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CARROLL COUNTY SCHOOL DISTRICT

**Audited Financial Statements
For the Year Ended June 30, 2021**

CARROLL COUNTY SCHOOL DISTRICT
Contents

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	14
Exhibit B – Statement of Activities	15
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	16
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	18
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Notes to Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	42
Budgetary Comparison Schedule – General Fund	43
Schedule Of The District's Proportionate Share Of The Net Pension Liability	44
Schedule Of District Contributions (PERS)	45
Schedule Of The District's Proportionate Share Of The Net OPEB Liability	46
Schedule Of District Contributions (OPEB)	47
Notes to Required Supplementary Information	48
SUPPLEMENTARY INFORMATION	51
Schedule of Expenditures of Federal Awards	52
Notes to Supplementary Information	53
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	54
OTHER INFORMATION	55
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	56
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	57
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	58
Independent Auditors' 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	59
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	61
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	63
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	66
AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR AUDIT FINDINGS	71

INDEPENDENT AUDITORS' REPORT



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA

Stephen D. Flake, CPA
John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

INDEPENDENT AUDITORS' REPORT

Superintendent and School Board
Carroll County 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 Carroll County School District as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Carroll County School District's basic financial statements as listed in the 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.

Auditors' 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 from 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Carroll County School District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 4-12, 43, 44, 45, 46 and 47, 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 Carroll County 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* (CFR) 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* (CFR) 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 22, 2022, on our consideration of the Carroll County 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 Carroll County 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 the Carroll County School District's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi

September 22, 2022

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- Total net position for 2021 increased \$1,226,273, including a residual equity transfer in of \$25,280, which represents a 13% increase from fiscal year 2020. Total net position for 2020 decreased \$941,840, including a prior period adjustment of \$(785,844), which represents an 11% decrease from fiscal year 2019.
- General revenues amounted to \$8,409,830 and \$7,863,726, or 76% and 80% of all revenues for fiscal years 2021 and 2020, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,656,184, or 24% of total revenues for 2021, and \$1,974,592, or 20% of total revenues for 2020.
- The district had \$9,865,021 and \$9,994,314 in expenses for fiscal years 2021 and 2020; only \$2,656,184 for 2021 and \$1,974,592 for 2020 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$8,409,830 for 2021 were adequate to provide for these programs. General revenues of \$7,863,726 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$8,277,466 in revenues and \$6,773,426 in expenditures for 2021, and \$7,884,131 in revenues and \$7,507,860 in expenditures in 2020. The General Fund's fund balance increased by \$1,344,489, including a residual equity transfer in of \$25,280 from 2020 to 2021, and increased by \$85,654, including a prior period adjustment of \$(228,627) from 2019 to 2020.
- Capital assets, net of accumulated depreciation, decreased by \$183,022 for 2021 and increased by \$26,469 for 2020. The decrease for 2021 was due to the capital disposals exceeding capital additions coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$1,267,714 for 2021 and increased by \$12,416 for 2020. This increase for 2021 was due primarily to the issuance of a three mill note. The liability for compensated absences decreased by \$647 for 2021 and increased by \$2,680 for 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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 \$8,050,930 as of June 30, 2021.

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

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 4,055,784	\$ 1,454,244	178.89%
Restricted assets	2,774,858	2,233,385	24.24%
Capital assets, net	3,241,516	3,424,538	-5.34%
Total assets	10,072,158	7,112,167	41.62%
Deferred outflows of resources	1,973,874	1,308,132	50.89%
Current liabilities	437,049	263,253	66.02%
Long-term debt outstanding	1,719,161	451,447	280.81%
Net OPEB liability	894,050	1,005,897	-11.12%
Net pension liability	15,983,043	14,851,144	7.62%
Total liabilities	19,033,303	16,571,741	14.85%
Deferred inflows of resources	1,063,659	1,125,761	-5.52%
Net position:			
Net investment in capital assets	1,563,419	3,014,802	-48.14%
Restricted	5,762,127	4,137,399	39.27%
Unrestricted	(15,376,476)	(16,429,404)	6.41%
Total net position	\$ (8,050,930)	\$ (9,277,203)	13.22%

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)	\$ (15,376,476)
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	15,966,878
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 590,402

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 \$183,022.
- The principal retirement of \$231,639 of long-term debt.
- The addition of \$1,500,000 in 3 Mill notes payable.
- Recognition of the net pension liability in the amount of \$15,983,043.
- Recognition of a net OPEB liability in the amount of \$894,050.

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

Changes in net position

The district's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$11,066,014 and \$9,838,318, respectively. The total cost of all programs and services was \$9,865,021 for 2021 and \$9,994,314 for 2020.

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

Table 2			
Changes in Net Position			
	Year Ended June 30, 2021	Year Ended June 30, 2020	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 262,022	\$ 157,957	65.88%
Operating grants and contributions	2,394,162	1,816,635	31.79%
General revenues:			
Property taxes	2,709,907	2,552,515	6.17%
Grants and contributions not restricted	4,914,018	4,876,964	0.76%
Investment earnings	21,498	41,651	-48.39%
Sixteenth section sources	757,064	363,252	108.41%
Other	7,343	29,344	-74.98%
Total revenues	11,066,014	9,838,318	12.48%
Expenses:			
Instruction	4,406,158	4,578,671	-3.77%
Support services	3,628,107	3,264,823	11.13%
Non-instructional	552,799	611,023	-9.53%
Sixteenth section	66,303	14,952	343.44%
Pension expense	1,174,776	1,441,306	-18.49%
OPEB expense	21,201	55,773	-61.99%
Interest on long-term liabilities	15,677	27,766	-43.54%
Total expenses	9,865,021	9,994,314	-1.29%
Increase (Decrease) in net position	1,200,993	(155,996)	869.89%
Net Position, July 1, as previously reported	(9,277,203)	(8,335,363)	-11.30%
Residual Equity Transfers In	25,280	-	N/A
Prior Period Adjustment	-	(785,844)	100.00%
Net Position, July 1, as restated	(9,251,923)	(9,121,207)	-1.43%
Net Position, June 30	\$ (8,050,930)	\$ (9,277,203)	13.22%

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

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expense		Percentage
	2021	2020	Change
Instruction	\$ 4,406,158	\$ 4,578,671	-3.77%
Support services	3,628,107	3,264,823	11.13%
Non-instructional	552,799	611,023	-9.53%
Sixteenth section	66,303	14,952	343.44%
Pension Expense	1,174,776	1,441,306	-18.49%
OPEB Expense	21,201	55,773	-61.99%
Interest on long-term liabilities	15,677	27,766	-43.54%
Total expenses	\$ 9,865,021	\$ 9,994,314	-1.29%

	Net (Expense) Revenue		Percentage
	2021	2020	Change
Instruction	\$ (3,483,103)	\$ (3,747,718)	7.06%
Support services	(2,479,063)	(2,716,375)	8.74%
Non-instructional	(51,446)	(32,910)	56.32%
Sixteenth section	16,429	2,126	-672.77%
Pension Expense	(1,174,776)	(1,441,306)	18.49%
OPEB Expense	(21,201)	(55,773)	61.99%
Interest on long-term liabilities	(15,677)	(27,766)	43.54%
Total net (expense) revenue	\$ (7,208,837)	\$ (8,019,722)	10.11%

- Net cost of governmental activities (\$7,208,837 for 2021 and \$8,019,722 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$2,709,907 for 2021 and \$2,552,515 for 2020) and state and federal revenues (\$4,914,018 for 2021 and \$4,876,964 for 2020). In addition, there was \$757,064 and \$363,252 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$21,498 for 2021 and \$41,651 for 2020.

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the district's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. 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 \$6,396,396, an increase of \$2,965,404, which includes a residual equity transfer in of \$25,280 and a decrease in inventory of \$16,721. \$593,588 or 9% 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 \$5,802,808 or 91% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the district. The increase in fund balance in the General Fund for the fiscal year was \$1,344,489, which includes a residual equity transfer in of \$25,280. The fund balance of Other Governmental Funds showed an increase in the amount of \$89,786, which includes a decrease in reserve for inventory of \$16,721. The increase in the fund balances for the other major funds were as follows:

Major Fund	Increase
Sixteenth Section Principal Fund	\$ 51,169
Construction Fund	\$ 1,479,960

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$6,344,873, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents a decrease of \$267,543 from 2020. Total accumulated depreciation as of June 30, 2021, was \$3,103,357, and total depreciation expense for the year was \$212,116, resulting in total net capital assets of \$3,241,516.

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

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2021	June 30, 2020	Percentage Change
Land	\$ 36,361	\$ 36,361	0.00%
Buildings	2,434,385	2,510,865	-3.05%
Building Improvements	52,842	56,907	-7.14%
Improvements other than buildings	30,560	30,560	0.00%
Mobile equipment	448,784	533,410	-15.87%
Furniture and equipment	38,094	33,940	12.24%
Leased property under capital leases	200,490	222,495	-9.89%
Total	\$ 3,241,516	\$ 3,424,538	-5.34%

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

Debt Administration. At June 30, 2021, the District had \$1,719,161 in outstanding long-term debt, of which \$238,913 is due within one year. The liability for compensated absences decreased \$647 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2021	June 30, 2020	Percentage Change
Three mills notes payable	\$ 1,500,000	\$ 200,000	650.00%
Obligations under capital leases	178,097	209,736	-15.09%
Compensated absences payable	41,064	41,711	-1.55%
Total	\$ 1,719,161	\$ 451,447	280.81%

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

CURRENT ISSUES

The Carroll County School District is proud of its community support of the public schools.

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 Carroll County School District, P.O. Box 256, Carrollton, MS 38917.

BASIC FINANCIAL STATEMENTS

CARROLL COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,531,909
Due from other governments	478,358
Other receivables, net	29,750
Inventories	15,767
Restricted assets	2,774,858
Capital assets, non-depreciable:	
Land	36,361
Capital assets, net of accumulated depreciation:	
Buildings	2,434,385
Building improvements	52,842
Improvements other than buildings	30,560
Mobile equipment	448,784
Furniture and equipment	38,094
Leased property under capital leases	200,490
Total Assets	<u>10,072,158</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	1,742,453
Deferred outflows - OPEB	231,421
Total Deferred Outflows of Resources	<u>1,973,874</u>
Liabilities	
Accounts payable and accrued liabilities	394,258
Unearned revenue	39,988
Interest payable on long-term liabilities	2,803
Long-term liabilities, due within one year:	
Capital related liabilities	238,913
Net OPEB liability - current portion	27,615
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,439,184
Non-capital related liabilities	41,064
Net pension liability	15,983,043
Net OPEB liability - non-current portion	866,435
Total Liabilities	<u>19,033,303</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	791,968
Deferred inflows - OPEB	271,691
Total Deferred Inflows of Resources	<u>1,063,659</u>
Net Position	
Net investment in capital assets	1,563,419
Restricted for:	
Expendable:	
School-based activities	279,302
Debt service	78,152
Forestry improvements	70,048
Capital Projects	1,479,960
Unemployment benefits	18,157
Non-expendable:	
Sixteenth section	3,836,508
Unrestricted (deficit)	(15,376,476)
Total Net Position	<u>\$ (8,050,930)</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CARROLL COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities:				
Instruction	\$ 4,406,158	\$ 84,435	\$ 838,620	\$ (3,483,103)
Support services	3,628,107	73,070	1,075,974	(2,479,063)
Non-instructional	552,799	21,785	479,568	(51,446)
Sixteenth section	66,303	82,732	-	16,429
Pension expense	1,174,776	-	-	(1,174,776)
OPEB expense	21,201	-	-	(21,201)
Interest on long-term liabilities	15,677	-	-	(15,677)
Total Governmental Activities	<u>\$ 9,865,021</u>	<u>\$ 262,022</u>	<u>\$ 2,394,162</u>	<u>\$ (7,208,837)</u>
General Revenues:				
Taxes:				
General purpose levies				2,485,224
Debt purpose levies				224,683
Unrestricted grants and contributions:				
State				4,914,018
Unrestricted investment earnings				21,498
Sixteenth section sources				757,064
Other				7,343
Total General Revenues				<u>8,409,830</u>
Change in Net Position				<u>1,200,993</u>
Net Position - Beginning, as previously reported				(9,277,203)
Residual Equity Transfers In				25,280
Net Position - Beginning, as restated				<u>(9,251,923)</u>
Net Position - Ending				<u>\$ (8,050,930)</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CARROLL COUNTY SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2021

Exhibit C

	Major Funds				
	General	Sixteenth	Construction	Other	Total
	Fund	Section	Fund	Governmental	Governmental
		Principal Fund		Funds	Funds
Assets					
Cash and cash equivalents	\$ 1,557,847	\$ 559,959	\$ 1,499,960	\$ 474,102	\$ 4,091,868
Investments	-	2,214,899	-	-	2,214,899
Due from other governments	108,889	-	-	369,469	478,358
Other receivables, net	29,750	-	-	-	29,750
Due from other funds	109,072	203,939	-	-	313,011
Advance to other funds	-	857,711	-	-	857,711
Inventories	-	-	-	15,767	15,767
Total Assets	\$ 1,805,558	\$ 3,836,508	\$ 1,499,960	\$ 859,338	\$ 8,001,364
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 316,381	\$ -	\$ 20,000	\$ 57,877	\$ 394,258
Due to other funds	-	-	-	313,011	313,011
Advance from other funds	857,711	-	-	-	857,711
Unearned revenue	-	-	-	39,988	39,988
Total Liabilities	\$ 1,174,092	\$ -	\$ 20,000	\$ 410,876	\$ 1,604,968
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	15,767	15,767
Permanent fund principal	-	2,978,797	-	-	2,978,797
Advances	-	857,711	-	-	857,711
Restricted:					
Debt service	-	-	-	80,955	80,955
Capital projects	-	-	1,479,960	-	1,479,960
Forestry improvement purposes	-	-	-	70,048	70,048
Grant activities	-	-	-	263,535	263,535
Unemployment benefits	-	-	-	18,157	18,157
Assigned:					
Activity funds	37,878	-	-	-	37,878
Unassigned					
	593,588	-	-	-	593,588
Total Fund Balances	631,466	3,836,508	1,479,960	448,462	6,396,396
Total Liabilities and Fund Balances	\$ 1,805,558	\$ 3,836,508	\$ 1,499,960	\$ 859,338	\$ 8,001,364

The accompanying notes to financial statements are an integral part of these financial statements.

CARROLL COUNTY SCHOOL DISTRICT**Exhibit C-1****Governmental Funds****Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position****June 30, 2021****Total fund balances for governmental funds****\$ 6,396,396**

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	\$ 36,361	
Buildings	4,200,784	
Building improvements	101,619	
Improvements other than buildings	152,800	
Mobile equipment	1,208,552	
Furniture and equipment	400,257	
Leased property under capital leases	244,500	
Accumulated depreciation	<u>(3,103,357)</u>	3,241,516

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

Net pension liability	\$ (15,983,043)	
Net OPEB liability	<u>(894,050)</u>	(16,877,093)

3. Deferred outflows and inflows related to the net pension and OPEB liabilities are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pension and OPEB	\$ 1,973,874	
Deferred inflows of resources related to pension and OPEB	<u>(1,063,659)</u>	910,215

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

Three mill notes payable	\$ (1,500,000)	
Obligations under capital leases	(178,097)	
Compensated absences	(41,064)	
Accrued interest payable	<u>(2,803)</u>	<u>(1,721,964)</u>

Net position of governmental activities		<u><u>\$ (8,050,930)</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

CARROLL COUNTY SCHOOL DISTRICT

Exhibit D

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For The Year Ended June 30, 2021

	Major Funds			Other	Total
	General	Sixteenth	Construction	Governmental	Governmental
	Fund	Principal Fund	Fund	Funds	Funds
Revenues:					
Local sources	\$ 2,578,167	\$ -	\$ -	\$ 246,647	\$ 2,824,814
State sources	4,932,028	-	-	106,792	5,038,820
Federal sources	-	-	-	2,269,361	2,269,361
Sixteenth section sources	767,271	51,169	-	82,774	901,214
Total Revenues	8,277,466	51,169	-	2,705,574	11,034,209
Expenditures:					
Instruction	3,987,997	-	-	989,650	4,977,647
Support services	2,666,298	-	20,000	1,140,301	3,826,599
Noninstructional services	-	-	40	487,452	487,492
Sixteenth section	34,118	-	-	32,185	66,303
Debt service:					
Principal	31,639	-	-	200,000	231,639
Interest	53,374	-	-	7,380	60,754
Total Expenditures	6,773,426	-	20,040	2,856,968	9,650,434
Excess (Deficiency) of Revenues over (under) Expenditures	1,504,040	51,169	(20,040)	(151,394)	1,383,775
Other Financing Sources (Uses):					
Three mill note issued	-	-	1,500,000	-	1,500,000
Insurance recovery	73,070	-	-	-	73,070
Operating transfers in	-	-	-	257,901	257,901
Operating transfers out	(257,901)	-	-	-	(257,901)
Total Other Financing Sources (Uses)	(184,831)	-	1,500,000	257,901	1,573,070
Net Change in Fund Balances	1,319,209	51,169	1,479,960	106,507	2,956,845
Fund Balances:					
July 1, 2020, as originally stated	(713,023)	3,785,339	-	358,676	3,430,992
Residual equity transfers in	25,280	-	-	-	25,280
July 1, 2020, as restated	(687,743)	3,785,339	-	358,676	3,456,272
Decrease in reserve for inventory	-	-	-	(16,721)	(16,721)
June 30, 2021	\$ 631,466	\$ 3,836,508	\$ 1,479,960	\$ 448,462	\$ 6,396,396

The accompanying notes to financial statements are an integral part of these financial statements.

CARROLL COUNTY SCHOOL DISTRICT**Exhibit D-1****Governmental Funds****Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021**

Net change in fund balances - total governmental funds \$ 2,956,845

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	\$ 68,120	
Depreciation expense	<u>(212,116)</u>	(143,996)

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

(39,026)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, 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:

Three mill note issued	\$ (1,500,000)	
Payments of debt principal	231,639	
Accrued interest payable	<u>3,813</u>	(1,264,548)

4. The implementation of GASB 68 and 75 creates a change in the amount of pension and OPEB expense that is reported on the statement of activities. A breakdown of these changes are listed below:

Recording of pension contributions made subsequent to the measurement date	\$ 876,154	
Recording of pension expense for the current period	(1,174,776)	
Recording of OPEB contributions made subsequent to the measurement date	27,615	
Recording of OPEB expense for the current period	<u>(21,201)</u>	(292,208)

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	647	
Change in inventory reserve	<u>(16,721)</u>	<u>(16,074)</u>

Change in net position of governmental activities \$ 1,200,993

The accompanying notes to financial statements are an integral part of these financial statements.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

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.

Sixteenth Section Principal Fund – This fund is used to account for the generation of revenues and expenditures associated with sixteenth section lands that are legally required to be accounted for in the Sixteenth Section Principal Fund. These revenues include but are not limited to, sales of non-renewable resources, easements, interest on investments, loans to the district, and transfers.

Construction Fund – This is the fund specifically identified to hold funds which are available for expenditure to construct facilities.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
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 incurred deferred outflows which are presented as a deferred outflow related to pensions and a deferred outflow related to OPEB.

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

See Note 14 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).

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

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.

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

level of decision-making authority. This formal action is considered to be the board's approval to designate funds for a specific purpose. Currently there is no committed fund balance for this district.

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

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

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

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

13. Accounting Standards Update

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Note 2 – Cash and Cash Equivalents, and Investments

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$6,306,767 (which includes \$2,214,899 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments).

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.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of deposit	N/A	1-5 Years	\$ 2,214,899
Total			<u>\$ 2,214,899</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, 2021:

- The certificate of deposits of 2,214,899 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, 2021, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2021, the district had the following investments.

Issuer	Fair Value	% of Total Investments
1. Bank of Commerce, CD #9935	\$ 475,937	21%
2. Bank of Commerce, CD #9960	350,079	16%
3. Bank of Commerce, CD #9963	536,815	24%
4. Bank of Commerce, CD #9971	200,225	9%
5. Bank of Commerce, CD #9975	201,245	9%
6. Bank of Commerce, CD #9134	100,076	5%
7. Bank of Commerce, CD #9140	350,522	16%
	<u>\$2,214,899</u>	

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

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	\$ 109,072
16th Section Principal Fund	Other governmental funds	203,939
Total		<u>\$ 313,011</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances caused by negative cash flows.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 857,711
Total		<u>\$ 857,711</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2021 is four percent.

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 173,876	\$ 34,308	\$ 208,184
2023	149,335	27,353	176,688
2024	149,335	21,380	170,715
2025	149,335	15,407	164,742
2026	140,835	9,433	150,268
2027 - 2031	66,995	10,840	77,835
2032 - 2036	28,000	3,240	31,240
Total	<u>\$ 857,711</u>	<u>\$ 121,961</u>	<u>\$ 979,672</u>

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 257,901
Total		<u>\$ 257,901</u>

Operating transfers were primarily for the transfer of expendable sixteenth section sources and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash balance and investment balance, totaling \$559,959 and \$2,214,899, respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

Note 5 – Capital Assets

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

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 36,361	\$ -	\$ -	\$ 36,361
Total non-depreciable capital assets	<u>36,361</u>	<u>-</u>	<u>-</u>	<u>36,361</u>
<u>Depreciable capital assets:</u>				
Buildings	4,200,784	-	-	4,200,784
Building improvements	101,619	-	-	101,619
Improvements other than buildings	152,800	-	-	152,800
Mobile equipment	1,474,899	40,000	306,347	1,208,552
Furniture and equipment	401,453	28,120	29,316	400,257
Leased property under capital leases	244,500	-	-	244,500
Total depreciable capital assets	<u>6,576,055</u>	<u>68,120</u>	<u>335,663</u>	<u>6,308,512</u>
<u>Less accumulated depreciation for:</u>				
Buildings	1,689,919	76,480	-	1,766,399
Building improvements	44,712	4,065	-	48,777
Improvements other than buildings	122,240	-	-	122,240
Mobile equipment	941,489	85,892	267,613	759,768
Furniture and equipment	367,513	23,674	29,024	362,163
Leased property under capital leases	22,005	22,005	-	44,010
Total accumulated depreciation	<u>3,187,878</u>	<u>212,116</u>	<u>296,637</u>	<u>3,103,357</u>
Total depreciable capital assets, net	<u>3,388,177</u>	<u>(143,996)</u>	<u>39,026</u>	<u>3,205,155</u>
Governmental activities capital assets, net	<u>\$ 3,424,538</u>	<u>\$ (143,996)</u>	<u>\$ 39,026</u>	<u>\$ 3,241,516</u>

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 4,403
Support services	123,989
Non-instructional	83,724
Total depreciation expense - Governmental activities	<u>\$ 212,116</u>

Note 6 – Long-term Liabilities

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amounts due within one year
A. Three mill notes payable	\$ 200,000	\$1,500,000	\$ 200,000	\$1,500,000	\$ 206,000
B. Obligations under capital leases	209,736	-	31,639	178,097	32,913
C. Compensated absences payable	41,711	-	647	41,064	-
Total	<u>\$ 451,447</u>	<u>\$1,500,000</u>	<u>\$ 232,286</u>	<u>\$1,719,161</u>	<u>\$ 238,913</u>

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 payable, Series 2021	1.6%	6/22/2021	6/1/2028	\$ 1,500,000	\$ 1,500,000
Total				<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 206,000	\$ 20,502	\$ 226,502
2023	208,000	19,712	227,712
2024	211,000	17,424	228,424
2025	214,000	14,681	228,681
2026	217,000	11,578	228,578
2027 – 2028	444,000	12,362	456,362
Total	<u>\$ 1,500,000</u>	<u>\$ 96,259</u>	<u>\$ 1,596,259</u>

This debt will be retired from the Three Mill Note Fund (Debt Service Fund) which will be financed by local millage and the EEF Buildings and Busses Fund. These EEF funds are pledged exclusively to the limited tax notes payable, series 2021 through June 1, 2028.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

B. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of three school buses at a cost of \$244,500. This lease qualifies as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Bank of Commerce	3.9%	8/8/2019	2/20/2026	\$ 244,500	\$ 178,097
Total				<u>\$ 244,500</u>	<u>\$ 178,097</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 32,913	\$ 7,042	\$ 39,955
2023	34,214	5,741	39,955
2024	35,568	4,388	39,956
2025	36,966	2,990	39,956
2026	38,436	1,520	39,956
Total	<u>\$ 178,097</u>	<u>\$ 21,681</u>	<u>\$ 199,778</u>

This debt will be retired from the General Fund.

C. Compensated absences payable

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

Note 7 – Short-Term Financing

During the fiscal year ended June 30, 2021, the school district participated in the following short-term financing for the purpose of a taxpayer anticipation note.

A. Bank-financed short term debt.

The school district issued a revenue anticipation note payable to the Bank of Commerce. Once the cash flow was available, the district made a payment consisting of principal and interest to the trustee. All transactions related to participation in this program are accounted for as part of the school district's General Fund.

B. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2021 are as follows:

Description	7/1/2020	Additions	Reductions	Balance 6/30/2021
Bank of Commerce, Taxpayer Anticipation Note	\$ -	\$ 600,000	\$ 600,000	\$ -
Total	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance 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, 2021 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$876,154, \$956,578 and \$865,947, respectively, which equaled the required contributions for each year.

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

At June 30, 2021, the school district reported a liability of \$15,983,043 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2021 net pension liability was .082562 percent, which was based on a measurement date of June 30, 2020. This was a decrease of .001858 percent from its proportionate share used to calculate the June 30, 2020 net pension liability, which was based on a measurement date of June 30, 2019.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

For the year ended June 30, 2021, the District recognized pension expense of \$1,174,776. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,157	\$ -
Net difference between projected and actual earnings on pension plan investments	635,719	-
Changes in assumptions	91,423	-
Changes in proportion and differences between district contributions and proportionate share of contributions	-	791,968
District contributions subsequent to the measurement date	876,154	-
Total	<u>\$ 1,742,453</u>	<u>\$ 791,968</u>

\$876,154 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Amount
2022	\$ (360,431)
2023	(26,540)
2024	249,752
2025	211,550

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

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

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 20,688,086	\$ 15,983,043	\$ 12,099,493

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Note 9 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$27,615 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$894,050 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2020, the District's proportion was .11488569 percent. This was an decrease of .00365855 percent from the proportionate share as of the measurement date of June 30, 2019.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

For the year ended June 30, 2021, the District recognized OPEB expense of \$21,201. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,140	\$ 155,589
Changes in assumptions	138,809	37,781
Net difference between projected and actual earnings on OPEB plan investments	29	-
Changes in proportion and differences between district contributions and proportionate share of contributions	63,828	78,321
District contributions subsequent to the measurement date	27,615	-
Total	<u>\$ 231,421</u>	<u>\$ 271,691</u>

\$27,615 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	Amount
2022	\$ (11,186)
2023	(11,186)
2024	(11,132)
2025	(15,892)
2026	(18,489)

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

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

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

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

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

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

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

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

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB Liability	\$ 987,986	\$ 894,050	\$ 813,478

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 Costs Trend Rates, Current	1% Increase
Net OPEB Liability	\$ 825,518	\$ 894,050	\$ 971,693

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/>.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Note 10 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2022	\$ 271,081
2023	241,707
2024	123,909
2025	110,365
2026	105,617
2027 - 2031	302,826
2032 - 2036	267,570
2037 - 2041	88,586
2042 - 2046	42,907
2047 - 2051	21,907
2052 - 2056	21,907
2057 - 2061	16,850
Total	<u>\$ 1,615,232</u>

Note 11 – Contingencies

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

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

COVID-19 – On March 11, 2020 the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the District's operations. As of September 22, 2022, Management has noted an adverse effect on workforce availability and operational costs. The long term effects of these items on the net position of the District cannot be determined as of the date of this report.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

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

Note 13 - Insurance loss recoveries

The Carroll County School District received \$73,070 in insurance loss recoveries related to two bus wrecks and water damage during the 2020-2021 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense functions based on the following percentages:

<u>Insurance Loss Recoveries</u>	<u>Percentage</u>	<u>Expense Function</u>
\$ 73,070	100%	Support services
<u>\$ 73,070</u>	<u>100%</u>	

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$15,376,476) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$876,154 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$866,299 balance of deferred outflow of resources related to pensions, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$15,376,476) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$791,968 balance of deferred inflow of resources related to pensions, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$15,376,476) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$27,615 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$203,806 balance of deferred outflow of resources related to OPEB, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

CARROLL COUNTY SCHOOL DISTRICT
Notes to Financial Statements

The unrestricted net position amount of (\$15,376,476) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$271,691 balance of deferred inflow of resources related to OPEB, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

Note 15 – Fund Reclassifications

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

Exhibit B - Statement of Activities

Explanation	Amount
To reclass club funds from agency funds to the General Fund	\$ 25,280
Total	<u>\$ 25,280</u>

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

Fund	Explanation	Amount
General Fund	To reclass club funds from agency funds to the General Fund	\$ 25,280
Total		<u>\$ 25,280</u>

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Carroll County School District evaluated the activity of the district through September 22, 2022, (the date the financial statements were available to be issued), and determined that the following subsequent event requires disclosure in the notes to financial statements.

COVID-19 – On March 11, 2020 the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the District's operations. As of September 22, 2022, Management has noted an adverse effect on workforce availability and operational costs. The long term effects of these items on the net position of the District cannot be determined as of the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,595,994	\$ 2,581,083	\$ 2,578,167	\$ (14,911)	\$ (2,916)
State sources	4,485,987	4,927,677	4,932,028	441,690	4,351
Federal sources	21,150	-	-	(21,150)	-
Sixteenth section sources	329,554	794,294	767,271	464,740	(27,023)
Total Revenues	7,432,685	8,303,054	8,277,466	870,369	(25,588)
Expenditures:					
Instruction	4,064,055	3,932,399	3,987,997	131,656	(55,598)
Support services	2,960,081	2,677,674	2,666,298	282,407	11,376
Noninstructional services	876	-	-	876	-
Sixteenth section	88,000	94,259	34,118	(6,259)	60,141
Debt service:					
Principal	227,056	31,639	31,639	195,417	-
Interest	12,816	50,934	53,374	(38,118)	(2,440)
Total Expenditures	7,352,884	6,786,905	6,773,426	565,979	13,479
Excess (Deficiency) of Revenues over (under) Expenditures	79,801	1,516,149	1,504,040	1,436,348	(12,109)
Other Financing Sources (Uses):					
Insurance recovery	-	52,937	73,070	52,937	20,133
Indirect Costs	39,248	-	-	(39,248)	-
Operating transfers in	1,122,541	1,598,020	-	475,479	(1,598,020)
Operating transfers out	(1,215,952)	(1,855,920)	(257,901)	(639,968)	1,598,019
Total Other Financing Sources (Uses)	(54,163)	(204,963)	(184,831)	(150,800)	20,132
Net Change in Fund Balances	25,638	1,311,186	1,319,209	1,285,548	8,023
Fund Balances:					
July 1, 2020, as previously reported	(364,403)	(364,403)	(713,023)	-	(348,620)
Residual equity transfers in	-	-	25,280	-	25,280
Prior period adjustments	(221,004)	(221,004)	-	-	221,004
July 1, 2020, as restated	(585,407)	(585,407)	(687,743)	-	(102,336)
June 30, 2021	\$ (559,769)	\$ 725,779	\$ 631,466	\$ 1,285,548	\$ (94,313)

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

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule Of The District's Proportionate Share Of The Net Pension Liability
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.082562%	0.084420%	0.091189%	0.086416%	0.083320%	0.074993%	0.080000%
District's proportionate share of the net pension liability	\$ 15,983,043	14,851,144	15,167,440	14,365,272	14,883,033	11,592,439	9,710,536
District's covered payroll	\$ 5,497,577	5,498,076	5,823,295	5,543,638	5,330,210	4,685,162	4,927,041
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	197.09%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

The notes to 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 June 30th of the year prior to the fiscal year presented.

The 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.

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions (PERS)
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 876,154	956,578	865,947	917,169	873,123	839,508	737,913
Contribution in relation to the contractually required contribution	876,154	956,578	865,947	917,169	873,123	839,508	737,913
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	5,035,368	5,497,577	5,498,076	5,823,295	5,543,638	5,330,210	4,685,162
Contributions as a percentage of covered payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

The 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.

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule Of The District's Proportionate Share Of The Net OPEB Liability
Last 10 Fiscal Years*

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.11488569%	0.11854424%	0.12781351%	0.11809270%
District's proportionate share of the net OPEB liability	\$ 894,050	1,005,897	988,701	926,566
District's covered-employee payroll	\$ 5,547,714	5,498,076	5,823,295	5,498,076
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.12%	18.30%	16.98%	16.85%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0.00%

The notes to 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.

The 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.

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions (OPEB)
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 27,615	35,655	40,319	39,501
Contribution in relation to the actuarially determined contribution	27,615	35,655	40,319	39,501
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	5,129,967	5,547,714	5,498,076	5,823,295
Contributions as a percentage of covered-employee payroll	0.54%	0.64%	0.73%	0.68%

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes To Required Supplementary Information
For The Year Ended June 30, 2021

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes To Required Supplementary Information
For The Year Ended June 30, 2021

2019:

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes To Required Supplementary Information
For The Year Ended June 30, 2021

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

SUPPLEMENTARY INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	215MS326N1099	\$ 38,737
COVID-19 - Summer food service program for children	10.559	215MS326N1099	445,852
Total child nutrition cluster			484,589
Total passed-through Mississippi Department of Education			484,589
Total U.S. Department of Agriculture			484,589
<u>Department of the Treasury</u>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus relief fund	21.019	N/A	461,574
Total passed-through Mississippi Department of Education			461,574
Total Department of the Treasury			461,574
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200024	384,789
Career and technical education - basic grants to states	84.048	V048A200024	17,080
Twenty-first century community learning centers	84.287	ES287C170024	162,351
Rural education	84.358	S358B200024	16,948
Supporting Effective Instruction State Grants	84.367	ES367A170023	70,128
Student support and academic enrichment grants	84.424	S424A200025	36,566
Subtotal			687,862
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) I	84.425D	S425D200031	317,196
Total education stabilization funds			317,196
Special education cluster:			
Special education - grants to states	84.027	H027A200108	311,619
Special education - preschool grants	84.173	H173A200113	6,521
Total special education cluster			318,140
Total passed-through Mississippi Department of Education			1,323,198
Total U.S. Department of Education			1,323,198
Total for All Federal Awards			\$ 2,269,361

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to Supplementary Information
For The Year Ended June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Carroll County School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Carroll County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Carroll County School District.

Note 2 – Basis of Accounting

Expenditures reported on the Schedule are reported on the current financial resource measurement focus and the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the previous year.

Note 3 – Program Costs

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Entire program costs, including the district's portion, are more than shown. Such expenditures are recognized following the cost principals contained in the *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to its reimbursements.

Note 4 – Noncash Awards – Commodities

The amount of donated commodities reported on the schedule is the value of donated commodities received by the district and reported under the National school lunch program CFDA # 10.555. The value of the commodities received during the fiscal year was \$38,737.

Note 5 – Indirect Cost Rate

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

CARROLL COUNTY SCHOOL DISTRICT**Supplementary Information****Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds****For the Year Ended June 30, 2021**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 7,003,032	5,051,210	621,811	456,932	873,079
Other	<u>2,647,402</u>	<u>1,134,272</u>	<u>105,520</u>	<u>303</u>	<u>1,407,307</u>
Total	<u>\$ 9,650,434</u>	<u>6,185,482</u>	<u>727,331</u>	<u>457,235</u>	<u>2,280,386</u>
Total number of students *	<u>836</u>				
Cost per student	<u>\$ 11,544</u>	<u>7,399</u>	<u>870</u>	<u>547</u>	<u>2,728</u>

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

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

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

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

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

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

OTHER INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 2,578,167	\$ 2,464,831	\$ 2,435,473	\$ 2,651,823
State sources	4,932,028	4,974,031	4,474,988	4,787,744
Federal sources	-	48,129	41,694	33,703
Sixteenth section sources	767,271	397,140	309,334	388,875
Total Revenues	8,277,466	7,884,131	7,261,489	7,862,145
Expenditures:				
Instruction	3,987,997	4,282,024	3,940,500	4,562,458
Support services	2,666,298	3,124,602	2,975,197	3,008,072
Sixteenth section	34,118	7,815	83,215	52,420
Debt service:				
Principal	31,639	34,764	-	-
Interest	53,374	58,655	69,469	65,308
Total Expenditures	6,773,426	7,507,860	7,068,381	7,688,258
Excess (Deficiency) of Revenues over (under) Expenditures	1,504,040	376,271	193,108	173,887
Other Financing Sources (Uses):				
Capital leases issued	-	244,500	-	-
Insurance recovery	73,070	-	49,503	4,420
Operating transfers in	-	-	-	119,420
Operating transfers out	(257,901)	(306,490)	(168,788)	(339,373)
Total Other Financing Sources (Uses)	(184,831)	(61,990)	(119,285)	(215,533)
Net Change in Fund Balances	1,319,209	314,281	73,823	(41,646)
Fund Balances:				
Beginning of period, as previously reported	(713,023)	(798,677)	(883,323)	(742,140)
Prior period adjustments	-	(228,627)	10,823	(99,537)
Residual equity transfers in	25,280	-	-	-
Beginning of period, as restated	(687,743)	(1,027,304)	(872,500)	(841,677)
End of Period	\$ 631,466	\$ (713,023)	\$ (798,677)	\$ (883,323)

*SOURCE - PRIOR YEAR AUDIT REPORTS

CARROLL COUNTY SCHOOL DISTRICT**Other Information****Statement of Revenues, Expenditures and Changes in Fund Balances****All Governmental Funds****Last Four Years****UNAUDITED**

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 2,824,814	\$ 2,723,653	\$ 2,705,734	\$ 2,911,271
State sources	5,038,820	5,185,973	4,887,649	5,105,641
Federal sources	2,269,361	1,507,626	1,756,745	1,660,249
Sixteenth section sources	901,214	469,692	390,296	531,052
Total Revenues	11,034,209	9,886,944	9,740,424	10,208,213
Expenditures:				
Instruction	4,977,647	5,126,325	4,934,665	5,376,985
Support services	3,826,599	3,697,952	3,617,689	3,654,841
Noninstructional services	487,492	657,311	691,701	728,131
Sixteenth section	66,303	14,952	105,157	135,758
Debt service:				
Principal	231,639	234,764	192,000	410,000
Interest	60,754	73,415	91,314	98,453
Other	-	-	-	1,012
Total Expenditures	9,650,434	9,804,719	9,632,526	10,405,180
Excess (Deficiency) of Revenues over (under) Expenditures	1,383,775	82,225	107,898	(196,967)
Other Financing Sources (Uses):				
Capital leases issued	-	244,500	-	-
Three mill note issued	1,500,000	-	-	-
Insurance recovery	73,070	-	49,503	4,420
Operating transfers in	257,901	306,490	169,274	547,515
Operating transfers out	(257,901)	(306,490)	(169,274)	(547,515)
Total Other Financing Sources (Uses)	1,573,070	244,500	49,503	4,420
Net Change in Fund Balances	2,956,845	326,725	157,401	(192,547)
Fund Balances:				
Beginning of period, as previously reported	3,430,992	3,289,047	3,124,242	3,430,231
Prior period adjustments	-	(195,829)	(633)	(119,583)
Residual equity transfers in	25,280	-	-	-
Beginning of period, as restated	3,456,272	3,093,218	3,123,609	3,310,648
Increase (Decrease) in reserve for inventory	(16,721)	11,049	8,037	6,141
End of Period	\$ 6,396,396	\$ 3,430,992	\$ 3,289,047	\$ 3,124,242

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
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Edward A. Maxwell, CPA

INDEPENDENT AUDITORS' 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

To the Superintendent and School Board
Carroll County 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 the Carroll County School District, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Carroll County School District's basic financial statements and have issued our report thereon dated September 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carroll County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carroll County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carroll County 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify deficiencies in internal control that we consider to be significant deficiencies. **Finding 2021-001, Finding 2021-002 and Finding 2021-003.**

Compliance and Other Matters

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

Carroll County School District's Response to Findings

Carroll County School District's response to the findings identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Carroll County 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 them.

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.

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi
September 22, 2022

Watkins Ward and Stafford, PLLC



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

To the Superintendent and School Board
Carroll County School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Carroll County 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 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 Carroll County 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 opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the Carroll County School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Carroll County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carroll County 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 Carroll County 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as **Finding 2021-004** that we consider to be a significant deficiency.

Carroll County School District's Response to Findings

Carroll County School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Carroll County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose Of This Report

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

Watkins, Ward and Stafford, PLLC

Louisville, Mississippi
September 22, 2022

Watkins Ward and Stafford, PLLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

To the Superintendent and School Board
Carroll County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll County School District as of and for the year ended June 30, 2021, which collectively comprise Carroll County School District's basic financial statements and have issued our report thereon dated September 22, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

Finding SL-001 The School District Should Ensure Compliance with State Law over Purchasing

Criteria: Section 31-7-13(b) Miss. Code Ann. (1972) requires purchases that involve an expenditure of more than five thousand dollars (\$5,000), but not more than fifty thousand dollars (\$50,000) exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have been obtained.

Condition: During our test of expenditures one purchase did not have the required competitive quotes.

Cause: The School District did not follow the Mississippi statute listed above.

Recommendation: The School District should follow Mississippi purchasing laws.

Response: The School District will ensure compliance with state purchasing law, either by obtaining competitive quotes or advertising and obtaining sealed bids.

Finding SL-002 The School District Should Ensure PERS Retirees are Paid Within Limitations

Criteria: Section 25-11-127, Miss. Code Ann. (1972) addresses reemployment of PERS retirees by a school district under the PERS system. The district is required to submit a PERS Form 4-B "Certification/Acknowledgement of Reemployment of Retiree." The employee should not be paid more than the amount allowed by law as noted on the Form 4-B.

Condition: During our test of retirees two employees pay exceeded allowed amounts as noted on the Form 4-B.

Cause: The School District did not follow the Mississippi statute listed above.

Recommendation: The School District should pay reemployed retirees within the allowed amounts as noted on the Form 4-B.

Response: The School District will ensure compliance with state laws by not allowing reemployed retirees to be paid amounts exceeding Form 4-B limitations.

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

The Carroll County School District's response 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.

Watkins, Ward and Stafford, PLLC

Watkins Ward and Stafford, PLLC

Louisville, Mississippi
September 22, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditors' Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' 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? | Yes |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. Identification of major programs: | |
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| 10.555/10.559 | Child Nutrition Cluster |
| 21.019 | COVID-19 – Coronavirus relief fund |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes |

Section II: Financial Statement Findings

Significant deficiency not considered to be a material weakness

2021-001 Finding - Internal controls over general disbursements should be strengthened.

Criteria

Management is responsible for establishing internal controls to provide reasonable assurance that district funds are expended only for approved activities and that the goods and services are received.

Condition

As noted in our testing of general disbursements we noted 18 occasions where a purchase order was approved after the original purchase record.

Cause

Supervisory personnel were not thoroughly reviewing purchase requisitions prior to personnel ordering goods and services.

Effect

Lack of adequate internal controls surrounding the approval of expenditures and over general disbursements could result in expenditures being made that were not properly authorized and misappropriation of public funds.

Recommendation

We recommend the district implement controls and procedures to ensure that all expenditures are properly authorized and only paid after sufficient documentation has been received to ensure that all the goods and services have been received by the school district.

Views of Responsible Officials

We concur with the finding and recommendation.

Significant deficiency not considered to be a material weakness

2021-002 Finding – The District did not record year end claims payable (Repeat Finding).

Criteria

Management is responsible for ensuring that all items are reported correctly on the district's financial statements. Accounts payable and accruals should be reconciled and adjusted at year end to accurately reflect the proper balances.

Condition

There were unrecorded claims payable as of June 30, 2021.

Cause

The district did not review subsequent disbursements after fiscal year end and accrue unpaid claims as of June 30, 2021.

Effect

The year-end financial statements were misstated for unpaid claims at June 30, 2021. An adjustment was proposed to management and made to reflect these balances on the audited financial statements.

Recommendation

We recommend that the district review disbursements made subsequent to year end and record claims payable in the proper accounting period prior to FETS submission.

Views of Responsible Officials

We concur with the finding and recommendation.

Significant deficiency not considered to be a material weakness

2021-003 Finding - Capital assets should be properly documented and reported in the district's financial statements.

Criteria

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. This includes reviewing and updating the capital assets and depreciation reports to reflect the physical inventory. Proper documentation should also be filed for asset transfers, disposals, and tagging.

Condition

We noted the following items while testing capital assets

1. Noted two busses that were sold, and one bus that was wrecked were not properly removed from the depreciation schedule.
2. Noted one instance of a newly purchased bus that was not properly tagged.

Cause

The district lacks appropriate controls to ensure all asset procedures are implemented and properly recorded.

Effect

Lack of internal controls surrounding capital asset inventory could result in the financial statements being materially misstated and the misappropriation of district resources.

Recommendation

The district should implement procedures and internal controls with regard to the purchase, disposal, and transfer of capital assets by reconciling them monthly to current month additions and board approved disposals of equipment. The district should also require an annual inventory of all capital assets within the district. The proper transfer paperwork should be submitted when an asset is moved to a new location within the district and each asset should be tagged with the number assigned by the software.

Views of Responsible Officials

We concur with the finding and recommendation.

Section III: Federal Award Findings and Questioned Costs

Significant deficiency not considered to be a material weakness

Program: Child Nutrition Cluster Passed Through the Mississippi Department of Education – CFDA No. 10.559

Compliance requirement: Allowable costs / cost principles

2021-004 Finding – Internal controls surrounding child nutrition expenditures should be strengthened.

Criteria

Management is responsible for establishing internal controls to provide reasonable assurance that federal awards are expended only for allowable activities and that the costs of goods and services charged to federal awards are allowable and in accordance with the applicable cost principles.

Condition

During our test of general disbursements charged to the Child Nutrition Cluster, we noted 14 instances of a purchase order dated after the purchase occurred.

Cause

Supervisory personnel were not thoroughly reviewing purchase requisitions prior to cafeteria personnel ordering goods and services for the cafeteria.

Effect

Lack of adequate internal controls surrounding the approval of expenditures of federal funds could result in expenditures being made that are not allowable in the Child Nutrition Program.

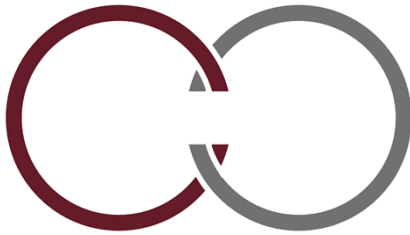
Recommendation

We recommend the district implement controls and procedures to ensure that all expenditures are properly authorized and only paid after sufficient documentation has been received to ensure that all the goods and services have been received by the school district.

Views of Responsible Officials

We concur with the finding and recommendation.

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



CARROLL COUNTY SCHOOL DISTRICT
OFFICE OF THE SUPERINTENDENT
Joey Carpenter, Superintendent of Education

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, The Carroll County 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, 2021:

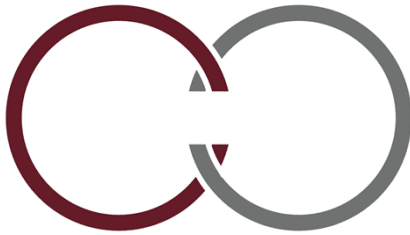
Finding	Corrective Action Plan Details
2021-001	Internal controls over general disbursements should be strengthened.
	A. Name of contact person responsible for corrective action: Joey Carpenter, Superintendent and Bret Reynolds, Business Manager
	B. Corrective action planned District will implement internal controls and procedures to ensure all expenditures are properly authorized and only paid after sufficient documentation has been received to ensure all the goods and services have been received by the school district.
	C. Anticipated completion date Implemented immediately.
2021-002	District did not record year end claims payable
	A. Name of contact person responsible for corrective action: Joey Carpenter, Superintendent and Bret Reynolds, Business Manager
	B. Corrective action planned District will review subsequent disbursements after fiscal year end and record those expenditures as a payable that should be recorded at year end.
	C. Anticipated completion date Implemented immediately.

Carroll County School District

2021-003	Capital assets should be properly documented and reported in the district's financial statements.
	A. Name of contact person responsible for corrective action: Joey Carpenter, Superintendent and Bret Reynolds, Business Manager
	B. Corrective action planned The district will implement procedures and internal controls regarding the purchase, disposal and transfer of capital assets by reconciling them on a regular basis to the additions and board approved disposals
	C. Anticipated completion date Implemented immediately
2021-004	Internal controls surrounding child nutrition expenditures should be strengthened.
	A. Name of contact person responsible for corrective action: Joey Carpenter, Superintendent and Angel Story, Food Service Director
	B. Corrective action planned District will implement internal controls and procedures to ensure all expenditures are properly authorized and only paid after sufficient documentation has been received to ensure all the goods and services have been received by the school district.
	C. Anticipated completion date Implemented immediately.

Sincerely,

Joey Carpenter



***CARROLL COUNTY SCHOOL DISTRICT
OFFICE OF THE SUPERINTENDENT
Joey Carpenter, Superintendent of Education***

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by the Uniform Guidance, the Carroll County School District has prepared and hereby submits the following summary of prior year audits findings as of June 30, 2021:

Findings	Status
2020-001	Corrected
2020-002	Not Corrected – See 2021-002
2020-003	Corrected
2020-004	Corrected

Sincerely,

Joey Carpenter