolidated School District as of and for the year ended June 30, 2022, which collectively comprise Sunflower County Consolidated School District's basic financial statements and have issued our report thereon dated May 5, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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

Brown CPA, PLLC
Madison, Mississippi
May 5, 2023



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

7. Identification of major programs:

<u>ALNs</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.173	Special Education Cluster
84.425D	COVID-19 – Elementary & Secondary School Emergency Relief I, II, CTE, Nurses, and Pre-K Grant (ESSER)
84.425U	COVID-19 – Elementary & Secondary School Emergency Relief III ARP (ESSER)

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

SUNFLOWER COUNTY CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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