



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

NORTH TIPPAH SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2022

L. Reeves CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
BRANDON, MS 39042

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A - Statement of Net Position	17
Exhibit B - Statement of Activities	18
Governmental Funds Financial Statements	
Exhibit C - Balance Sheet	19
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances	21
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Notes to the Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	51
Budgetary Comparison Schedule - ESSER ARP Fund	52
Schedule of the District's Proportionate Share of the Net Pension Liability	53
Schedule of District Contributions (Pension)	54
Schedule of the District's Proportionate Share of the Net OPEB Liability	55
Schedule of District Contributions (OPEB)	56
Notes to the Required Supplementary Information	57
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	63
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	66
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	69
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	70
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
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	73
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	75
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	81
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	87
AUDITEE'S CORRECTIVE ACTION PLAN	90

(This page left blank intentionally)

INDEPENDENT AUDITOR'S REPORT

(This page left blank intentionally)

L. Reeves CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
305 PARK RIDGE DRIVE
BRANDON, MS 39042
601-624-0777

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
North Tippah Consolidated School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Tippah 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 North Tippah Consolidated School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 North Tippah 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 North Tippah 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 North Tippah 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 North Tippah 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 North Tippah 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 North Tippah 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 March 5, 2024 on our consideration of the North Tippah 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 North Tippah 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 North Tippah Consolidated School District's internal control over financial reporting and compliance.

L. Reeves, CPA, PLLC

L. Reeves, CPA, PLLC
Brandon, Mississippi
March 5, 2024

(This page left blank intentionally)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(This page left blank intentionally)

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

The following discussion and analysis of North Tippah 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 \$2,808,052, including a prior period adjustment of (\$1,731), which represents a 27% increase from fiscal year 2021. Total net position for 2021 increased \$947,071, which represents an 8% increase from fiscal year 2020.
- General revenues amounted to \$9,994,274 and \$10,139,930, or 66% and 76% 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 \$5,233,820, or 34% of total revenues for 2022, and \$3,184,754, or 24 % of total revenues for 2021.
- The district had \$12,418,311 and \$12,377,613 in expenses for fiscal years 2022 and 2021; only \$5,233,820 for 2022 and \$3,184,754 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,994,274 for 2022 and \$10,139,930 for 2021 were adequate to provide for these programs.
- Among major funds, the General Fund had \$10,604,959 in revenues and \$10,078,833 in expenditures for 2022, and \$10,322,403 in revenues and \$10,212,755 in expenditures in 2021. The General Fund's fund balance increased by \$1,540,421 from 2021 to 2022 and increased by \$1,278,230 from 2020 to 2021.
- Capital assets, net of accumulated depreciation, decreased by \$211,560 for 2022 and increased by \$1,848,523 for 2021. The decrease for 2022 was due primarily to the increase in accumulated depreciation.
- Long-term debt decreased by \$287,100 for 2022 and increased by \$1,820,062 for 2021. This decrease for 2022 was due primarily to payments on outstanding long-term debt. The liability for compensated absences increased by \$10,884 for 2022 and decreased by \$1,766 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 nonfiduciary 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.

The Statement of Activities presents information showing how the district's net position changed during

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

the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

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

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

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

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.

A net pension liability and net OPEB liability result in liabilities on the government-wide financial

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

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 \$7,705,121 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.

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

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

Table 1
Condensed Statement of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	Percentage Change
Current assets	\$ 6,049,044	\$ 4,398,052	37.54%
Restricted assets	92,920	-	N/A
Capital assets, net	<u>7,079,953</u>	<u>7,291,513</u>	-2.90%
Total assets	<u>13,221,917</u>	<u>11,689,565</u>	13.11%
Deferred outflows of resources	<u>2,859,960</u>	<u>2,745,630</u>	4.16%
Current liabilities	711,378	768,979	-7.49%
Long-term debt outstanding	3,316,150	3,603,250	-7.97%
Net OPEB liability	828,401	988,652	-16.21%
Net pension liability	<u>13,895,680</u>	<u>18,734,514</u>	-25.83%
Total liabilities	<u>18,751,609</u>	<u>24,095,395</u>	-22.18%
Deferred inflows of resources	<u>5,035,389</u>	<u>852,973</u>	490.33%
Net position:			
Net investment in capital assets	4,055,114	3,939,901	2.92%
Restricted	561,944	539,277	4.20%
Unrestricted	<u>(12,322,179)</u>	<u>(14,992,351)</u>	17.81%
Total net position	<u>\$ (7,705,121)</u>	<u>\$ (10,513,173)</u>	26.71%

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)	(\$12,322,179)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>16,899,510</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 4,577,331</u>

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

- Decrease in net capital assets in the amount of \$211,560.
- The principal retirement of \$343,052 of long-term debt.
- Decrease in net pension liability of \$4,838,834.
- Decrease in net OPEB liability of \$160,251.

NORTH TIPPAH 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 \$15,228,094 and \$13,324,684, respectively. The total cost of all programs and services was \$12,418,311 for 2022 and \$12,377,613 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

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	Percentage Change
Revenues:			
Program revenues:	\$	\$	
Charges for services	780,825	535,195	45.90%
Operating grants and contributions	4,452,995	2,649,559	68.07%
General revenues:			
Property taxes	2,409,393	2,441,295	-1.31%
Grants and contributions not restricted	7,375,634	7,306,953	0.94%
Investment earnings	9,433	10,367	-9.01%
Other	199,814	381,315	-47.60%
Total revenues	<u>15,228,094</u>	<u>13,324,684</u>	14.28%
Expenses:			
Instruction	6,822,412	6,158,862	10.77%
Support services	4,289,898	3,731,003	14.98%
Non-instructional	939,170	809,531	16.01%
Pension expense	349,285	1,567,259	-77.71%
OPEB expense	(52,143)	13,064	-499.14%
Interest on long-term liabilities	69,689	97,894	-28.81%
Total expenses	<u>12,418,311</u>	<u>12,377,613</u>	0.33%
Increase (Decrease) in net position	<u>2,809,783</u>	<u>947,071</u>	196.68%
Net Position, July 1, as previously reported*	<u>(10,513,173)</u>	<u>(11,460,244)</u>	-8.26%
Prior Period Adjustment	<u>(1,731)</u>	-	N/A
	<u>(10,514,904)</u>	<u>(11,460,244)</u>	8.25%
Net Position, June 30	<u>(7,705,121)</u>	<u>(10,513,173)</u>	26.71%

Governmental activities

The following table presents the cost of six major District functional activities: instruction, support services, non-instructional, 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.

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2022	2021	
Instruction	\$ 6,822,412	\$ 6,158,862	10.77%
Support services	4,289,898	3,731,003	14.98%
Non-instructional	939,170	809,531	16.01%
Pension Expense	349,285	1,567,259	-77.71%
OPEB Expense	(52,143)	13,064	-499.14%
Interest on long-term liabilities	69,689	97,894	-28.81%
Total expenses	\$ 12,418,311	\$ 12,377,613	0.33%

	Net (Expense) Revenue		Percentage Change
	2022	2021	
Instruction	\$ (4,951,819)	\$ (4,720,547)	-4.90%
Support services	(2,023,595)	(2,841,026)	28.77%
Non-instructional	157,754	46,931	236.14%
Pension Expense	(349,285)	(1,567,259)	77.71%
OPEB Expense	52,143	(13,064)	499.14%
Interest on long-term liabilities	(69,689)	(97,894)	28.81%
Total net (expense) revenue	\$ (7,184,491)	\$ (9,192,859)	21.85%

- Net cost of governmental activities [(\$7,184,491) for 2022 and (\$9,192,859) for 2021) was financed by general revenue, which is primarily made up of property taxes (\$2,409,393 for 2022 and \$2,441,295 for 2021) and state and federal revenues (\$7,375,634 for 2022 and \$7,306,953 for 2021).
- Investment earnings amounted to \$9,433 for 2022 and \$10,367 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 \$5,457,484, an increase of \$1,799,791, which includes a prior period adjustment of (\$1,731) and a decrease in inventory of \$6,610. \$4,121,819 or 76% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,335,665 or 24% is either nonspendable, 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

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

General Fund for the fiscal year was \$1,540,421. The fund balance of Other Governmental Funds showed an increase in the amount of \$259,370, which includes a prior period adjustment of (\$1,731) and a decrease in reserve for inventory of \$6,610. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER ARP Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2022, the District's total capital assets were \$11,759,153, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$74,581 from 2021. Total accumulated depreciation as of June 30, 2022, was \$4,679,200, and total depreciation expense for the year was \$291,448, resulting in total net capital assets of \$7,079,953.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 116,168	\$ 116,168	0.00%
Buildings	5,512,500	4,297,736	28.27%
Building Improvements	672,050	712,581	-5.69%
Improvements other than buildings	139,188	144,984	-4.00%
Mobile equipment	544,795	505,174	7.84%
Furniture and equipment	55,101	49,140	12.13%
Leased assets	-	1,465,730	-100.00%
Intangible right to use equipment	40,151	-	N/A
Total	<u>\$ 7,079,953</u>	<u>\$ 7,291,513</u>	-2.90%

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

Debt Administration. At June 30, 2022, the District had \$3,316,150 in outstanding long-term debt, of which \$293,558 is due within one year. The liability for compensated absences increased \$10,884 from the prior year.

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

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 1,376,000	\$ 1,489,000	-7.59%
Shortfall notes payable	96,652	160,783	-39.89%
Certificates of participation payable	638,939	700,000	-8.72%
Obligations under lease liabilities	40,255	-	N/A
Installment purchase loans payable	1,062,565	1,162,612	-8.61%
Compensated absences payable	101,739	90,855	11.98%
Total	<u>\$ 3,316,150</u>	<u>\$ 3,603,250</u>	-7.97%

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

CURRENT ISSUES

The North Tippah Consolidated School District is financially stable. The district is proud of its community support of the public schools. The district has four schools: Chalybeate Elementary School, Falkner Elementary Schools, Falkner High School, and Walnut Attendance Center.

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 North Tippah Consolidated School District at 20821 Hwy 15, Falkner, Mississippi 38629.

FINANCIAL STATEMENTS

(This page left blank intentionally)

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT

**Statement of Net Position
June 30, 2022**

Exhibit A

	Governmental Activities
	<u> </u>
Assets	
Cash and cash equivalents	\$ 5,117,397
Cash with fiscal agents	1,500
Due from other governments	900,331
Inventories	29,816
Restricted assets	92,920
Capital assets, non-depreciable:	
Land	116,168
Capital assets, net of accumulated depreciation:	
Buildings	5,512,499
Building improvements	672,050
Improvements other than buildings	139,188
Mobile equipment	544,795
Furniture and equipment	55,102
Intangible assets	40,151
Total Assets	<u>13,221,917</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	2,685,915
Deferred outflows - OPEB	174,045
Total Deferred Outflows of Resources	<u>2,859,960</u>
Liabilities	
Accounts payable and accrued liabilities	684,480
Interest payable on long-term liabilities	26,898
Long-term liabilities, due within one year:	
Leases payable	9,616
Capital related liabilities	227,895
Non-capital related liabilities	56,047
Net OPEB liability	33,442
Long-term liabilities, due beyond one year:	
Leases payable	30,639
Capital related liabilities	2,849,609
Non-capital related liabilities	142,344
Net pension liability	13,895,680
Net OPEB liability	794,959
Total Liabilities	<u>18,751,609</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	4,726,190
Deferred inflows - OPEB	309,199
Total Deferred Inflows of Resources	<u>5,035,389</u>
Net Position	
Net investment in capital assets	4,055,114
Restricted for:	
Expendable:	
School-based activities	520,988
Debt service	18,423
Unemployment benefits	22,533
Unrestricted	(12,322,179)
Total Net Position (deficit)	<u>\$ (7,705,121)</u>

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT

**Statement of Activities
For the Year Ended June 30, 2022**

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 6,822,412	\$ 647,070	\$ 1,223,523	-	\$	(4,951,819)
Support services	4,289,898	77,804	2,188,499	-		(2,023,595)
Non-instructional	939,170	55,951	1,040,973	-		157,754
Pension expense	349,285			-		(349,285)
OPEB expense	(52,143)			-		52,143
Interest on long-term liabilities	69,689			-		(69,689)
Total Governmental Activities	\$ 12,418,311	\$ 780,825	\$ 4,452,995	-	\$	(7,184,491)

General Revenues:

Taxes:

General purpose levies	2,308,012
Debt purpose levies	101,381
Unrestricted grants and contributions:	
State	7,283,840
Federal	91,794
Unrestricted investment earnings	9,433
Other	199,814
Total General Revenues	9,994,274

Change in Net Position	<u>2,809,783</u>
Net Position - Beginning, as previously reported	(10,513,173)
Prior Period Adjustments	<u>(1,731)</u>
Net Position - Beginning, as restated	<u>(10,514,904)</u>
Net Position (deficit) - Ending	<u>\$ (7,705,121)</u>

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2022

	Major Funds			Total Governmental Funds
	General Fund	ESSER ARP Fund	Other Governmental Funds	
Assets				
Cash and cash equivalents	\$ 4,498,129	\$	\$ 712,188	\$ 5,210,317
Cash with fiscal agents	1,500		-	1,500
Due from other governments	151,845	565,677	182,809	900,331
Due from other funds	730,846			730,846
Inventories			29,816	29,816
Total Assets	\$ 5,382,320	\$ 565,677	\$ 924,813	\$ 6,872,810
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 680,266	\$	\$ 4,214	\$ 684,480
Due to other funds		565,677	165,169	730,846
Total Liabilities	680,266	565,677	169,383	1,415,326
Fund Balances:				
Nonspendable:				
Inventory			29,816	29,816
Debt service			45,321	45,321
Capital projects			92,920	92,920
Grant activities			491,172	491,172
Unemployment benefits			22,533	22,533
Assigned:				
Activity funds	580,235			580,235
Pre-K tuition			73,668	73,668
Unassigned	4,121,819			4,121,819
Total Fund Balances	4,702,054	-	755,430	5,457,484
Total Liabilities and Fund Balances	\$ 5,382,320	\$ 565,677	\$ 924,813	\$ 6,872,810

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

NORTH TIPPAH 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 \$ 5,457,484

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	\$	116,168	
Buildings		8,256,493	
Building improvements		1,049,518	
Improvements other than buildings		203,244	
Mobile equipment		1,672,118	
Furniture and equipment		416,544	
Intangible assets		45,068	
Accumulated depreciation		<u>(4,679,200)</u>	7,079,953

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		(13,895,680)	
-----------------------	--	--------------	--

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

Deferred outflows of resources related to pensions		2,685,915	
Deferred inflows of resources related to pensions		<u>(4,726,190)</u>	(15,935,955)

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		(828,401)	
--------------------	--	-----------	--

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		174,045	
Deferred inflows of resources related to OPEB		<u>(309,199)</u>	(963,555)

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:

Installment purchases loans payable		(1,062,565)	
Notes payable		(1,472,652)	
Certificates of participation		(638,939)	
Lease obligations		(40,255)	
Compensated absences		(101,739)	
Accrued interest payable		<u>(26,898)</u>	(3,343,048)

Net Position of governmental activities \$ (7,705,121)

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

NORTH TIPPAH 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 Governmental Funds	Total Governmental Funds
	General Fund	ESSER ARP Fund		
Revenues:				
Local sources	\$ 3,026,927	\$ -	\$ 258,802	\$ 3,285,729
State sources	7,468,502	-	173,443	7,641,945
Federal sources	109,530	565,677	3,513,739	4,188,946
Total Revenues	10,604,959	565,677	3,945,984	15,116,620
Expenditures:				
Instruction	6,399,194	289,220	994,048	7,682,462
Support services	3,353,039	276,457	760,942	4,390,438
Noninstructional services	121,802	-	855,865	977,667
Debt service:				
Principal	165,921	-	177,131	343,052
Interest	38,877	-	32,534	71,411
Total Expenditures	10,078,833	565,677	2,820,520	13,465,030
Excess (Deficiency) of Revenues over (under) Expenditures	526,126	-	1,125,464	1,651,590
Other Financing Sources (Uses):				
Leases issued	45,068	-	-	45,068
Insurance recovery	30,363	-	-	30,363
Sale of other property	81,111	-	-	81,111
Operating transfers in	1,200,045	-	471,469	1,671,514
Operating transfers out	(342,292)	-	(1,329,222)	(1,671,514)
Total Other Financing Sources (Uses)	1,014,295	-	(857,753)	156,542
Net Change in Fund Balances	1,540,421	-	267,711	1,808,132
Fund Balances:				
July 1, 2021, as previously reported	3,161,633	-	496,060	3,657,693
Prior period adjustments	-	-	(1,731)	(1,731)
July 1, 2021, as restated	3,161,633	-	494,329	3,655,962
Increase (Decrease) in inventory	-	-	(6,610)	(6,610)
June 30, 2022	\$ 4,702,054	\$ -	\$ 755,430	\$ 5,457,484

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

NORTH TIPPAH 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 \$ 1,808,132

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

- 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	\$ 79,941	
Depreciation expense	<u>(291,448)</u>	(211,507)

- 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. (53)

- 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:

Leases issued	(45,068)	
Payments of debt principal	343,052	
Accrued interest payable	<u>1,722</u>	299,706

- 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	(349,285)	
Contributions subsequent to the measurement date	<u>1,200,538</u>	851,253

- 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	52,143	
Contributions subsequent to the measurement date	<u>27,603</u>	79,746

- 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	(10,884)	
Change in inventory	<u>(6,610)</u>	(17,494)

Change in Net Position of governmental activities **\$ 2,809,783**

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

NOTES TO THE FINANCIAL STATEMENTS

(This page left blank intentionally)

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For 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, North Tippah 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.

Blended component unit

The North Tippah Consolidated School District Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five-member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures, and other financing sources and uses have been included in the government-wide financial statements of the school 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.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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.

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.

ESSER ARP Fund – This is a special revenue fund used to account for federal American Rescue Plan Elementary and Secondary School Emergency Relief grant in response to the COVID-19 pandemic.

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.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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 not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

selected by the school board. State statutes specify how these depositories are to be selected.

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g., Qualified School Construction Bond sinking funds. See Note 4.

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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 intangible assets.

See Note 5 for additional 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 a deferred outflow related to pensions and a deferred outflow related to OPEB.

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

See Notes 8, 9, and 17 for 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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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 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 the federal prime lending rate to calculate the present value of lease payments if the rate implicit in the lease is not known. See Note 6 and Note 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. See Note 8 for details.

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. See Note 9 for details.

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

constraints on the specific purposes for which amounts in those funds can be spent.

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

Nonspendable 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.

The goal of the District is to maintain an unassigned fund balance in the General Fund of at least 7% of general revenues for the fiscal year. 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.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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

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.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$5,210,317.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits, above FDIC coverage, are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2022, none of the district's bank balance of \$5,498,964 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 \$1,500.

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	ESSER ARP Fund	\$ 565,677
General Fund	Other governmental funds	165,169
Total		<u>\$ 730,846</u>

The primary purpose of the interfund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows. All interfund receivables and payables are expected to be repaid within one year.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	342,292
Other governmental funds	General Fund	1,200,045
Other governmental funds	Other governmental funds	129,177
		1,671,514

Transfers were made for indirect costs and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$92,920 of the unspent 2019 three mill note proceeds.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For 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	Balance 6/30/2022
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 116,168	\$ -		\$ -	\$ 116,168
Total non-depreciable capital assets	116,168	-	-	-	116,168
<u>Depreciable capital assets:</u>					
Buildings	6,841,092			1,415,401	8,256,493
Building improvements	1,049,518				1,049,518
Improvements other than buildings	203,244				203,244
Mobile equipment	1,525,618	-		146,500	1,672,118
Furniture and equipment	387,031	34,873	5,360		416,544
Leased property under capital leases	1,561,901			(1,561,901)	-
Intangible right to use equipment		45,068			45,068
Total depreciable capital assets	11,568,404	79,941	5,360	-	11,642,985
<u>Less accumulated depreciation for:</u>					
Buildings	2,543,356	144,022		56,616	2,743,994
Building improvements	336,937	40,531			377,468
Improvements other than buildings	58,260	5,796			64,056
Mobile equipment	1,020,444	67,324		39,555	1,127,323
Furniture and equipment	337,891	28,858	5,307		361,442
Leased property under capital leases	96,171			(96,171)	-
Intangible right to use equipment		4,917			4,917
Total accumulated depreciation	4,393,059	291,448	5,307	-	4,679,200
Total depreciable capital assets, net	7,175,345	(211,507)	53	-	6,963,785
Governmental activities capital assets, net	\$ 7,291,513	\$ (211,507)	\$ 53	\$ -	\$ 7,079,953
Total capital assets, net excluding intangible right to use assets					
					7,039,802
Intangible right to use assets, net					
					40,151
Total capital assets, net as reported in the statement of net position					
					\$ 7,079,953

Adjustments were needed to correct reclassification of capital assets between categories.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 2,828
Support services	272,864
Non-instructional	15,756
Total depreciation expense - Governmental activities	\$ 291,448

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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 the Federal Prime 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 one (1) lease for equipment. Details of the lease obligation can be found in Note 7.

Note 7 – Long-term Liabilities

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

	Balance 7/1/2021	Additions	Reductions	Adjustments	Balance 6/30/2022	Amounts due within one year
A. Certificates of participation payable	700,000		61,061		638,939	62,893
B. Three mill notes payable	1,489,000		113,000		1,376,000	114,000
C. Shortfall notes payable	160,783		64,131		96,652	50,960
D. Obligations under leases	-	45,068	4,813		40,255	9,616
E. Obligations under capital leases	1,162,612			(1,162,612)	-	-
F. Installment purchase loans payable	-		100,047	1,162,612	1,062,565	51,002
G. Compensated absences payable	90,855	10,884			101,739	5,087
Total	\$ 3,603,250	\$ 55,952	\$ 343,052	\$ -	\$ 3,316,150	\$ 293,558

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

A. Certificates of participation payable

As more fully explained in Note 13, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of Participation, Series 2020	3.00%	9/14/2020	9/14/2030	\$ 700,000	\$ 638,939
Total				<u>\$ 700,000</u>	<u>\$ 638,939</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 62,893	\$ 19,168	\$ 82,061
2024	64,780	17,281	82,061
2025	66,723	15,338	82,061
2026	68,725	13,336	82,061
2027	70,787	11,274	82,061
2028-2031	<u>305,031</u>	<u>23,214</u>	<u>328,245</u>
Total	<u>\$ 638,939</u>	<u>\$ 99,611</u>	<u>\$ 738,550</u>

This debt will be retired from the District Maintenance Fund (General Fund).

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill notes payable, Series 2021	2.50%	6/14/2021	3/20/2033	\$ 1,489,000	\$ 1,376,000
Total				<u>\$ 1,489,000</u>	<u>\$ 1,376,000</u>

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

Year Ending June 30	Principal	Interest	Total
2023	\$ 114,000	\$ 34,400	\$ 148,400
2024	116,000	31,550	147,550
2025	116,000	28,650	144,650
2026	119,000	25,750	144,750
2027	122,000	22,775	144,775
2028-2032	651,000	66,700	717,700
2033	138,000	3,450	141,450
Total	\$ 1,376,000	\$ 213,275	\$ 1,589,275

This debt will be retired from the Three Mill Notes Debt Service Fund (debt service fund).

The school district has pledged a portion of the future state revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972), to repay \$1,489,000 in three mill limited tax notes issued on June 14, 2021. Proceeds from the notes were used to finance capital improvements made to the district's buildings. The notes are payable through March 20, 2033. Annual principal and interest payments on the notes are expected to require all of such pledged revenues with the remaining amounts to be paid through the avails of a local debt service tax levy. Principal and interest payments remaining to be paid on the three-mill limited tax note are \$1,376,000 and \$213,275, respectively. State Education Enhancement Fund revenue for the year ended June 30, 2022, was \$40,058. Principal and interest payments for this debt for the year ended June 30, 2022, were \$113,000 and \$28,849, respectively.

C. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall note, Series 2019	2.00%	8/16/2019	8/16/2022	\$ 18,579	6,316
2. Shortfall note, Series 2020	2.35%	8/7/2020	8/7/2023	133,955	\$ 90,336
Total				\$ 152,534	\$ 96,652

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

1. Shortfall note, Series 2019

Year Ending June 30	Principal	Interest	Total
2023	\$ 6,316	\$ 126	\$ 6,442
Total	\$ 6,316	\$ 126	\$ 6,442

This debt will be retired from the Shortfall Note Debt Service Fund (debt service fund).

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

2. Shortfall note, Series 2020

Year Ending June 30	Principal	Interest	Total
2023	\$ 44,644	\$ 2,123	\$ 46,767
2024	45,692	1,075	46,767
Total	<u>\$ 90,336</u>	<u>\$ 3,198</u>	<u>\$ 93,534</u>

This debt will be retired from the Shortfall Note Debt Service Fund (debt service fund).

Total shortfall notes payable payments due for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 50,960	\$ 2,249	\$ 53,209
2024	45,692	1,075	46,767
Total	<u>\$ 96,652</u>	<u>\$ 3,324</u>	<u>\$ 99,976</u>

D. Obligations under leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier Lease	3.00%	7/1/2021	7/1/2026	\$ 45,068	40,255
Total				<u>\$ 45,068</u>	<u>\$ 40,255</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 9,616	\$ 34,400	\$ 44,016
2024	9,908	31,550	41,458
2025	10,210	28,650	38,860
2026	10,521	25,750	36,271
Total	<u>\$ 40,255</u>	<u>\$ 120,350</u>	<u>\$ 160,605</u>

This debt will be retired from the District Maintenance Fund (General Fund).

E. Obligations under capital leases

These amounts were reclassified to installment purchase loans payable. See Note 7.F.

F. Installment purchase loans payable

Debt currently outstanding is as follows:

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Installment purchase - new central administrative building	1.50%	1-Oct-20	1-Oct-40	\$ 1,150,000	\$ 1,062,565
Total				<u>\$ 1,150,000</u>	<u>\$ 1,062,565</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 51,002	\$ 15,589	\$ 66,591
2024	51,773	14,818	66,591
2025	52,555	14,036	66,591
2026	53,348	13,243	66,591
2027	54,154	12,437	66,591
2028-2032	283,289	49,666	332,955
2033-2037	305,339	27,616	332,955
2038-2041	211,105	10,837	221,942
Total	<u>\$ 1,062,565</u>	<u>\$ 158,242</u>	<u>\$ 1,220,807</u>

This debt will be retired from the District Maintenance Fund (General Fund).

G. 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 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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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 \$1,200,538, \$1,087,671, and \$1,121,259, 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 \$ 13,895,680 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 0.094014 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.002761 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 \$349,285. 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	\$ 225,002	\$
Net difference between projected and actual earnings on pension plan investments		4,155,328
Changes of assumptions	1,071,441	
Changes in proportion and differences between District contributions and proportionate share of contributions	188,934	570,862
District contributions subsequent to the measurement date	1,200,538	
Total	\$ 2,685,915	\$ 4,726,190

\$1,200,538 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:

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

Year Ending June 30:	
2023	\$ (535,427)
2024	(687,265)
2025	(771,077)
2026	(1,247,044)

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.60	%
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	100	%		

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For 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	\$ 19,679,541	\$ 13,895,680	\$ 9,129,319

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$27,603 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 \$828,401 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 0.12869718 percent. This was an increase of 0.0016551 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 (\$52,143). 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	\$ 901	\$ 259,030
Changes of assumptions	134,166	28,017
Net difference between projected and actual earnings on OPEB plan investments	39	
Changes in proportion and differences between District contributions and proportionate share of contributions	11,336	22,152
District contributions subsequent to the measurement date	27,603	
Total	\$ <u>174,045</u>	\$ <u>309,199</u>

\$27,603 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 and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

Year Ending June 30:

2023	\$ (42,757)
2024	(39,868)
2025	(29,480)
2026	(32,833)
2027	(17,819)

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 rate of 4.50% by 2030
Pre-Medicare	

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%.

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

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	\$ 916,921	\$ 828,401	\$ 752,924

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	\$ 767,313	\$ 828,401	\$ 897,532

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 restate prior year fund balance and correct the recording of a prior year asset or liability	\$	(1,731)
Total	\$	(1,731)

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

Fund	Explanation		Amount
Other governmental funds	To restate prior year fund balance and correct the recording of a prior year asset or liability	\$	(1,731)
Total		\$	(1,731)

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

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

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 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 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.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

Note 13 – Trust Certificates

A trust agreement dated September 14, 2020, was executed by and between the school district and North Tippah Consolidated Schools Leasing Authority, Inc. as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$700,000. Approximately \$685,000 was used to provide financing for the cost of completing the construction and equipping of an 8 classroom addition and certain other costs at the Walnut Attendance Center (the "project"); the remainder of approximately \$15,000 was used to pay the cost of issuance.

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, *et seq.*, Miss. Code Ann. (1972). The agreement represents a finance purchase under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the agreement; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 7 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures, and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the agreement for financial reporting purposes.

Note 14 – Alternative School Consortium

The school district entered into an Alternative School Agreement dated January 10, 2022, creating the Alcorn County Alternative School Consortium. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the North Tippah Consolidated School District and Alcorn County School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for two or more adjacent school districts to enter into a contract to operate an alternative school program. The Alcorn County School District has been designated as the fiscal agent for the Alcorn County Alternative School Consortium, and the operations of the Consortium of the consortium are included in its financial statements.

Note 15 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated August 24, 1981, creating the North and South Tippah County Vocational - Technical Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the North Tippah Consolidated School District and the South Tippah School District. The name of the center has been changed to the Tippah Career and Technology Center.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2022

The South Tippah School District has been designated as the fiscal agent for the Tippah Career and Technology Center, and the operations of the consortium are included in its financial statements.

Note 16 – Insurance Loss Recoveries

The North Tippah Consolidated School District received \$30,363 in insurance loss recoveries related to winter storm damages to school district property sustained during the prior (2020-2021) fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as General Revenues.

Note 17 – Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$12,322,179) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,200,538 resulting from the school 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 \$1,485,377 balance of deferred outflow of resources related to pensions at June 30, 2022, will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$12,322,179) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,726,190 balance of 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 (\$12,322,179) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$27,603 resulting from the school 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 \$146,442 balance of deferred outflow 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 unrestricted net position (deficit) amount of (\$12,322,179) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$309,199 balance of deferred inflow of resources related to OPEB at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

Note 18 - 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 North Tippah School District evaluated the activity of the district through March 5, 2024, (the date the financial statements were available to be issued) and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements: On April 13, 2023, the school board approved to use \$570,225 from the unassigned fund balance to purchase Apple Products for students and district staff use. On April 27, 2023, the school board approved to accept an Educational Facilities Revolving Loan Fund (EFRLF) Resolution and other documents for a \$324,445 non-interesting bearing note to be repaid in ten (10) equal installments commencing on May 1, 2024. The note will be fully repaid by May 1, 2034. The April 27, 2023, approved EFRLF resolution was amended on June 8, 2023, to remove language related to the pledging of a portion of the future state revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972).

REQUIRED SUPPLEMENTARY INFORMATION

(This page left blank intentionally)

NORTH TIPPAH 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 to Final	Final to Actual
Revenues:					
Local sources	\$ 2,658,494	\$ 3,026,216	\$ 3,026,927	\$ 367,722	\$ 711
State sources	7,452,883	7,468,285	7,468,502	15,402	217
Federal sources	61,500	91,795	109,530	30,295	17,735
Total Revenues	<u>10,172,877</u>	<u>10,586,296</u>	<u>10,604,959</u>	<u>413,419</u>	<u>18,663</u>
Expenditures:					
Instruction	6,325,806	6,398,964	6,399,194	(73,158)	(230)
Support services	3,767,956	3,313,316	3,353,039	454,640	(39,723)
Noninstructional services	84,500	121,802	121,802	(37,302)	-
Debt service:					
Principal	100,047	161,108	165,921	(61,061)	(4,813)
Interest	17,344	38,344	38,877	(21,000)	(533)
Total Expenditures	<u>10,295,653</u>	<u>10,033,534</u>	<u>10,078,833</u>	<u>262,119</u>	<u>(45,299)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(122,776)</u>	<u>552,762</u>	<u>526,126</u>	<u>675,538</u>	<u>(26,636)</u>
Other Financing Sources (Uses):					
Leases issued			45,068	-	45,068
Insurance recovery	102,379	30,363	30,363	(72,016)	-
Sale of other property		81,111	81,111	81,111	-
Operating transfers in	1,194,970	1,913,434	1,200,045	718,464	(713,389)
Operating transfers out	(1,192,698)	(1,211,193)	(342,292)	(18,495)	868,901
Other financing uses			-	-	-
Total Other Financing Sources (Uses)	<u>104,651</u>	<u>813,715</u>	<u>1,014,295</u>	<u>709,064</u>	<u>200,580</u>
Net Change in Fund Balances	<u>(18,125)</u>	<u>1,366,477</u>	<u>1,540,421</u>	<u>1,384,602</u>	<u>173,944</u>
Fund Balances:					
July 1, 2021	<u>2,998,124</u>	<u>3,161,632</u>	<u>3,161,633</u>	<u>163,508</u>	<u>1</u>
June 30, 2022	<u>\$ 2,979,999</u>	<u>\$ 4,528,109</u>	<u>\$ 4,702,054</u>	<u>\$ 1,548,110</u>	<u>\$ 173,945</u>

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources		565,677	565,677	565,677	-
Total Revenues	-	565,677	565,677	565,677	-
Expenditures:					
Instruction		289,220	289,220	(289,220)	-
Support services		276,457	276,457	(276,457)	-
Total Expenditures	-	565,677	565,677	(565,677)	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021			-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

NORTH TIPPAH 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	0.094014%	0.096775%	0.098670%	0.093008%	0.101967%	0.102001%	0.102260%	0.102620%
District's proportionate share of the net pension liability \$	13,895,680	18,734,514	17,357,999	15,469,993	16,950,376	18,219,926	15,807,379	12,120,218
District's covered payroll	6,250,983	6,444,017	6,426,146	5,939,435	6,541,244	6,525,232	6,388,603	6,270,635
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.2959%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	193.29%
Plan fiduciary net position as a percentage of the total pension liability	70.437%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the 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.

NORTH TIPPAAH CONSOLIDATED SCHOOL DISTRICT

Schedule of District Contributions

PERS

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,200,538	1,087,671	1,121,259	1,012,118	935,461	1,030,246	1,027,724	1,006,205
Contributions in relation to the contractually required contribution	1,200,538	1,087,671	1,121,259	1,012,118	935,461	1,030,246	1,027,724	1,006,205
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
District's covered payroll	6,899,644	6,250,983	6,444,017	6,426,146	5,939,435	6,541,244	6,525,232	6,388,603
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT

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	0.12869718%	0.12704211%	0.12876746%	0.13073196%	0.13163949%
District's proportionate share of the net OPEB liability	\$ 828,401	988,652	1,092,645	1,011,277	1,032,855
District's covered - employee payroll	8,273,144	6,241,212	5,986,773	6,051,747	5,914,200
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.01%	15.84%	18.25%	16.71%	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 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 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. Prior year information is based on historical amounts reported in prior year audit reports.

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT

Schedule of District Contributions

OPEB

Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 27,603	33,286	39,727	43,797	44,032
Contributions in relation to the actuarially determined contribution	27,603	33,286	39,727	43,797	44,032
Contribution deficiency (excess)	\$ -	-	-	-	-
District's covered - employee payroll	9,331,494	6,241,489	6,241,212	5,986,773	6,051,747
Contributions as a percentage of covered - employee payroll	0.30%	0.53%	0.64%	0.73%	0.73%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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. Prior year information is based on historical amounts reported in prior year audit reports.

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

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR 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%.

(2) *Changes in benefit provisions*

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR YEAR ENDED JUNE 30, 2022

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

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.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR 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%.

NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR YEAR ENDED JUNE 30, 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

(This page left blank intentionally)

NORTH TIPPAH 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 - seamless summer option	10.555	225MS326N1099	1,100,230
National school lunch program - commodities	10.555	225MS326N1099	64,066
Total National school lunch program			<u>1,164,296</u>
Total child nutrition cluster			<u>1,164,296</u>
State administrative expenses for child nutrition	10.560	225MS907N2533	2,262
Total passed-through Mississippi Department of Education			<u>1,166,558</u>
Total U.S. Department of Agriculture			<u>1,166,558</u>
<u>Federal Communications Commission</u>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.004		3,635
Total Federal Communications Commission			<u>3,635</u>
<u>U. S. Environmental Protection Agency</u>			
Passed-through the Mississippi Department of Environmental Quality:			
Diesel Emissions Reduction Act (DERA) State Grants	66.040		17,735
Total passed-through the Mississippi Department of Environmental Quality			<u>17,735</u>
Total U.S. Environmental Protection Agency			
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A190024 ES010A200024 ES010A210024	300,362
Rural education	84.358	S358A190024 S358A200024 S358A210024	34,790
Supporting Effective Instruction State Grants	84.367	S367A210023	56,688
Student support and academic enrichment grants	84.424A	ES424A210025	28,863
Subtotal			<u>420,703</u>
Special education cluster:			
Special education - grants to states	84.027	H027A190108 H027A200108 H027A210108	353,391
COVID-19 - special education - grants to states	84.027X	H027X210108	29,825
Special education - preschool grants	84.173	H173A190113 H173A200113 H173A210113	15,580
COVID-19 - Special education - preschool grants	84.173X	H173X210113	4,860
Total special education cluster			<u>403,656</u>
COVID-19 - Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	50,429
COVID-19 - Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	1,315,336
COVID-19 - Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	565,677
COVID-19 - PreK ESSER Grant	84.425D	S425D200031	39,229
COVID-19 - School Nurse Grant	84.425D	S425D200031	64,000
COVID-19 - Early Childhood PreK grant (ESSER II)	84.425D	S425D200031	12,734
COVID-19 - ARP ESSER - Elementary Education & Reading - HQIM	84.425U	S425U210031	40,936
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>2,088,341</u>
Total passed-through Mississippi Department of Education			<u>2,912,700</u>
Total U.S. Department of Education			<u>2,912,700</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medicaid cluster:			
Medical assistance program	93.778	2205MS5ADM	20,125
Total Medicaid cluster			<u>20,125</u>
Total passed-through Mississippi Department of Education			<u>20,125</u>
Total U.S. Department of Health and Human Services			<u>20,125</u>

NORTH TIPPAH 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.S. Department of Social Security Administration			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	8,026
Total passed-through Mississippi Department of Rehabilitation Services			8,026
Total U.S. Department of Social Security Administration			8,026
Total for All Federal Awards			\$ 4,128,779

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

NORTH TIPPAAH 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 North Tippah 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 North Tippah School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the North Tippah School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts 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 North Tippah Consolidated School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NORTH TIPPAH 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	\$ 9,527,173	7,009,676	647,675	748,673	1,121,149
Other	3,937,857	1,306,710	242,215	50,039	2,338,893
Total	<u>\$ 13,465,030</u>	<u>8,316,386</u>	<u>889,890</u>	<u>798,712</u>	<u>3,460,042</u>
Total number of students *	<u>1,188</u>				
Cost per student	<u>\$ 11,333</u>	<u>7,000</u>	<u>749</u>	<u>672</u>	<u>2,912</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

(This page left blank intentionally)

NORTH TIPPAH 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	\$ 3,026,927	2,961,415	2,607,344	2,522,193
State sources	7,468,502	7,284,581	7,330,987	7,100,746
Federal sources	109,530	76,407	112,246	132,117
Total Revenues	10,604,959	10,322,403	10,050,577	9,755,056
Expenditures:				
Instruction	6,399,194	5,582,686	5,846,511	5,966,172
Support services	3,353,039	3,288,536	3,391,426	3,519,349
Noninstructional	121,802	75,389	94,663	106,999
Facilities acquisition and construction		1,165,401	398,221	
Debt service:				
Principal	165,921	86,018	47,870	
Interest	38,877	14,725	2,930	
Total Expenditures	10,078,833	10,212,755	9,781,621	9,592,520
Excess (Deficiency) of Revenues over (under) Expenditures	526,126	109,648	268,956	162,536
Other Financing Sources (Uses):				
Bonds and notes issued		133,955	18,579	42,122
Leases issued	45,068	1,150,000		146,500
Insurance recovery	30,363	60,171		
Sale of other property	81,111			
Sale of transportation equipment			3,898	3,477
Operating transfers in	1,200,045	71,837	18,965	63,210
Operating transfers out	(342,292)	(247,381)	(425,225)	(204,372)
Total Other Financing Sources (Uses)	1,014,295	1,168,582	(383,783)	50,937
Net Change in Fund Balances	1,540,421	1,278,230	(114,827)	213,473
Fund Balances:				
Beginning of period	3,161,633	1,883,403	1,998,230	1,784,757
End of Period	\$ 4,702,054	3,161,633	1,883,403	1,998,230

*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH TIPPAH 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	\$ 3,285,729	3,229,855	2,877,072	2,794,950
State sources	7,641,945	7,556,480	7,692,937	7,365,076
Federal sources	4,188,946	2,228,178	1,850,485	1,791,211
Total Revenues	15,116,620	13,014,513	12,420,494	11,951,237
Expenditures:				
Instruction	7,682,462	6,973,089	7,029,804	6,909,798
Support services	4,390,438	3,849,245	3,928,861	4,004,388
Noninstructional	977,667	813,251	833,944	790,752
Facilities acquisition and construction		1,771,729	1,516,519	820,622
Debt service:				
Principal	343,052	1,651,127	323,751	123,774
Interest	71,411	75,148	70,070	3,199
Other		12,843		
Total Expenditures	13,465,030	15,146,432	13,702,949	12,652,533
Excess (Deficiency) of Revenues over (under) Expenditures	1,651,590	(2,131,919)	(1,282,455)	(701,296)
Other Financing Sources (Uses):				
Bonds and notes issued		2,322,955	18,579	1,813,122
Leases issued	45,068	1,150,000		146,500
Insurance recovery	30,363	60,171		
Sale of other property	81,111			
Sale of transportation equipment			3,898	3,477
Operating transfers in	1,671,514	730,470	533,612	267,582
Operating transfers out	(1,671,514)	(730,470)	(533,612)	(267,582)
Total Other Financing Sources (Uses)	156,542	3,533,126	22,477	1,963,099
Net Change in Fund Balances	1,808,132	1,401,207	(1,259,978)	1,261,803
Fund Balances:				
Beginning of period, as previously reported	3,657,693	2,269,814	3,509,373	2,246,936
Prior period adjustments	(1,731)			
Beginning of period, as restated	3,655,962	2,269,814	3,509,373	2,246,936
Increase (Decrease) in reserve for inventory	(6,610)	(13,328)	20,419	634
End of Period	\$ 5,457,484	3,657,693	2,269,814	3,509,373

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

(This page left blank intentionally)

L. Reeves CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
305 PARK RIDGE DRIVE
BRANDON, MS 39042
601-624-0777

**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
North Tippah 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 North Tippah 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 North Tippah Consolidated School District's basic financial statements, and have issued our report thereon dated March 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the North Tippah 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.

L. Reeves, CPA, PLLC

L. Reeves, CPA, PLLC
Brandon, Mississippi
March 5, 2024

L. Reeves CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
305 PARK RIDGE DRIVE
BRANDON, MS 39042
601-624-0777

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Superintendent and School Board
North Tippah Consolidated School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Tippah 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 North Tippah Consolidated School District's major federal programs for the year ended June 30, 2022. North Tippah 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, North Tippah Consolidated School District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 North Tippah Consolidated School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related 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 North Tippah 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 North Tippah Consolidated School District's federal programs.

Auditor's Responsibilities for 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 to express an

opinion on North Tippah 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 North Tippah 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 North Tippah 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 North Tippah 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 North Tippah 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on North Tippah Consolidated School District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. North Tippah Consolidated School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

L. Reeves, CPA, PLLC

L. Reeves, CPA, PLLC
Brandon, Mississippi
March 5, 2024

(This page left blank intentionally)

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

(This page left blank intentionally)

L. Reeves CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

305 PARK RIDGE DRIVE

BRANDON, MS 39042

601-624-0777

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

Superintendent and School Board
North Tippah Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Tippah Consolidated School District as of and for the year ended June 30, 2022, which collectively comprise North Tippah Consolidated School District's basic financial statements and have issued our report thereon dated March 5, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district." The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion. The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding SL 22-01

The School District Should Ensure Compliance with State Law over the Approval of Depositories.

Repeat Finding: Yes

Criteria: Section 37-7-333, Mississippi Code Annotated (1972), requires all public funds to be placed in the depository or depositories selected by the School Board in the same manner as provided in Section 27-105-305, Mississippi Code Annotated (1972) for the selection of county depositories. Section 37-7-333, Mississippi Code Annotated (1972), also requires the bids of the financial institutions keeping school funds be effective on

July 1st of each year. Further, School Boards are allowed to advertise and accept bids for depositories, not less than once every three (3) years, when the School Board determines that it can obtain a more favorable rate of interest and less administrative processing... In the event a bank submits a bid or offer to a school district to act as a depository for the district and such bid or offer, if accepted, would result in a contract in which a member of the school board would have a direct or indirect interest, the school board should not open or consider any bids received. The superintendent of schools shall submit the matter to the State Treasurer, who shall have the authority to solicit bids, select a depository or depositories, make all decisions, and take any action within the authority of the school board under this section relating to the selection of a depository or depositories.”

Condition: As a result of our follow up on the findings reported in the Office of the State Auditor’s FY21 Compliance Report dated April 17, 2023 and audit procedures, we noted that the school board approved and awarded the depository bid for the period of July 1, 2021 to June 2023 to Peoples Bank without submitting the depository bids to the State Treasurer for selection and approval as required by state law when a board member has an indirect interest. This indirect interest is the result of one board member’s spouse working as a teller for the awarded depository.

Cause: The District failed to follow the requirements set forth in 37-7-333 which require that in the event a bank submits a bid or offer to a school district to act as a depository for the district and such bid or offer, if accepted, would result in a contract in which a member of the school board would have a direct or indirect interest, the school board should not open or consider any bids received. The superintendent of schools shall submit the matter to the State Treasurer, who shall have the authority to solicit bids, select a depository or depositories, make all decisions, and take any action within the authority of the school board under this section relating to the selection of a depository or depositories.

Effect: The effect of the condition could be considered to be a violation of state law.

Recommendation: We recommend that the District implement procedures to ensure that when there is a direct or indirect interest by a board member in a depository submitting a depository bids, the matter shall be submitted to the State Treasurer for selection of a depository as outlined in 37-7-333, Mississippi Code 1972, Ann.

Response: The District rebid the depository and submitted the bids to the Mississippi Secretary of State for opening and depository results. This same procedure will remain in place while and if there are conflicts with personnel.

Finding SL 22-02

The School District Should Ensure Compliance with State Law over Spreading Its Budget Public Hearing Upon the Board Minutes.

Repeat Finding: Yes

Criteria: Section 25-41-11, Mississippi Code Annotated (1972), states, “Minutes shall be kept of all meetings of a public body, whether in open or executive session, showing the members present and absent; the date, time and place of the meeting; an accurate recording of any final actions taken at such meeting; and a record, by individual member, of any votes taken; and any other information that the public body requests be included or reflected in the minutes.”

Condition: The board minutes of the North Tippah Consolidated School District failed to document the budget hearing held by the school board prior to the adoption of the original budget for FY 2022.

Cause: The District failed to document in their minutes the budget hearing for FY 2022.

Effect: Failure to maintain board minutes of the Budget Public Hearing resulted in non-compliance with state law.

Recommendation: We recommend the North Tippah Consolidated School District ensure compliance by assuring detailed minutes are recorded and maintained for all public hearings, as required by state law.

Response: **The District corrected this action the following year as required by state law and will continue to do so.**

Finding SL 22-03

The School District Should Ensure Compliance with State Law over Publishing Its Budget Synopsis.

Repeat Finding: Yes

Criteria: Section 37-61-9(3), Mississippi Code Annotated (1972), states, "After final adoption of the budget, a synopsis of such budget in a form prescribed by the State Department of Audit shall be published in a newspaper having general circulation in the school district on a date different from the date on which the county or any municipality therein may publish its budget."

Condition: The District failed to publish a synopsis of its original budget for fiscal year 2022.

Cause: The District failed to comply with the requirements of Section 37-61-9(3), Mississippi Code Annotated (1972).

Effect: Failure to publish the synopsis of the 2022 original budget resulted in noncompliance with state law.

Recommendation: We recommend the North Tippah Consolidated School District ensure compliance by publishing its synopsis of its original budget annually.

Response: The District corrected this action the following year as required by state law and will continue to do so.

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

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

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

L. Reeves, CPA, PLLC

L. Reeves, CPA, PLLC
Brandon, MS
March 5, 2024

(This page left blank intentionally)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(This page left blank intentionally)

NORTH TIPPAH 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 weakness(es) identified? (Yes/No) | No |
| | b. Significant deficiency(ies) identified? (Yes/None reported) | None reported |
| 3. | Noncompliance material to financial statements noted? (Yes/No) | No |

Federal Awards:

- | | | |
|----|---|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? (Yes/No) | Yes |
| | b. Significant deficiency(ies) identified? (Yes/None reported) | 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)? (Yes/No) | Yes |

7. Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.027 X; 84.173; 84.173 X	Special Education Cluster
	COVID-19 Elementary & Secondary School Emergency Relief Funds
84.425 D	COVID-19 Elementary & Secondary School Emergency Relief Fund I
84.425 D	COVID-19 Elementary & Secondary School Emergency Relief Fund II
84.425 U	COVID-19 Elementary & Secondary School Emergency Relief Fund III - ARP
84.425 D	COVID-19 - PreK ESSER Grant
84.425 D	COVID-19 - School Nurse Grant
84.425 D	COVID-19 – Early Childhood PreK grant (ESSER II)
84.425 U	COVID-19 – ARP ESSER Elementary Education & Reading- High Quality Instructional Materials

- | | | |
|----|--|------------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
|----|--|------------|

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

- | | | |
|-----|---|----|
| 9. | Auditee qualified as low-risk auditee? (Yes/No) | No |
| 10. | Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). (Yes/No) | No |

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

Material Weakness:

2022-001 Finding

Federal Agency	U. S. Department of Education
Passed-through	Mississippi Department of Education
Assistance Listing Number:	AL # 84.425 D
Program Title:	Elementary and Secondary School Emergency Relief II
Compliance Requirement:	Allowable Cost
Repeat Finding from Prior Audit?	No
Prior Audit Finding Number:	N/A

Material Weakness

Condition: The district requested reimbursement for pre-award COVID related expenditures which were originally paid out of the general fund in the prior fiscal year but failed to reclassify these expenditures to ESSER II funds.

Criteria: 2 CFR § 200.303(a) states that a non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States or the Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Under 2 CFR 200.458, an LEA that has not yet received ESSER fund to which it is entitled may use State or local funds to incur allowable cost, and once it receives its ESSER award, reimburse itself for the allowable cost that it incurred before receiving the Federal emergency

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

funds.

Cause: The district failed to reclassify pre-award cost in the manner specified by the Mississippi Department of Education once guidance was received instructing district the manner in which to record prior year cost to the ESSER II grant.

Effect: Failure to record transactions in the manner prescribed by the Mississippi Department of Education could result in a misstatement of expenditures. An audit adjustment was proposed and made to correct.

Recommendation: We recommend the District review its internal control procedures to ensure that internal controls are established and are operating effectively to ensure all costs requested for reimbursement are recorded in the proper grant fund.

Views of responsible officials of the auditee: See Auditee's Corrective Action Plan.

Questioned Cost: No known questioned cost.



NORTH TIPPAH SCHOOL DISTRICT



S. JOHNSON SMITH, SUPERINTENDENT

20821 Hwy 15, Falkner, MS 38629

Phone: 662-837-8450 Fax: 662-837-8455

As required by 2 CFR 200.511, the North Tippah School District has prepared and hereby submits the following corrective action plan for the finding included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2022:

Finding 2022-001 Material weakness.

a. Name of Contact Person Responsible for Corrective Action:

S. Johnson Smith and Annette McCoy

b. Corrective Action Planned:

The district did not have clear guidance and was unsure of how entries should be made. This was a process that had not been done before. Request was made prior to MDE guidance and before the MCAPS update was available. Entry correction has been made and district will update policy to verify correct entries.

c. Anticipated Completion Date: Immediately