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Moss Point School District

Audited Financial Statements
For the Year Ended June 30, 2020

Fortenberry & Ballard, PC
Certified Public Accountants

Moss Point School District

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board
Moss Point School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Moss Point School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Moss Point School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Moss Point School District, as of June 30, 2020, 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the fiscal year end June 30, 2020.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 8 to 15 and 55 to 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021, on our consideration of the Moss Point 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 Moss Point 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 Moss Point School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 8, 2021

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The following discussion and analysis of Moss Point School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. 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 2020 decreased \$2,410,789, including a fund reclassification of \$57,890 and a prior period adjustment of \$24,272, which represents a 1,707% decrease from fiscal year 2019. Total net position for 2019 decreased \$2,238,676, including a prior period adjustment of (\$392,587), which represents a 107% decrease from fiscal year 2018.
- General revenues amounted to \$20,258,614 and \$19,634,704, or 76% and 75% of all revenues for fiscal years 2020 and 2019, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,495,996, or 24% of total revenues for 2020, and \$6,545,872, or 25% of total revenues for 2019.
- The District had \$29,247,561 and \$28,026,665 in expenses for fiscal years 2020 and 2019; only \$6,495,996 for 2020 and \$6,545,872 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$20,258,614 for 2020 and \$19,634,704 for 2019 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$20,147,867 in revenues and \$21,267,645 in expenditures for 2020, and \$19,170,604 in revenues and \$20,973,351 in expenditures in 2019. The General Fund's fund balance decreased by \$2,148,934 from 2019 to 2020, including a fund reclassification of \$57,890, a prior period adjustment of \$513, and an increase in inventory of \$169, and decreased by \$1,610,494 from 2018 to 2019, including a prior period adjustment of (\$380,129).
- Capital assets, net of accumulated depreciation, decreased by \$741,971 for 2020 and decreased by \$642,497 for 2019. The decrease for 2020 was due primarily to the increase in accumulated depreciation.
- Long-term debt decreased by \$330,699 for 2020 and increased by \$343,090 for 2019. The decrease for 2020 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$32,218 for 2020 and decreased by \$24,121 for 2019.

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.

MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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 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, pension expense, OPEB expense, and interest on long-term liabilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are currently reported as governmental funds. In the current fiscal year, the District early implemented GASB 84 and reclassified the club funds and clearing funds from fiduciary funds to governmental funds.

Governmental funds – 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:

**MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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 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 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 \$2,552,001 as of June 30, 2020.

MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 and June 30, 2019.

Table 1
Condensed Statement of Net Position

	June 30, 2020	June 30, 2019	Percentage Change
Current assets	\$ 15,396,457	\$ 14,869,063	3.55 %
Restricted assets	2,385,362	4,047,415	(41.06) %
Capital assets, net	25,149,064	25,891,035	(2.87) %
Total assets	42,930,883	44,807,513	(4.19) %
 Deferred outflows of resources	 4,567,339	 2,421,034	 88.65 %
 Current liabilities	3,369,414	2,623,290	28.44 %
Long-term debt outstanding	5,995,655	6,326,354	(5.23) %
Net OPEB liability	2,307,120	2,068,863	11.52 %
Net pension liability	36,458,484	33,403,330	9.15 %
Total liabilities	48,130,673	44,421,837	8.35 %
 Deferred inflows of resources	 1,919,550	 2,947,922	 (34.88) %
 Net position:			
Net investment in capital assets	22,738,079	23,441,512	(3.00) %
Restricted	4,656,599	3,317,168	40.38 %
Unrestricted	(29,946,679)	(26,899,892)	(11.33) %
Total net position	\$ (2,552,001)	\$ (141,212)	(1,707.21) %

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)	\$ (29,946,679)
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	35,752,922
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 5,806,243</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 \$741,971.
- The principal retirement of \$362,917 of long-term debt.

MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$26,754,610 and \$26,180,576, respectively. The total cost of all programs and services was \$29,247,561 for 2020 and \$28,026,665 for 2019.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

Table 2
Changes in Net Position

	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,301,429	\$ 1,904,831	(31.68) %
Operating grants and contributions	5,194,567	4,641,041	11.93 %
General revenues:			
Property taxes	8,917,227	8,588,798	3.82 %
Grants and contributions not restricted	10,949,944	10,857,088	0.86 %
Investment earnings	182,780	151,486	20.66 %
Sixteenth section sources	7,270	13,997	(48.06) %
Other	201,393	23,335	763.05 %
Total revenues	26,754,610	26,180,576	2.19 %
Expenses:			
Instruction	10,162,542	10,793,223	(5.84) %
Support services	14,846,492	13,304,854	11.59 %
Non-instructional	1,433,341	1,338,994	7.05 %
Pension expense	2,515,098	2,330,414	7.92 %
OPEB expense	148,854	110,102	35.20 %
Interest on long-term liabilities	141,234	149,078	(5.26) %
Total expenses	29,247,561	28,026,665	4.36 %
Increase (Decrease) in net position	(2,492,951)	(1,846,089)	(35.04) %
Net Position, July 1, as previously reported	(141,212)	2,097,464	(106.73) %
Fund Reclassification	57,890	-	N/A
Prior Period Adjustment	24,272	(392,587)	106.18 %
Net Position, July 1, as restated	(59,050)	1,704,877	(103.46) %
Net Position, June 30	\$ (2,552,001)	\$ (141,212)	(1,707.21) %

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.

MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2020	2019	
Instruction	\$ 10,162,542	\$ 10,793,223	(5.84) %
Support services	14,846,492	13,304,854	11.59 %
Non-instructional	1,433,341	1,338,994	7.05 %
Pension Expense	2,515,098	2,330,414	7.92 %
OPEB Expense	148,854	110,102	35.20 %
Interest on long-term liabilities	141,234	149,078	(5.26) %
Total expenses	\$ 29,247,561	\$ 28,026,665	4.36 %

	Net (Expense) Revenue		Percentage Change
	2020	2019	
Instruction	\$ (7,912,464)	\$ (7,151,511)	(10.64) %
Support services	(12,094,197)	(12,139,947)	0.38 %
Non-instructional	60,282	400,259	(84.94) %
Pension Expense	(2,515,098)	(2,330,414)	(7.92) %
OPEB Expense	(148,854)	(110,102)	(35.20) %
Interest on long-term liabilities	(141,234)	(149,078)	5.26 %
Total net (expense) revenue	\$ (22,751,565)	\$ (21,480,793)	(5.92) %

- Net cost of governmental activities (\$22,751,565 for 2020 and \$21,480,793 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$8,917,227 for 2020 and \$8,588,798 for 2019) and state and federal revenues (\$10,949,944 for 2020 and \$10,857,088 for 2019). In addition, there was \$7,270 and \$13,997 in Sixteenth Section sources for 2020 and 2019, respectively.
- Investment earnings amounted to \$182,780 for 2020 and \$151,486 for 2019.

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 \$14,298,597, a decrease of \$1,863,781, which includes a fund reclassification of \$57,890, a prior period adjustment of \$40,324, and an increase in inventory of \$12,710. \$5,714,304, or 40% 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 \$8,584,293, or 60% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the

MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$2,148,934, which includes a fund reclassification of \$57,890 and a prior period adjustment of \$513, and an increase in inventory of \$169. The fund balance of Other Governmental Funds showed an increase in the amount of \$19,357, which includes a prior period adjustment of \$39,811 and an increase in inventory of \$12,541. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
QSCB Sinking Fund	\$ 265,796

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 is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2020, the District's total capital assets were \$41,877,838, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$156,784 from 2019. Total accumulated depreciation as of June 30, 2020, was \$16,728,774, and total depreciation expense for the year was \$882,703, resulting in total net capital assets of \$25,149,064.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 494,587	\$ 494,587	0.00 %
Construction in Progress	9,000	-	N/A %
Buildings	22,934,597	23,593,169	(2.79) %
Building improvements	466,706	499,726	(6.61) %
Improvements other than buildings	300,254	318,686	(5.78) %
Mobile equipment	868,277	873,390	(0.59) %
Furniture and equipment	75,643	67,102	12.73 %
Leased property under capital leases	-	44,375	(100.00) %
Total	\$ 25,149,064	\$ 25,891,035	(2.87) %

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

Debt Administration. At June 30, 2020, the District had \$5,995,655 in outstanding long-term debt, of which \$2,750,370 is due within one year. During the fiscal year, the District made principal payments totaling \$362,917 on outstanding long-term debt. The liability for compensated absences increased \$32,218 from the prior year.

MOSS POINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 3,065,000	\$ 3,230,000	(5.11) %
Shortfall notes payable	387,490	570,204	(32.04) %
Obligations under capital leases	-	15,203	(100.00) %
Qualified school construction bonds payable	2,387,650	2,387,650	0.00 %
Compensated absences payable	155,515	123,297	26.13 %
Total	<u>\$ 5,995,655</u>	<u>\$ 6,326,354</u>	<u>(5.23) %</u>

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

CURRENT ISSUES

The Moss Point School District is financially stable. The District is proud of its community support of the public schools.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Moss Point School District, 4924 Church Street, Moss Point, Mississippi 39563.

FINANCIAL STATEMENTS

MOSS POINT SCHOOL DISTRICT

Statement of Net Position
June 30, 2020

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 12,251,406
Cash with fiscal agents	393
Due from other governments	2,389,367
Inventories	25,738
Prepaid items	729,553
Restricted assets	2,385,362
Capital assets, non-depreciable:	
Land	494,587
Construction in progress	9,000
Capital assets, net of accumulated depreciation:	
Buildings	22,934,597
Building improvements	466,706
Improvements other than buildings	300,254
Mobile equipment	868,277
Furniture and equipment	75,643
Total Assets	<u>42,930,883</u>
 Deferred Outflows of Resources	
Deferred outflows - pensions	4,216,258
Deferred outflows - OPEB	351,081
Total Deferred Outflows of Resources	<u>4,567,339</u>
 Liabilities	
Accounts payable and accrued liabilities	3,139,506
Unearned revenue	2,158
Interest payable on long-term liabilities	227,750
Long-term liabilities, due within one year:	
Capital related liabilities	2,387,650
Non-capital related liabilities	362,720
Net OPEB liability	88,902
Long-term liabilities, due beyond one year:	
Non-capital related liabilities	3,245,285
Net pension liability	36,458,484
Net OPEB liability	2,218,218
Total Liabilities	<u>48,130,673</u>
 Deferred Inflows of Resources	
Deferred inflows - pensions	1,401,998
Deferred inflows - OPEB	152,659
Deferred inflows - Deferred credit on bonds payable	23,335
Unearned Revenues - Ad valorem tax escrow	341,558
Total Deferred Inflows of Resources	<u>1,919,550</u>
 Net Position	
Net investment in capital assets	22,738,079
Restricted for:	
Expendable:	
School-based activities	2,080,959
Debt service	2,449,383
Forestry improvements	482
Unemployment benefits	118,804
Non-expendable:	
Sixteenth section	6,971
Unrestricted	(29,946,679)
Total Net Position (Deficit)	<u>\$ (2,552,001)</u>

MOSS POINT SCHOOL DISTRICT

Statement of Activities

Exhibit B

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 10,162,542	\$ 97,525	\$ 2,152,553	\$ (7,912,464)
Support services	14,846,492	1,092,910	1,659,385	(12,094,197)
Non-instructional	1,433,341	110,994	1,382,629	60,282
Pension expense	2,515,098	-	-	(2,515,098)
OPEB expense	148,854	-	-	(148,854)
Interest on long-term liabilities	141,234	-	-	(141,234)
Total Governmental Activities	<u>\$ 29,247,561</u>	<u>\$ 1,301,429</u>	<u>\$ 5,194,567</u>	<u>\$ (22,751,565)</u>

General Revenues:

Taxes:

General purpose levies	8,293,520
Debt purpose levies	623,707

Unrestricted grants and contributions:

State	10,948,589
Federal	1,355
Unrestricted investment earnings	182,780
Sixteenth section sources	7,270
Other	201,393
Total General Revenues	<u>20,258,614</u>

Change in Net Position (2,492,951)

Net Position (Deficit) - Beginning, as previously reported (141,212)

Fund reclassification 57,890

Prior Period Adjustments 24,272

Net Position (Deficit) - Beginning, as restated (59,050)

Net Position (Deficit) - Ending \$ (2,552,001)

MOSS POINT SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2020

	Major Funds			
	General Fund	QSCB Sinking Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 10,554,503	\$ -	\$ 1,703,874	\$ 12,258,377
Cash with fiscal agents	393	19,489	-	19,882
Investments	-	2,358,902	-	2,358,902
Due from other governments	1,484,914	-	904,453	2,389,367
Due from other funds	694,010	-	309	694,319
Inventories	169	-	25,569	25,738
Prepaid items	729,553	-	-	729,553
Total assets	\$ 13,463,542	\$ 2,378,391	\$ 2,634,205	\$ 18,476,138
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,636,147	\$ -	\$ 503,359	\$ 3,139,506
Due to other funds	309	-	694,010	694,319
Unearned revenue	341,558	-	2,158	343,716
Total Liabilities	2,978,014	-	1,199,527	4,177,541
Fund Balances:				
Nonspendable:				
Inventory	169	-	25,569	25,738
Permanent fund principal	-	-	6,971	6,971
Prepaid items	729,553	-	-	729,553
Restricted:				
Debt service	-	2,378,391	298,742	2,677,133
Forestry improvement purposes	-	-	482	482
Grant activities	-	-	984,110	984,110
Unemployment benefits	-	-	118,804	118,804
Ad valorem escrow	341,558	-	-	341,558
Assigned:				
School activities	114,593	-	-	114,593
Facility repairs and renovations	3,585,351	-	-	3,585,351
Unassigned	5,714,304	-	-	5,714,304
Total Fund Balances	10,485,528	2,378,391	1,434,678	14,298,597
Total Liabilities and Fund Balances	\$ 13,463,542	\$ 2,378,391	\$ 2,634,205	\$ 18,476,138

MOSS POINT SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020**

Exhibit C-1

Total fund balances for governmental funds \$ 14,298,597

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	\$	494,587	
Construction in progress		9,000	
Buildings		34,292,107	
Building improvements		825,511	
Improvements other than buildings		560,223	
Mobile equipment		2,739,952	
Furniture and equipment		2,956,458	
Accumulated depreciation		<u>(16,728,774)</u>	25,149,064

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		(36,458,484)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		4,216,258	
Deferred inflows of resources related to pensions		<u>(1,401,998)</u>	(33,644,224)

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

Net OPEB liability		(2,307,120)	
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Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB		351,081	
Deferred inflows of resources related to OPEB		<u>(152,659)</u>	(2,108,698)

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:

Other bonds payable		(2,387,650)	
Notes payable		(3,452,490)	
Compensated absences		(155,515)	
Deferred credit on bonds payable		(23,335)	
Accrued interest payable		<u>(227,750)</u>	(6,246,740)

Net Position of governmental activities		<u><u>\$ (2,552,001)</u></u>	
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MOSS POINT SCHOOL DISTRICT

Governmental Funds

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020**

Exhibit D

	Major Funds			
	General Fund	QSCB Sinking Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 8,649,430	\$ 41,988	\$ 791,138	\$ 9,482,556
State sources	11,343,536	-	695,595	12,039,131
Federal sources	143,667	-	3,961,713	4,105,380
Sixteenth section sources	11,234	-	64	11,298
Total Revenues	<u>20,147,867</u>	<u>41,988</u>	<u>5,448,510</u>	<u>25,638,365</u>
Expenditures:				
Instruction	8,937,504	-	2,294,696	11,232,200
Support services	12,258,645	-	3,144,501	15,403,146
Noninstructional services	56,191	-	1,518,294	1,574,485
Facilities acquisition and construction	-	-	9,000	9,000
Debt service:				
Principal	15,203	-	347,714	362,917
Interest	102	-	121,280	121,382
Other	-	-	2,850	2,850
Total Expenditures	<u>21,267,645</u>	<u>-</u>	<u>7,438,335</u>	<u>28,705,980</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,119,778)</u>	<u>41,988</u>	<u>(1,989,825)</u>	<u>(3,067,615)</u>
Other Financing Sources (Uses):				
Insurance recovery	1,092,910	-	-	1,092,910
Payments held by escrow agent	-	223,808	-	223,808
Payment to QSCB debt escrow agent	-	-	(223,808)	(223,808)
Operating transfers in	62,314	-	2,429,600	2,491,914
Operating transfers out	(2,242,952)	-	(248,962)	(2,491,914)
Total Other Financing Sources (Uses)	<u>(1,087,728)</u>	<u>223,808</u>	<u>1,956,830</u>	<u>1,092,910</u>
Net Change in Fund Balances	<u>(2,207,506)</u>	<u>265,796</u>	<u>(32,995)</u>	<u>(1,974,705)</u>
Fund Balances:				
July 1, 2019, as previously reported	12,634,462	2,112,595	1,415,321	16,162,378
Fund reclassification	57,890	-	-	57,890
Prior period adjustments	513	-	39,811	40,324
July 1, 2019, as restated	<u>12,692,865</u>	<u>2,112,595</u>	<u>1,455,132</u>	<u>16,260,592</u>
Increase (Decrease) in inventory	<u>169</u>	<u>-</u>	<u>12,541</u>	<u>12,710</u>
June 30, 2020	<u>\$ 10,485,528</u>	<u>\$ 2,378,391</u>	<u>\$ 1,434,678</u>	<u>\$ 14,298,597</u>

MOSS POINT 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, 2020**

Exhibit D-1

Net change in fund balances - total governmental funds \$ (1,974,705)

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

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

Capital outlay	\$ 156,784	
Depreciation expense	<u>(882,703)</u>	(725,919)

2. 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:

Payments of debt principal	362,917	
Accrued interest payable	(17,002)	
Deferred credit of bonds payable	<u>23,335</u>	369,250

3. 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	(2,515,098)	
Contributions subsequent to the measurement date	<u>2,437,113</u>	(77,985)

4. 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	(148,854)	
Contributions subsequent to the measurement date	<u>84,770</u>	(64,084)

5. 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	(32,218)	
Change in inventory	<u>12,710</u>	(19,508)

Change in Net Position of governmental activities		<u><u>\$ (2,492,951)</u></u>
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Moss Point School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

Moss Point School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

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 board member is elected by the citizens of each defined county district.

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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.

QSCB Sinking Fund - This debt service fund is used to account for the resources that will be used to retire the QSCB debt at such time the balloon debt payment becomes due and payable.

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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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

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

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

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

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

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

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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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

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

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

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

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

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

D. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. Encumbrances outstanding at year-end are reported as a classification of fund balances since they do not constitute expenditures or liabilities.

Moss Point School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

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. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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
Leased property under capital leases		*	*

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has deferred outflows which are presented as deferred outflows for pension and 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 and so will not be recognized as an inflow of resources (revenue) until then. The school district has deferred inflows which are presented as deferred inflows for pension and OPEB. The school district also has deferred inflows for deferred credit on bonds payable and ad valorem tax escrow.

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

See Note 12 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

11. Postemployment Benefits Other Than Pensions (OPEB)

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

12. Fund Balances

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

Governmental fund balance is classified as 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. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the 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.

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

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 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 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% at fiscal year end of its general fund revenues or expenditures.

13. Accounting Standards Update

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

The school district early implemented GASB Statement No. 84, *Fiduciary Activities* during the fiscal year end June 30, 2020.

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

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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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 districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$12,258,377.

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, 2020, none of the district's bank balance of

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

\$12,520,498 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 \$19,882.

Investments

As of June 30, 2020, the district had the following investments.

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
U.S. Treasury - State and Local Governments	N/A	Less than 1	<u>\$ 2,358,902</u>

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

The district has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury - State and Local Governments type of investments of \$2,358,902 are valued using quoted market prices (Level 1 inputs)

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2020, the district did not have any investments to which this would apply.

Moss Point School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

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	Other Governmental Funds	\$ 694,010
Other Governmental Funds	General Fund	309
Total		<u>\$ 694,319</u>

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end.

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 62,314
Other Governmental Funds	General Fund	2,242,952
	Other Governmental Funds	186,648
Total		<u>\$ 2,491,914</u>

The primary purpose of the interfund transfers out of the general fund and into the other governmental funds was to finance basic operations of the district that are not directly funded. The primary reason for the transfer out of the other governmental funds is the indirect cost allocation from the general fund.

Note 4 - Restricted Assets

The restricted assets represent the cash balance totaling \$6,971 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's program.

In addition, the restricted assets represent the cash with fiscal agents and investments balance, totaling \$19,489 and \$2,358,902, respectively, of the QSCB Sinking Fund.

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Note 5 - Capital Assets

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

	Balance 7-1-2019	Additions	Adjustments	Balance 6-30-2020
<u>Non-depreciable capital assets:</u>				
Land	\$ 494,587			494,587
Construction in progress		9,000		9,000
Total non-depreciable capital assets	494,587	9,000	0	503,587
<u>Depreciable capital assets:</u>				
Buildings	34,292,107			34,292,107
Building improvements	825,511			825,511
Improvements other than buildings	560,223			560,223
Mobile equipment	2,607,874	132,078		2,739,952
Furniture and equipment	2,789,227	15,706	151,525	2,956,458
Leased property under capital leases	151,525		(151,525)	0
Total depreciable capital assets	41,226,467	147,784	0	41,374,251
<u>Less accumulated depreciation for:</u>				
Buildings	10,698,938	658,572		11,357,510
Building improvements	325,785	33,020		358,805
Improvements other than buildings	241,537	18,432		259,969
Mobile equipment	1,734,484	137,191		1,871,675
Furniture and equipment	2,722,125	14,058	144,632	2,880,815
Leased property under capital leases	107,150	21,430	(128,580)	0
Total accumulated depreciation	15,830,019	882,703	16,052	16,728,774
Total depreciable capital assets, net	25,396,448	(734,919)	(16,052)	24,645,477
Governmental activities capital assets, net	\$ 25,891,035	(725,919)	(16,052)	25,149,064

Adjustments were made to reclassify leased property paid off in fiscal year 2020 to furniture and equipment. An adjustment of \$16,052 was also needed to agree accumulated depreciation for leased property to capital asset records prior to reclassification.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 673,107
Support services	197,841
Non-instructional	11,755
Total depreciation expense	\$ 882,703

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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

	Spent to June 30, 2020	Remaining Commitment
Solar Panel Project	\$ 9,000	240,000

Construction projects included in governmental activities are funded with Solar Improvements FY21 Fund (3097).

Note 6 - Long-term liabilities

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

	Balance 7-1-2019	Additions	Reductions	Balance 6-30-2020	Amounts due within one year
A. Three mill notes payable	\$ 3,230,000		165,000	3,065,000	165,000
B. Shortfall notes payable	570,204		182,714	387,490	189,944
C. Obligations under capital leases	15,203		15,203	0	
D. Qualified school construction bonds payable	2,387,650			2,387,650	2,387,650
E. Compensated absences payable	123,297	32,218		155,515	7,776
Total	\$ 6,326,354	32,218	362,917	5,995,655	2,750,370

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax note, Series 2017	2.99%	01-11-17	06-11-31	\$ 3,630,000	3,065,000

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 165,000	91,644	256,644
2022	285,000	86,710	371,710
2023	300,000	78,188	378,188
2024	310,000	69,219	379,219
2025	325,000	59,950	384,950
2026 - 2030	1,395,000	167,046	1,562,046
2031	285,000	8,522	293,522
Total	\$ 3,065,000	561,279	3,626,279

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$105,230) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code (1972). This debt will be retired from the Three Mill Notes Retirement Fund (Debt Service Fund).

B. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note, Series 2018	3.98%	08-28-18	08-28-21	\$ 570,204	387,490

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 189,944	11,464	201,408
2022	197,546	7,863	205,409
Total	\$ 387,490	19,327	406,817

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

C. Obligations under capital leases

This debt was paid off and retired from the General Fund.

D. Qualified school construction bonds payable

As more fully explained in Note 17, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds	0.00%	08-08-11	06-15-21	\$ 2,766,650	2,387,650

An imputed interest rate of 1.5% was used to calculate the issue amount.

E. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

absences will be paid from the fund from which the employees' salaries were paid.

Note 7 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

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, 2020 was 17.40% of annual covered payroll. Plan

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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, 2020, 2019, and 2018, were \$2,437,113, \$2,125,826, and \$2,019,884, 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, 2020, the school district reported a liability of \$36,458,484 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2020 net pension liability was 0.207245 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.006419% percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$2,515,098. At June 30, 2020 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	\$ 71,342	\$ 323,493
Net difference between projected and actual earnings on pension plan investments	581,320	
Changes of assumptions	361,554	8,988
Changes in proportion and differences between District contributions and proportionate share of contributions	764,929	1,069,517
District contributions subsequent to the measurement date	2,437,113	
Total	<u>\$ 4,216,258</u>	<u>\$ 1,401,998</u>

\$2,437,113 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Year Ending June 30:		
2021	\$	(312,076)
2022		76,937
2023		445,836
2024		166,450
Total	\$	<u><u>377,147</u></u>

Actuarial assumptions. The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions, applied to all periods included in the measurement:

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

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

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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00%	4.90%
International Equity	22.00%	4.75%
Global Equity	12.00%	5.00%
Fixed Income	20.00%	1.50%
Real Estate	10.00%	4.00%
Private Equity	8.00%	6.25%
Cash	1.00%	0.25%
Total	<u><u>100%</u></u>	

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 47,925,941	\$ 36,458,484	\$ 26,993,129

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 8 - Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$84,770 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$2,307,120 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.27189254 percent. This was an increase of 0.00444203 percent from the proportionate share as of

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

the measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$148,854. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,488	\$ 33,024
Changes of assumptions	172,002	119,635
Net difference between projected and actual earnings on OPEB plan investments	44	
Changes in proportion and differences between District contributions and proportionate share of contributions	90,777	
District contributions subsequent to the measurement date	84,770	
Total	\$ <u>351,081</u>	\$ <u>152,659</u>

\$84,770 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2021	\$ 17,254
2022	17,254
2023	17,254
2024	19,937
2025	29,365
Thereafter	<u>12,588</u>
Total	\$ <u>113,652</u>

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Inflation	2.75 percent
Salary increases	3.00 - 18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 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, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. The fiduciary net position is projected to be

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Bond Buyer 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 (2.50 percent) or 1-percentage point higher (4.50 percent) than the current discount rate:

		1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$	2,562,807	\$ 2,307,120	\$ 2,088,355

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

		1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$	2,137,902	\$ 2,307,120	\$ 2,498,815

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

Note 9 - 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.

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 56

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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

Note 10 - Contingencies

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

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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Note 11 - Prior Period Adjustments

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

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
Adjustments were made to properly present capital assets during the fiscal year.	\$ (16,052)
See explanation below	40,324
Total	<u>\$ 24,272</u>

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

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	To correct prior year accrual.	\$ 513
Other Governmental Funds	To correct prior year assets and liabilities.	39,811
Total		<u>\$ 40,324</u>

Note 12 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$29,946,679) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$2,437,113 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, 2021. The \$1,779,145 balance of deferred outflow of resources, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$29,946,679) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,401,998 balance of deferred inflow of resources, at June 30, 2020 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$29,946,679) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$84,770 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The \$266,311 balance of deferred outflow of resources, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$29,946,679) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$152,659

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

balance of deferred inflow of resources at June 30, 2020 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

The net investment in capital assets net position amount of \$22,738,079 includes the effect of deferring the recognition of revenue from the deferred credit on bonds payable (Qualified School Construction Bonds) that resulted from the issuance of an interest free debt obligation. The \$23,335 balance of the deferred inflow of resources at June 30, 2020 will be recognized as revenue and increase unrestricted net position over the remaining year of the outstanding debt obligation.

The unrestricted net position amount of (\$29,946,679) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from the ad valorem tax escrow. The \$341,558 balance of deferred inflow of resources related to the ad valorem tax escrow, at June 30, 2020 will be recognized as revenue and will increase the unrestricted net position in the 2020-2021 fiscal year.

Note 13 - Sixteenth Section Lands

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

Year Ending June 30		Amount
2021	\$	7,270
2022		7,270
2023		7,270
2024		7,270
2025		7,270
2026 - 2030		36,350
2031 - 2035		36,350
2036 - 2040		21,810
Total	\$	<u>130,860</u>

Note 14 - Other Matters

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

currently. The resulting impact of this pandemic upon the operations of the District is uncertain at this time.

Note 15 - Insurance Loss Recoveries

The Moss Point School District received \$1,092,910 insurance loss recoveries related to fire damage during the 2019-2020 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to support services.

Note 16 - Unearned Revenue/Deferred Inflows

For the 2019-2020 fiscal year, Moss Point School District collected ad valorem taxes for operations of \$341,558 for which the school district was not legally entitled. The excess collections were not placed in escrow for the purpose of reducing the ad valorem request for operations in the subsequent fiscal year as required by state law. The school district intends to reduce the ad valorem request for operations during the 2020-2021 fiscal year. The financial statements were adjusted accordingly to reflect the liability since this was a matter of material noncompliance and had a direct effect on the financial statements.

Note 17 - Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2020 was \$2,378,391. The amount

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending	
<u>June 30</u>	<u>Amount</u>
2021	\$262,100

Note 18 - Special Education Consortium

The school district entered into a special education consortium dated June 15, 1988 creating the Exceptional School Program. This consortium was created pursuant to the provisions of Section 37-7-403 through 37-7-415, Miss. Code Ann. (1972) and approved by the Mississippi Department of Education. The consortium includes the following participants: Jackson County School District, Pascagoula-Gautier School District, Moss Point School District and the Jackson County Board of Supervisors.

The building housing the Exceptional School Program is the property of the Jackson County Board of Supervisors and they are responsible for the constructing, erecting, equipping, alterations, and major maintenance of the building.

Operating expenses for the educational program are shared in direct proportion to each district's monthly enrollment of students placed by each school district in the Exceptional School Program. Each district is billed by the fiscal agent. The Jackson County Board of Supervisors provides funding by levying an ad valorem tax at a rate of not less than 0.5 mills. Transportation for students attending the special education program is the responsibility of the individual school district sending the students. The Pascagoula-Gautier School District has been designated the lead school district (fiscal agent) and the operations of the consortium are included in its financial statements.

Note 19 - Fund Reclassification

The Moss Point School District early adopted the provisions of Statement No. 84 of the Governmental Accounting Standards Board - Fiduciary Activities. This Statement should be applied retroactively by restating financial statements for the current period. The Moss Point School District reclassified all Agency Funds to the General Fund.

Note 20 - 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

Moss Point School District

Notes to the Financial Statements For the Year Ended June 30, 2020

of Net Position date require disclosure in the accompanying notes. Management of the Moss Point School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined the following subsequent event has occurred requiring disclosure in the notes to the financial statement:

On November 10, 2020, the school district made emergency repairs to Kreole Elementary Roof due to storm damage from Hurricane Zeta totaling \$186,496.

REQUIRED SUPPLEMENTARY INFORMATION

MOSS POINT SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 8,697,498	\$ 8,649,430	\$ 8,649,430	\$ (48,068)	\$ -
State sources	10,994,616	11,343,536	11,343,536	348,920	-
Federal sources	63,936	143,667	143,667	79,731	-
Sixteenth section sources	22,700	11,234	11,234	(11,466)	-
Total Revenues	19,778,750	20,147,867	20,147,867	369,117	-
Expenditures:					
Instruction	9,589,559	8,951,536	8,937,504	638,023	14,032
Support services	11,221,554	12,258,903	12,258,645	(1,037,349)	258
Noninstructional services	45,312	56,031	56,191	(10,719)	(160)
Facilities acquisition and construction	100,000	-	-	100,000	-
Debt service:					
Principal	15,435	14,691	15,203	744	(512)
Interest	18,490	102	102	18,388	-
Total Expenditures	20,990,350	21,281,263	21,267,645	(290,913)	13,618
Excess (Deficiency) of Revenues over (under) Expenditures	(1,211,600)	(1,133,396)	(1,119,778)	78,204	13,618
Other Financing Sources (Uses):					
Insurance recovery	144,000	1,281,465	1,092,910	1,137,465	(188,555)
Operating transfers in	2,829,753	2,655,198	62,314	(174,555)	(2,592,884)
Operating transfers out	(3,406,119)	(4,813,397)	(2,242,952)	(1,407,278)	2,570,445
Other financing uses	(832)	-	-	832	-
Total Other Financing Sources (Uses)	(433,198)	(876,734)	(1,087,728)	(443,536)	(210,994)
Net Change in Fund Balances	(1,644,798)	(2,010,130)	(2,207,506)	(365,332)	(197,376)
Fund Balances:					
July 1, 2019, as previously reported	20,151,770	20,151,770	12,634,462	-	(7,517,308)
Fund reclassification	-	-	57,890	-	57,890
Prior period adjustments	-	(341,558)	513	(341,558)	342,071
July 1, 2019, as restated	20,151,770	19,810,212	12,692,865	(341,558)	(7,117,347)
Increase (Decrease) in inventory	-	-	169	-	169
June 30, 2020	\$ 18,506,972	\$ 17,800,082	\$ 10,485,528	\$ (706,890)	\$ (7,314,554)

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

Moss Point School District
Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 36,458,484	33,403,330	34,188,005	36,084,745	30,845,876	26,703,972
District's proportion of the net pension liability	0.207245%	0.200826%	0.205662%	0.202014%	0.199546%	0.215890%
District's covered payroll	13,497,308	12,824,660	13,193,314	12,923,352	12,466,514	13,191,987
District's proportionate share of the net pension liability as a percentage of its covered payroll	270.12%	260.46%	259.13%	279.22%	247.43%	202.43%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

Moss Point School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,437,113	2,125,826	2,019,884	2,077,947	2,035,428	1,963,476
Contributions in relation to the contractually required contribution	2,437,113	2,125,826	2,019,884	2,077,947	2,035,428	1,963,476
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered payroll	14,006,397	13,497,308	12,824,660	13,193,314	12,923,352	12,466,514
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

Moss Point School DistrictSchedule of the District's Proportionate Share of the Net OPEB Liability
OPEB

Last 10 Fiscal Years*

	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 2,307,120	2,068,863	2,067,444
District's proportion of the net OPEB liability	0.27189254%	0.26745051%	0.26349986%
District's covered - employee payroll	13,497,308	12,824,660	13,193,314
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	17.09%	16.13%	15.67%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Moss Point School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	2020	2019	2018
Actuarially determined contribution	\$ 84,770	\$ 92,476	\$ 88,138
Contributions in relation to the actuarially determined contribution	84,770	92,476	88,138
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered - employee payroll	14,006,397	13,497,308	12,824,660
Contributions as a percentage of covered - employee payroll	0.61%	0.69%	0.69%

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

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

Moss Point School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2020

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 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%.

Moss Point School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2020

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

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

2019:

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

- (3) *Method and assumptions used in calculations of actuarially determined contributions.* The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 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	38.4 years
Asset valuation method	5-year smoothed market

Moss Point School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2020

Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) Changes of assumptions

2017:

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

2018:

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

2019:

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

(2) Changes in benefit provisions

2017:

None

2018:

None

2019:

None

- (3) *Methods and assumptions used in calculation 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, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	3%

Moss Point School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2020

Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates Medicare Supplement Claims Pre-Medicare	7.25%
Ultimate health care cost trend rates Medicare Supplement Claims Pre-Medicare	4.75%
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.89%

SUPPLEMENTARY INFORMATION

MOSS POINT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Numbers	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	195MS326N1099	10.553	\$ 304,999
National School Lunch Program	195MS326N1099	10.555	945,893
Summer Food Service Program for Children	195MS326N1099	10.559	159,834
Total Child Nutrition Cluster			1,410,726
Total passed-through the Mississippi Department of Education			1,410,726
Total U.S. Department of Agriculture			1,410,726
<u>U.S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	N/A	12.xxx	60,047
Total U.S. Department of Defense			60,047
<u>U.S. Department of Justice</u>			
Direct Program:			
Public Safety Partnership and Community Policing Grants	N/A	16.710	50,000
Total U.S. Department of Justice			50,000
<u>U.S. Department of Treasury</u>			
Passed-through the Mississippi Department of Education:			
COVID19 - Coronavirus Relief Fund	N/A	21.019	11,850
Total U.S. Department of Treasury			11,850
<u>U. S. Department of Education</u>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A180024	84.010	1,361,500
Career and Technical Education - Basic Grants to States	V048A180024	84.048	43,486
Education for Homeless Children and Youth	ES287C170024	84.196	25,856
Supporting Effective Instruction State Grants	ES367A180023	84.367	222,314
Student Support and Academic Enrichment Program	ES424A180025	84.424	32,955
COVID-19 - Education Stabilization Fund	S425D00031	84.425D	50,823
Subtotal			1,736,934
Special Education Cluster:			
Special Education - Grants to States	H027A180108	84.027	701,577
Positive Behavior Specialists	H027A180108	84.027A	3,803
Special Education - Preschool Grants	H173A180113	84.173	40,579
Total Special Education Cluster			745,959
Total passed-through the Mississippi Department of Education			2,482,893
Total U.S. Department of Education			2,482,893
<u>U. S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	1905MS5ADM	93.778	529
Total passed-through the Mississippi Department of Education			529
Total U.S. Department of Health and Human Services			529
<u>Social Security Administration</u>			
Direct Award:			
Social Security Disability Insurance	N/A	96.001	826
Total Social Security Administration			826
<u>U.S. Department of Homeland Security</u>			
Passed-through Mississippi Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially declared disasters)	013-053C1-00	97.036	101,153
Total passed-through the Mississippi Emergency Management Agency			101,153
Total U.S. Department of Homeland Security			101,153
Total for All Federal Awards			\$ 4,118,024

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

Moss Point School District

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

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 School District under programs of the federal government for the year ended June 30, 2020. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities of \$108,793 are included in the National School Lunch Program.

MOSS POINT SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2020

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	19,175,865	12,697,499	826,484	1,454,024	4,197,858
Other	9,530,115	2,027,128	129,761	51,010	7,322,216
Total \$	<u>28,705,980</u>	<u>14,724,627</u>	<u>956,245</u>	<u>1,505,034</u>	<u>11,520,074</u>
Total number of students *	<u>1,594</u>				
Cost per student \$	<u>18,009</u>	<u>9,238</u>	<u>600</u>	<u>944</u>	<u>7,227</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 functions: 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

MOSS POINT SCHOOL DISTRICT

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

"UNAUDITED"

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 8,649,430	8,299,561	8,429,291	8,163,096
State sources	11,343,536	10,851,061	11,069,405	11,573,475
Federal sources	143,667	6,027	69,987	73,001
Sixteenth section sources	11,234	13,955	11,111	12,334
Total Revenues	<u>20,147,867</u>	<u>19,170,604</u>	<u>19,579,794</u>	<u>19,821,906</u>
Expenditures:				
Instruction	8,937,504	9,166,405	8,501,088	8,705,806
Support services	12,258,645	11,720,318	9,205,952	10,070,183
Noninstructional services	56,191	42,253	415	2,424
Debt service				
Principal	15,203	42,993	41,595	40,243
Interest	102	1,382	2,780	4,132
Total Expenditures	<u>21,267,645</u>	<u>20,973,351</u>	<u>17,751,830</u>	<u>18,822,788</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,119,778)</u>	<u>(1,802,747)</u>	<u>1,827,964</u>	<u>999,118</u>
Other Financing Sources (Uses):				
Proceeds of loans		570,204		
Insurance recovery	1,092,910	1,578,873	178,682	124,134
Operating transfers in	62,314	84	1,217	
Other financing sources				
Operating transfers out	(2,242,952)	(1,576,779)	(1,223,160)	(742,706)
Other financing uses			(831)	(22,252)
Total Other Financing Sources (Uses)	<u>(1,087,728)</u>	<u>572,382</u>	<u>(1,044,092)</u>	<u>(640,824)</u>
Net Change in Fund Balances	(2,207,506)	(1,230,365)	783,872	358,294
Fund Balances:				
Beginning of period, as previously reported	12,634,462	14,244,956	13,845,276	13,422,374
Fund reclassification	57,890			
Prior period adjustment	513	(380,129)	(384,192)	64,608
Beginning of period, as restated	<u>12,692,865</u>	<u>13,864,827</u>	<u>13,461,084</u>	<u>13,486,982</u>
Increase (Decrease) in inventory	169			
Ending of period	<u>\$ 10,485,528</u>	<u>12,634,462</u>	<u>14,244,956</u>	<u>13,845,276</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

MOSS POINT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 9,482,556	9,081,242	9,086,504	8,817,630
State sources	12,039,131	11,496,268	11,606,918	12,044,790
Federal sources	4,105,380	3,986,861	3,916,296	4,088,722
Sixteenth section sources	11,298	13,997	11,153	12,376
Total Revenues	<u>25,638,365</u>	<u>24,578,368</u>	<u>24,620,871</u>	<u>24,963,518</u>
Expenditures:				
Instruction	11,232,200	11,463,158	10,592,907	10,897,476
Support services	15,403,146	14,004,892	12,691,001	11,579,070
Noninstructional services	1,574,485	1,574,691	1,499,059	1,496,349
Facilities acquisition and construction	9,000		380,823	1,434,897
Debt service:				
Principal	362,917	202,993	355,358	2,328,218
Interest	121,382	102,743	111,735	586,972
Other	2,850	4,258	3,200	28,210
Total Expenditures	<u>28,705,980</u>	<u>27,352,735</u>	<u>25,634,083</u>	<u>28,351,192</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(3,067,615)</u>	<u>(2,774,367)</u>	<u>(1,013,212)</u>	<u>(3,387,674)</u>
Other Financing Sources (Uses):				
Proceeds of loans		570,204		3,630,000
Insurance recovery	1,092,910	1,578,873	178,682	124,134
Payments held by escrow agent	223,808	230,252	274,420	357,451
Payment to QSCB debt escrow agent	(223,808)	(230,252)	(274,420)	(357,451)
Operating transfers in	2,491,914	1,576,863	1,224,377	742,706
Other financing sources				
Operating transfers out	(2,491,914)	(1,576,863)	(1,224,377)	(742,706)
Other financing uses			(831)	(22,252)
Total Other Financing Sources (Uses)	<u>1,092,910</u>	<u>2,149,077</u>	<u>177,851</u>	<u>3,731,882</u>
Net Change in Fund Balances	(1,974,705)	(625,290)	(835,361)	344,208
Fund Balances:				
Beginning of period, as previously reported	16,162,378	17,174,511	18,480,361	18,069,711
Fund reclassification	57,890			
Prior period adjustment	40,324	(392,587)	(467,160)	64,608
Beginning of period, as restated	<u>16,260,592</u>	<u>16,781,924</u>	<u>18,013,201</u>	<u>18,134,319</u>
Increase (Decrease) in inventory	12,710	5,744	(3,329)	1,834
Ending of period	<u>\$ 14,298,597</u>	<u>16,162,378</u>	<u>17,174,511</u>	<u>18,480,361</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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
Moss Point 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 Moss Point School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Moss Point School District's basic financial statements, and have issued our report thereon dated September 8, 2021.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule findings and questioned costs as Finding 2020-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Moss Point 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*.

Moss Point School District's Responses to Findings

Moss Point School District's response to the finding identified in our audit is described in the accompanying auditee's corrective action plan. Moss Point School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
September 8, 2021

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Moss Point School District

Report on Compliance for Each Major Federal Program

We have audited Moss Point School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Moss Point School District's major federal programs for the year ended June 30, 2020. The Moss Point School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination on the school district's compliance.

1048 GLUCKSTADT ROAD, SUITE B
MADISON, MISSISSIPPI 39110
TELEPHONE 601-992-5292 FAX 601-992-2033

Opinion on Each Major Federal Program

In our opinion, the Moss Point School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
September 8, 2021

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Moss Point School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Moss Point School District as of and for the year ended June 30, 2020, which collectively comprise Moss Point School District's basic financial statements and have issued our report thereon dated September 8, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding 1

Criteria:

Section 25-11-127(4), Mississippi Code Annotated (1972) states, “Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.”

Condition:

During the testing of employment of retired personnel, we noted seven (7) instances out of a sample of seven (7) in which re-hired employee’s (PERS) form 4Bs were not submitted to PERS within the required time line.

Cause:

The school district failed to comply with Section 25-11-127(4), Miss. Code Ann. (1972).

Effect:

Failure to file the PERS Form 4Bs as required by the statute provided above could result in overpayments to a retiree and the School District being assessed penalties by PERS.

Recommendation:

The School District should strengthen their controls to ensure compliance with Section 25-11-127(4), Mississippi Code Annotated (1972), by properly completing and filing the Form 4Bs within five (5) days of employment.

Response:

The District will strengthen internal controls to ensure submission of Form 4Bs within 5 days of employment or termination of an employee.

Finding 2

Criteria:

Section 37-6-15, Miss. Code Ann. (1972) requires that board members shall be bonded for at least \$50,000. Section 37-9-31, Miss. Code Ann. (1972) requires that principals shall be bonded for at least \$50,000. Section 37-39-21, Miss. Code Ann. (1972) requires that purchasing agents shall be bonded for at least \$50,000. Those bonds shall be recorded and on file at the chancery clerk’s office.

Condition:

During the course of our audit, we noted principals, superintendent, board members, and purchasing agents had indefinite bonds. We also noted one board member appointed on April 21, 2020 was not bonded until November 11, 2020.

Cause:

The school was unaware of the regulation for indefinite bonds. The school district was unable to bond the one board member until November 11, 2020 due to COVID-19.

Effect:

The District was not indemnified from certain potential losses.

Recommendation:

We recommend the school district comply with all applicable code sections and bond applicable personnel for the appropriate amounts with those bonds being recorded and on file in the chancery clerk's office.

Response:

The district will strengthen internal controls to verify that the bonding of principals, superintendent, board members and purchasing agents complies with all applicable code sections.

Finding 3

Criteria:

Section 29-3-121, Miss. Code Ann. (1972) provides, "it shall be the duty of the Superintendent of each school district to make or cause to be made annual lists of the children enrolled in the schools of such district and who reside in such district, which lists shall be based upon the end of the first month enrollment required to be reported to the State Department of Education for the then current school year. The lists shall be made separately as to the townships in which such children reside. Such lists shall be filed by the Superintendent of the custodial school district on or before December 31 of each year, and the lists shall be used in making the division of the available funds of each township during the ensuing calendar year."

Condition:

During our test of sixteenth section revenue, we noted that the educable child list was not sent to Jackson County School District by December 31.

Cause:

The cause of the above condition is primarily due to management not prioritizing adherence with state compliance.

Effect:

Noncompliance with Section 29-3-121, Miss. Code Ann. (1972), could result in the District not receiving their pro rate share of sixteenth section revenue from other school districts or having to repay other districts.

Recommendation:

We recommend that the District implement policies and procedures to ensure the list is prepared and sent to the appropriate school district by December 31 of each year, in accordance with Section 29-3-121, Miss. Code Ann. (172).

Response:

The District will implement procedures to prepare and send the educable child list to all appropriate school districts by December 31 of each year.

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

The Moss Point 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 8, 2021

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Moss Point School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

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? No.
 - b. Significant deficiency(ies) identified? Yes.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

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

CFDA Numbers:	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

Section II: Financial Statements Findings

The results of our tests disclosed the following finding related to the financial statements that is required to be reported by *Government Auditing Standards*.

Significant Deficiency

Finding 2020-001

Criteria:

An effective system of internal controls is the responsibility of management. Management should establish an internal control that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records.

Condition:

During our test of invoices among the sixty (60) items tested, we noted eleven (11) instances where invoices were not cancelled.

Cause:

This is the result of the school district not properly implementing an effective internal control system and maintaining the system.

Effect:

Without a proper internal control system being in place to ensure accurate accounting records, the district increases the risk that the financial statements will contain materially misstated accounts.

Recommendation:

The District should implement policies and procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.

Response:

The District will insure that all invoices are stamped as paid once payment is issued. This will add an extra layer of control to ensure that invoices are not paid twice.

Section III: Federal Awards Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN AND
SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS



Moss Point School District

Travis Hart, CPA
Chief Financial Officer

4924 Church St.
Moss Point, MS 39563
(228) 285-2050 (phone)
(228) 474-3302 (fax)
THart@MPSDnow.org

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Moss Point School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2020:

Finding

2020-001

Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action

Name: Travis Hart
Title: Chief Financial Officer
Phone Number: (228) 474-2269 Ext 2050

b. Correction Action Planned:

The District will insure that all invoices are stamped as paid once payment is issued. This will add an extra layer of control to ensure that invoices are not paid twice.

c. Anticipated Completion Date:

September 21, 2021

CHALLENGE. ACHIEVE. SUCCEED.



Moss Point School District

Travis Hart, CPA
Chief Financial Officer

4924 Church St.
Moss Point, MS 39563
(228) 285-2050 (phone)
(228) 474-3302 (fax)
THart@MPSDnow.org

PRIOR YEAR AUDIT FINDINGS FOLLOW UP

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Moss Point School District has prepared and hereby submits the following prior year audit findings follow-up as of June 30, 2020:

<u>Finding</u>	<u>Status</u>
2019-001	Corrected
2019-002	Corrected

CHALLENGE. ACHIEVE. SUCCEED.